

O-284-17

TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION 3142916

BY SALRAM LTD

TO REGISTER THE FOLLOWING TRADE MARK IN CLASS 43:

Cafe Vert

AND

OPPOSITION THERETO (NO. 406480)

BY CAFE ROUGE RESTAURANTS LIMITED

Background and pleadings

1. This dispute concerns whether the trade mark **Cafe Vert** should be registered for “café/restaurant services” in class 43. The mark was filed on 5 January 2016 by Salram Limited (“the applicant”) and published for opposition purposes on 22 January 2016.

2. Cafe Rouge Restaurants Limited (“the opponent”) oppose the registration of the mark under sections 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994 (“the Act”). There was initially a further ground under section 3(6) of the Act (bad faith), but the opponent subsequently withdrew this pleading. Under sections 5(2)(b) and 5(3) of the Act, the opponent relies on the following two earlier marks:

- i) UK registration 2119196 for the mark **CAFE ROUGE** which was filed on 20 December 1996 and registered on 4 July 1997. It is registered for the following services:

Class 42¹: Restaurant, cafe, cafeteria, bar, food bar, wine bar, coffee shop, public house, inn and catering services.

- ii) European Union Trade Mark (“EUTM”) registration 3341724 for the mark **CAFE ROUGE** which was filed on 8 September 2003 and registered on 1 April 2005. It is registered for a variety of goods and services including:

Class 43: Services for providing food and drink; temporary accommodation

3. Given their dates of registration, both marks are potentially subject to the use conditions set out in section 6A of the Act; to this extent, the opponent made a statement of use that the marks have been genuinely used for all of the goods/services for which they are registered.

4. The opponent’s claims under section 5(2) can be summarised as:

¹ At the time of filing of the earlier mark, the Nice Classification system classified these services in class 42. Since then, Nice has re-classified them and they now fall in class 43 as per the application. Even though the earlier mark itself has not been re-classified, it is still entitled to protection in respect on the terms.

- The services are identical.
- There is an identical common element between the marks (CAFE), followed by a higher similar (conceptually) word ROUGE/VERT, which are colours (red/green) in the French language.
- The colours share a connection as they are often used to signify opposites (as in stop/go on traffic lights for example).
- The colour green is known to signify organic or vegetarian food and, therefore, the applied for mark could be seen as a vegetarian/organic branch of CAFE ROUGE.
- At the very least, the average consumer will assume that the restaurants are linked.

5. Under section 5(3) the opponent adds that:

- The applicant's mark may be seen as economically linked to the opponent and its use would take unfair advantage of, or be detrimental to, the distinctive character/repute of the earlier mark(s).
- Consumers may attribute the desirable qualities of the earlier marks to the applied for mark and it will, therefore, gain an unfair commercial advantage.
- If the services of the applicant were of a lower quality, the earlier marks' reputation would be tarnished.
- Use of the applicant's mark may weaken or dilute the distinctiveness of the earlier mark and its ability to clearly identify the origin of the opponent's services.

6. Under section 5(4)(a), the opponent relies on the use, since 1989, of the name CAFE ROUGE. The opponent claims a goodwill associated with that name and claims that the use of the applied for mark would deceive consumers into thinking that there is a relationship between the parties.

7. The applicant filed a counterstatement denying the claims. It did not put the opponent to proof of use in respect of its earlier marks with the consequence that they

may be relied upon without the need to show genuine use. I note the following points made by the applicant:

- CAFE ROUGE is associated with a heavy red colour scheme characteristic of vintage French cafes, selling substantially meat dishes and wines. It is also subject to a corporate voluntary arrangement and some of its outlets have recently closed.
- The applicant operates a number of retail pharmacies and intends to offer light snacks, coffee, tea etc in adjacent premises; the colour green is strongly associated with pharmacy. There is a further link to the colour green because it will offer coffee made from green coffee beans which many people believe have health benefits. No alcohol will be offered.
- The opponent is over-zealous – reference is made to an earlier opposition it lost in respect of the mark POULET ROUGE.
- English consumers who know the meaning of VERT will see the link between the café and the pharmacy, and between fair trade coffee and tea (and particularly with the green coffee beans); they will not confuse this with CAFE ROUGE.

8. Both sides filed evidence (and written submissions). Neither side requested a hearing or filed written submissions in lieu of a hearing. Both sides are professionally represented, the applicant by Roberts Buckley Solicitors, the opponent by Taylor Wessing LLP.

The evidence

The opponent's evidence

9. The opponent's evidence is aimed at establishing that CAFE ROUGE is a well-known brand in the UK. However, before coming on to its evidence, I highlight below something contained in the applicant's evidence. One of its directors, Mr Raymond Roberts, says this about CAFE ROUGE:

“Café Rouge is a well-known and very long established restaurant chain, Its image and décor appear to reflect a nostalgic view of traditional Parisian street cafes.”

10. Given this clear acceptance that CAFE ROUGE is well-known, I do not consider it necessary to summarise the opponent’s evidence in great detail. For the record, though, I will summarise some of the key pieces of information which were provided by Mr James Spragg, the opponent’s Chief Operating Officer:

- By the relevant date there were 91 CAFE ROUGE restaurants in the UK.
- The restaurant specialises in the provision of French food and wine and, it is stated, the name fits this value and theme, with rouge denoting warmth, positivity and health and, further, love and hearty food.
- In 2014 the restaurants, collectively, sold 5.8 million main courses. Revenue that year was £93.5 million.
- Restaurants are strategically placed, including in well-known shopping centres, Heathrow Airport and Centre Parcs holiday camps.
- Advertising between June 2014 and May 2015 was just over £500k. Advertising has taken place in print media (examples provided in Exhibit 4), online advertising (Exhibit 5) and it has a strong social media presence (Facebook, Twitter, You Tube etc).
- The brand has been featured in the press (Exhibit 10) and, as one would imagine, it has maintained an online presence (Exhibits 11 and 12). It has also engaged in sponsorship activity (Exhibit 19) and has won a number of awards (Exhibit 22).

11. The opponent also filed some written submissions which I take into account, but will not summarise here.

The applicant's evidence

12. As mentioned earlier, the applicant's witness is Mr Raymond Roberts. He explains that CAFE VERT cafes will be directly connected to, and operate in conjunction with, retail pharmacies it operates, of which there are currently 8. The idea is to provide additional services and benefits to its customers. The cafes will use responsibly sourced tea and coffee and will also offer coffee made from green coffee beans (café vert). The cafes will not sell alcohol, nor sweetened carbonated beverages. They will provide light snacks, but not cooked meals. Mr Roberts state that the connection between the pharmacies and its cafes will be obvious and will be emphasised through similar branding and colour continuity. The colour green was chosen due to its association with health and pharmacy, and with environmental issues. Exhibit RR1 shows a Cafe Vert during construction, with its green colour scheme and physical connection to a pharmacy.

13. Mr Roberts contrasts the above with CAFE ROUGE, with its dominant red theme, the use of gold lettering and trim, and with gold framed mirrors as part of its internal décor. Exhibit RR2 shows some photographs of a CAFE ROUGE outlet with its prominent use of the colour red.

14. Reference is made to the opponent entering a voluntary agreement under the Insolvency Act 1986 and a number of its outlets closing as a result.

15. Mr Roberts states that the applicant does not wish to be associated with CAFE ROUGE and that its products and image are entirely inconsistent with those the applicant wishes to promote through its Cafe Vert outlets.

16. Mr Roberts states that the opponent aggressively pursues trade mark applicants on weak or spurious grounds. He refers to an earlier opposition in which the opponent failed, concerning the mark POULET ROUGE (Exhibit RR4 contains a copy of the decision in those proceedings). Mr Roberts highlights that in that case, the opponent argued that ROUGE was the predominant part of its mark. Mr Roberts states that the opponent's argument based upon green and red being parts of a traffic light sequence is contrived.

17. Mr Roberts states that the trading style and get ups of the two businesses are so different that no one will be misled or confused in believing that there is any form of connection. He states that it is common to use the word CAFÉ (with or without an accent) and there are numerous examples of that word in conjunction with French words for colours. He refers to Exhibit RR5 which contains details of Café Maronne in London, Café Bleu in Exeter, Café Noir in Edinburgh and Café Jaune, which is planned for London. There is also a trade mark registration for Red Café (owned by Manchester United Football Club).

18. The applicant also filed some written submissions which I take into account, but will not summarise here.

Section 5(2)(b)

19. Section 5(2)(b) of the Act states that:

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

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

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

20. The following principles are gleaned from the judgments of the EU courts in *Sabel BV v Puma AG*, Case C-251/95, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, Case C-39/97, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* Case C-342/97, *Marca Mode CV v Adidas AG & Adidas Benelux BV*, Case C-425/98, *Matratzen Concord GmbH v OHIM*, Case C-3/03, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*, Case C-120/04, *Shaker di L. Laudato & C. Sas v OHIM*, Case C-334/05P and *Bimbo SA v OHIM*, Case C-591/12P.

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

(b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;

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

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;

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

(f) however, it is also possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;

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

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

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

(j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;

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

Comparison of services

21. The applicant seeks registration for “café/restaurants”. The earlier UK mark specifies both these terms, the earlier EUTM contains a broad term which covers both cafes and restaurants. As such, it is clearly the case that the services are identical.

22. Much is made by the applicant of the different operating methods of the parties, I will return to the pertinence (or otherwise) of this when I come to consider whether there exists a likelihood of confusion.

Average consumer and the purchasing act

23. The average consumer is deemed to be reasonably well informed and reasonably observant and circumspect. For the purpose of assessing the likelihood of confusion, it must be borne in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question: *Lloyd Schuhfabrik Meyer*, Case C-342/97. In *Hearst Holdings Inc, Fleischer Studios Inc v A.V.E.L.A. Inc, Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited, J Fox Limited*, [2014] EWHC 439 (Ch), Birss J. described the average consumer in these terms:

“60. The trade mark questions have to be approached from the point of view of the presumed expectations of the average consumer who is reasonably well informed and reasonably circumspect. The parties were agreed that the relevant person is a legal construct and that the test is to be applied objectively by the court from the point of view of that constructed person. The

words “average” denotes that the person is typical. The term “average” does not denote some form of numerical mean, mode or median.”

24. The services concerned are not specialist ones and will be used by members of the general public. They are not highly considered selections, although, I accept that more care will be taken over the selection of a fine dining restaurant than will be taken over the selection of a more casual establishment. Overall, an average level of consideration will be deployed by the average consumer when selecting the service provider, albeit with some slight variances, However, even with such variances, the degree of care is not materially higher or lower than the norm.

25. The selection process will be more by the eye than by oral request. The marks will be encountered on signage, menus, websites etc. I will not, though, completely ignore the aural aspects of the marks because restaurant services could, and often are, booked over the telephone etc. and may be subject to word of mouth recommendations.

Comparison of marks

26. It is clear from *Sabel BV v. Puma AG* (particularly paragraph 23) that the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details. The same case also explains that the visual, aural and conceptual similarities of the marks must be assessed by reference to the overall impressions created by the marks, bearing in mind their distinctive and dominant components. The CJEU stated at paragraph 34 of its judgment in Case C-591/12P, *Bimbo SA v OHIM*, that:

“.....it is necessary to ascertain, in each individual case, the overall impression made on the target public by the sign for which registration is sought, by means of, inter alia, an analysis of the components of a sign and of their relative weight in the perception of the target public, and then, in the light of that overall impression and all factors relevant to the circumstances of the case, to assess the likelihood of confusion.”

27. It would be wrong, therefore, to artificially dissect the trade marks, although, it is necessary to take into account the distinctive and dominant components of the marks and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions created by the marks. The marks to be compared are:

CAFE ROUGE

V

Cafe Vert

28. In terms of overall impression, both marks comprise the word CAFE followed by another word, ROUGE/VERT respectively. Although neither word is visually more prominent than the other, for the services at issue here, it is clear that the word CAFE, for obvious reasons, lacks distinctive character. Consequently, the words ROUGE/VERT will play a far greater role in the overall impression of the marks.

29. There is no visual or aural similarity between the words ROUGE and VERT. Consequently, the only visual and aural similarity between the marks resides in the identical non-distinctive word CAFE at the beginnings of the respective marks, together with the extremely superficial point that both marks have the same structure, a two word mark with the same beginning, but a different ending. Given what I have said about the overall impressions of the marks, I conclude that any aural and visual similarity must be assessed as low.

30. Conceptually, the opponent's case rests on whether the words ROUGE and VERT will be recognised as the French words for RED and GREEN respectively. If neither are so recognised, or even if just one is (but not the other), there can be no conceptual similarity on the basis put forward. In his evidence Mr Roberts stated that not everyone will know of the meaning of VERT. I accept this. Not everyone will know of the meaning of VERT and not everyone will know of the meaning of ROUGE (although I suspect that more people will know the meaning of rouge than vert). However, it is not

necessary that there be universal knowledge. In *J.W.Spear & Sons Ltd and Others v Zynga Inc.* [2015] EWCA Civ 290, Floyd L.J. summed up the Court of Appeal's earlier judgment in *Interflora Inc. and another v Marks and Spencer plc* [2014] EWCA Civ 1403 like this:

“37. In relation to what the court described as the crucial question, namely whether the average consumer, as a hypothetical person, necessarily has a single reaction and so precludes a consideration of the perceptions of a proportion of the relevant public the court in *Interflora* identified the following propositions:

i) the average consumer test provides the court with a perspective from which to assess the particular question it has to decide, for example whether a statement is liable to mislead purchasers.

ii) a national court may be able to assess this question without the benefit of a survey or expert evidence.

iii) a national court may nevertheless decide, in accordance with its own national law, that it is necessary to have recourse to an expert's opinion or a survey for the purpose of assisting it to decide whether the statement is misleading or not.

iv) absent any provision of EU law dealing with the issue, it is then for the national court to determine, in accordance with its own national law, the percentage of consumers misled by the statement that, in its view, is sufficiently significant in order to justify banning its use.”

31. The impact of the above judgment is that the ground of opposition may succeed if a sufficiently significant percentage of relevant consumers are confused, but it is not necessary that the majority of consumers are misled.

32. Although people in the UK are often said to be notoriously monolingual, French is one of the languages likely to have a greater degree of appreciation. I consider that at least a significant percentage of relevant consumers will know of the meanings of

the words ROUGE and VERT. The impact of this is that for such people there will be some conceptual similarity because both marks refer to a café with a name based upon a French word for a particular (albeit different) colour. This creates some conceptual similarity, but I would say not of a high degree. This of course does not mean, of itself, that there is a likelihood of confusion; this is something I must return to later.

33. I should add that I do not consider that such conceptual similarity is heightened by the opponent's suggestion that red and green are associated (opposite) colours. It requires too great a degree of mental arithmetic on the part of the average consumer to see such an association.

Distinctiveness of the earlier mark(s)

34. The degree of distinctiveness of the earlier mark(s) must be assessed. This is because the more distinctive the earlier mark(s), based either on inherent qualities or because of use made, the greater the likelihood of confusion (see *Sabel BV v. Puma AG*, paragraph 24). In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*, Case C-342/97 the CJEU stated that:

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

23. In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered; the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested

by the undertaking in promoting the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (see *Windsurfing Chiemsee*, paragraph 51).”

35. Inherently, I consider CAFE ROUGE to be possessed of an average level of distinctive character. Although the word CAFE lacks distinctiveness, its combination with the French word for a particular colour (red) means that it is a perfectly good trade mark and will do a reasonable job of distinguishing one trader’s services from those of others. This, in my view, is not seriously undermined by the evidence of other establishments whose names comprise the word CAFÉ/CAFE followed by a French colour. The evidence is not overwhelming and there are no others based upon the word ROUGE.

36. In terms of the use made, the applicant accepted in its evidence that it is well-known. It is clear from the evidence that the CAFE ROUGE brand has a significant presence in the UK market. I consider the earlier mark(s) to be highly distinctive for the restaurant services offered, a finding which is not undermined by the claimed closure of some of its outlets.

Likelihood of confusion

37. The factors assessed so far have a degree of interdependency (*Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc*, paragraph 17); a global assessment of them must be made when determining whether there exists a likelihood of confusion (*Sabel BV v. Puma AG*, paragraph 22). However, there is no scientific formula to apply. It is a matter of considering the relevant factors from the viewpoint of the average consumer and determining whether they are likely to be confused. Confusion can be direct (which effectively occurs when the average consumer mistakes one mark for the other) or indirect (where the average consumer realises the marks are not the same, but puts the similarity that exists between the marks/services down to the responsible undertakings being the same or related). In terms of indirect confusion,

this was dealt with by Mr Iain Purvis QC, sitting as the Appointed Person, in *L.A. Sugar Limited v By Back Beat Inc*, Case BL-O/375/10 where he noted that:

“16. Although direct confusion and indirect confusion both involve mistakes on the part of the consumer, it is important to remember that these mistakes are very different in nature. Direct confusion involves no process of reasoning – it is a simple matter of mistaking one mark for another. Indirect confusion, on the other hand, only arises where the consumer has actually recognized that the later mark is different from the earlier mark. It therefore requires a mental process of some kind on the part of the consumer when he or she sees the later mark, which may be conscious or subconscious but, analysed in formal terms, is something along the following lines: “The later mark is different from the earlier mark, but also has something in common with it. Taking account of the common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark.

17. Instances where one may expect the average consumer to reach such a conclusion tend to fall into one or more of three categories:

(a) where the common element is so strikingly distinctive (either inherently or through use) that the average consumer would assume that no-one else but the brand owner would be using it in a trade mark at all. This may apply even where the other elements of the later mark are quite distinctive in their own right (“26 RED TESCO” would no doubt be such a case).

(b) where the later mark simply adds a non-distinctive element to the earlier mark, of the kind which one would expect to find in a sub-brand or brand extension (terms such as “LITE”, “EXPRESS”, “WORLDWIDE”, “MINI” etc.).

(c) where the earlier mark comprises a number of elements, and a change of one element appears entirely logical and consistent with a brand extension (“FAT FACE” to “BRAT FACE” for example).”

38. I begin my conclusions under this ground by commenting on the applicant's points about the different ways in which the parties have/will market themselves and the different get-ups they use. Put simply, these points are not pertinent. The question before the tribunal is to be answered on a notional basis, based upon the marks as they are presented on the register (or have been applied for) and on the basis of the services which are covered by the respective specifications. The get-ups that the parties use have no role to play in this. Similarly, the potential proximity of the applicant's business to its pharmacy, or the ingredients it intends to use (such as green coffee beans and ecologically sound products) are also not relevant. The services in question, as I have already found, are identical. I must therefore determine if the similarity between the marks as assessed earlier, when their use in relation to the identical services at issue is considered, will lead to a likelihood of confusion amongst a significant percentage of relevant consumers.

39. In terms of direct confusion, I consider it highly improbable that the average consumer would mistake one mark for the other. Whilst the concept of imperfect recollection must be borne in mind, direct confusion would require the average consumer to mis-recall completely the words ROUGE and VERT and base his/her recollections purely upon the basis of the concept of the name being a French colour. In my view, the word ROUGE and VERT are reasonably memorable (and different) and the average consumer will have more than sufficient degree of perspicacity not to be confused.

40. That then leads to indirect confusion. The opponent stated in its statement of case that the average consumer may see CAFE VERT as some form of off-shoot of CAFE ROUGE, albeit focused on vegetarian food etc. It says that if this is not the case then the brands will be still be economically linked. Some further guidance on indirect confusion was given by Mr Mellor QC (sitting as the Appointed Person) in *The Cheeky Indian* case (BL O-219-16), where he stated:

16. Before I discuss paragraph 37 of the Hearing Officer's decision, there are one or two points to add to Mr Purvis' explanation:

16.1. First, a finding of a likelihood of indirect confusion is not a consolation

prize for those who fail to establish a likelihood of direct confusion. It should be kept in mind that the differences which mean that one mark would not be mistaken for the other might well dispel indirect confusion as well.

16.2. Second, if (as here) the differences between the marks are such that there is no likelihood of direct confusion, one needs a reasonably special set of circumstances for a finding of a likelihood of indirect confusion. This is what Mr Purvis was pointing out in those paragraphs in *LA Sugar*.

16.3. Third, when making a finding of a likelihood of indirect confusion, in my view it is necessary to be specific as to the mental process involved on the part of the average consumer. Whilst the categories of case where indirect confusion may be found is not closed, Mr Purvis' three categories are distinct, each reflecting a slightly different thought process on the part of the average consumer.

41. The opponent's point about Cafe Vert being perceived as a vegetarian version of CAFE ROUGE is, effectively, a brand extension argument. However, whilst I understand the submission, I do not accept it. It would not be natural or familiar to brand extend in the manner suggested, particularly where, in the case here, the aspect of the earlier mark which gives it most distinctiveness is changed. This is so regardless of the highly distinctive nature of the earlier mark(s). It is improbable that the average consumer will come to the assumption put forward. Beyond that, I struggle to see what form of thought process would lead the average consumer to believe that CAFE ROUGE and Cafe Vert are economically linked. Whilst I accept that not every brand extension argument requires evidence, it is not as though there is any evidence of the opponent extending into other CAFE [plus French colour] types of marks. The ground under section 5(2)(b) is rejected.

Section 5(4)(a)

42. I will deal with this ground briefly. Even accepting that the opponent has a strong goodwill associated with the sign CAFE ROUGE, it is still a fundamental requirement of the law of passing-off that a substantial number of members of the public are

deceived into believing that the opponent is responsible for the applicant's services. For the reasons given under section 5(2)(b), I cannot see that the opponent is in any better position to make this argument. The submissions do not advance a materially different case. The ground under section 5(4)(a) is rejected.

Section 5(3) of the Act

43. Section 5(3) of the Act reads:

“5-(3) A trade mark which-

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

shall not be registered if, or to the extent that, the earlier trade mark has a reputation in 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.”

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

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

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

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

cause an average consumer to bring the earlier mark to mind; *Adidas Saloman*, paragraph 29 and *Intel*, paragraph 63.

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

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

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

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

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

(i) The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an unfair advantage where it seeks to ride on the coat-tails

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

Reputation

45. It is clear from what I have already said about the opponent's CAFE ROUGE business (and also from what the applicant themselves have said) that the earlier mark(s) clear the reputation hurdle - the earlier mark(s) is known by a significant part of that relevant public as per *General Motors*. The reputation is in respect of the restaurant services the opponent offers.

The required link

46. In addition to having a reputation, a link must be made between the subject trade mark and the earlier mark. In *Adidas-Salomon*, the CJEU stated:

“The infringements referred to in Article 5(2) of the Directive, where they occur, are the consequence of a certain degree of similarity between the mark and the sign, by virtue of which the relevant section of the public makes a connection between the sign and the mark, that is to say, establishes a link between them even though it does not confuse them (see, to that effect, Case C-375/97 *General Motors* [1999] ECR I-5421, paragraph 23). The existence of such a link must, just like a likelihood of confusion in the context of Article 5(1)(b) of the Directive, be appreciated globally, taking into account all factors relevant to the circumstances of the case (see, in respect of the likelihood of confusion, *SABEL*, paragraph 22, and *Marca Mode*, paragraph 40).”

47. In *Intel* the CJEU provided further guidance on the factors to consider when assessing whether a link has been established. It stated:

“41 The existence of such a link must be assessed globally, taking into account all factors relevant to the circumstances of the case...

42 Those factors include:

- the degree of similarity between the conflicting marks;
- the nature of the goods or services for which the conflicting marks were registered, including the degree of closeness or dissimilarity between those goods or services, and the relevant section of the public;
- the strength of the earlier mark’s reputation;
- the degree of the earlier mark’s distinctive character, whether inherent or acquired through use;
- the existence of the likelihood of confusion on the part of the public”.

48. I have assessed the factors set out above earlier in my decision. The existence of the link represents another multi-factorial question, albeit the test is simply based upon a bringing to mind as opposed to confusion (although, if there is confusion (which I have not found in this case) then a link is inevitably made). I consider that the potential for a link being made will only manifest itself if the relevant public understand that ROUGE means RED and VERT means GREEN. It is implausible that a link will be made if the sole point of noticeable similarity is the presence of the word CAFE at the beginning of a two word mark. That is so even if the second words in question have a French feel – this is because those second words look and sound very different. The difficulty the opponent has is that i) not all members of the relevant public will know of the meanings of both ROUGE and VERT (which consequently limits the amount of people who could potentially make a link) and, ii) even for those who have the potential to make a link, the words ROUGE and VERT look and sound so different that I have

serious reservations about whether any of them will bring to mind CAFE ROUGE if Cafe Vert were encountered, even in relation to restaurant services.

49. I bear in mind that the level of similarity required for the public to make a link between the marks for the purposes of 5(3) may be less than the level of similarity required to create a likelihood of confusion. In *Intra-Press SAS v OHIM*, Joined cases C-581/13P & C-582/13P, the CJEU stated (at paragraph 72 of its judgment) that:

“The Court has consistently held that the degree of similarity required under Article 8(1)(b) of Regulation No 40/94, on the one hand, and Article 8(5) of that regulation, on the other, is different. Whereas the implementation of the protection provided for under Article 8(1)(b) of Regulation No 40/94 is conditional upon a finding of a degree of similarity between the marks at issue so that there exists a likelihood of confusion between them on the part of the relevant section of the public, the existence of such a likelihood is not necessary for the protection conferred by Article 8(5) of that regulation. Accordingly, the types of injury referred to in Article 8(5) of Regulation No 40/94 may be the consequence of a lesser degree of similarity between the earlier and the later marks, provided that it is sufficient for the relevant section of the public to make a connection between those marks, that is to say, to establish a link between them (see judgment in *Ferrero v OHMI*, C-552/09 P, EU:C:2011:177, paragraph 53 and the case-law cited).”

50. I also bear in mind that the earlier mark(s) have a high degree of distinctiveness on account of the net effect of their inherent qualities together with the use made of them, however, there is no evidence (such as evidence of market share) to show that, for example, the opponent is a/the brand leader, which can result in a link more readily being made. This is of course not a pre-requisite, but in circumstances where there are such visual and aural differences between the more dominant words of the respective marks, such evidence may have assisted. Weighing all the factors, I am not satisfied that members of the relevant public (including those that know of the meaning of ROUGE and VERT) would make the necessary link between the marks. The ground of opposition under section 5(3) is rejected.

51. Irrespective of the above, I will nevertheless give my views on the heads of damage in case I am found to be wrong on the existence of a link.

52. There are three potential heads of damage under section 5(3). They are often referred to as: i) free-riding, ii) dilution, and iii) tarnishing. They were conveniently summarised by the CJEU in Case C-487/07), *L'Oréal v Bellure*, as follows:

“39. As regards detriment to the distinctive character of the mark, also referred to as ‘dilution’, ‘whittling away’ or ‘blurring’, such detriment is caused when that mark’s ability to identify the goods or services for which it is registered is weakened, since use of an identical or similar sign by a third party leads to dispersion of the identity and hold upon the public mind of the earlier mark. That is particularly the case when the mark, which at one time aroused immediate association with the goods or services for which it is registered, is no longer capable of doing so (see, to that effect, *Intel Corporation*, paragraph 29).

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

41. As regards the concept of ‘taking unfair advantage of the distinctive character or the repute of the trade mark’, also referred to as ‘parasitism’ or ‘free-riding’, that concept relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign. It covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation.”

Tarnishing

53. In the *Cristalino* case [2015] EWCH 2760 (Ch), Mrs Justice Rose helpfully summarised the tarnishing head of damage as follows:

“89. Detriment to the repute of the mark, also referred to as 'tarnishment' or 'degradation', is caused when the goods or services for which the offending sign is used may be perceived by the public in such a way that the trade mark's power of attraction is reduced. The concept was described by Arnold J in *Red Bull v Sun Mark* [2012] EWHC 1929 (Ch) at [93] where he quoted the relevant passage from Kerly's Law of Trade Marks and Trade Names (15th ed) at para 9-131. Detrimental effect occurs where the later mark is used for goods or services which provoke a reaction of annoyance or displeasure whether through their intrinsic nature or because of the unpleasant mental association with the goods for which the earlier mark is reputed. It may also occur when the trade mark applied for is used in an unpleasant, obscene or degrading context, or in a context which is not inherently unpleasant but which process to be incompatible with the earlier mark's image. This leads to tarnishment whereby "the reputed mark ceases to convey desirable messages to the public: hence the detriment to its distinctive character".

90. No criticism is made of the quality of JGC's cava and there is no evidence as to whether it is good or bad of its kind. There is nothing inherently unpleasant or degrading about cava wine. The case law on this type of injury is less well developed than the other two types. It appears to me that it would be a step forward in the law to find that tarnishment is made out merely by using a sign on a product which is a cheaper and more ordinary than the product to which the mark is attached. I do not need to take any such step in order to decide this case and I therefore make no finding on the issue of tarnishment.”

54. I also note the decision of Ms Anna Carboni (sitting as the Appointed Person) in *Unite The Union v The Unite Group Plc* (BL O/219/13) where she stated:

“46. Indeed, having reviewed these and other opposition cases, I have not found any in which the identity or activities of the trade mark applicant have been considered in coming to a conclusion on the existence of detriment to repute of an earlier trade mark. I can understand how these matters would form part of the relevant context in an infringement case, but I have difficulty with the notion that it should do so in an opposition. After all, many, if not most, trade mark applications are for trade marks which have not yet been used by the proprietor; some are applied for by a person or entity that intends to license them to a third party rather than use them him/itself; and others are applied for by an entity that has only just come into existence.

47. I do not exclude the possibility that, where an established trading entity applies to register a mark that it has already been using for the goods or services to be covered by the mark, in such a way that the mark and thus the trader have already acquired some associated negative reputation, perhaps for poor quality goods or services, this fact might be taken into account as relevant “context” in assessing the risk of detriment to repute of an earlier trade mark. Another scenario might be if, for example, a trade mark applicant who was a known Fascist had advertised the fact prior to the application that he was launching a new line of Nazi memorabilia under his name: I can see how that might be relevant context on which the opponent could rely if the goods and services covered by the application appeared to match the advertised activities. But I would hesitate to decide an opposition on that basis without having had confirmation from a higher tribunal that it would be correct to take such matters into account.”

55. The opponent’s case is based on the potential that the applicant’s services may be of lower quality than those of the applicant, something which could negatively rub off on it. This is pure hypothesis. There is nothing to suggest that the use by the applicant of its mark would tarnish the opponent’s reputation. Damage on the basis of tarnishment is rejected.

Unfair advantage

56. There is some debate as to whether the judgment of the CJEU in *L’Oreal v Bellure* means that an advantage gained by the user of a junior mark is only unfair if there is an intention to take advantage of the senior mark, or some other factor is present which makes the advantage unfair. The English Court of Appeal has considered this matter three times. Firstly, in *L’Oreal v Bellure* [2010] RPC 23 when that case returned to the national court for determination. Secondly, in *Whirlpool v Kenwood* [2010] RPC 2: see paragraph 136. Thirdly, in *Specsavers v Asda Stores Limited*¹ [2012] EWCA Civ 24: see paragraph 127. On each occasion the court appears to have interpreted *L’Oreal v Bellure* as meaning that unfair advantage requires something more than an advantage gained without due cause. However, the absence of due cause appears to be closely linked to the existence of unfair advantage. See paragraph 36 of the opinion of Advocate General Kokott in Case C-65/12 *Leidseplein Beheer and Vries v Red Bull*. In *Jack Wills Limited v House of Fraser (Stores) Limited* [2014] EWHC 110 (Ch) Arnold J. considered the earlier case law and concluded that:

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

57. The same case also provided guidance on the consequent change in economic behaviour and what was required to establish that:

“81. The second question is whether there is a requirement for evidence of a change in the economic behaviour of consumers or a serious likelihood of such a change. As counsel for House of Fraser pointed out, the CJEU has held that proof that the use of the sign is or would be detrimental to the distinctive character of the trade mark requires evidence of a change in the economic behaviour of the average consumer of the goods or services for which the trade mark is registered or a serious likelihood that such change will occur in the future: see *Intel* at [77], [81] and Case C-383/12 *Environmental Manufacturing LLP v Office for Harmonisation in the Internal Market* (unreported, 14 November 2013) at [34]-[43]. As counsel for House of Fraser accepted, there is no requirement for evidence of a change in the economic behaviour of consumers of the *trade mark proprietor's* goods or services in order to establish the taking of unfair advantage of the distinctive character or repute of the trade mark. He submitted, however, that it was necessary that there should be evidence of a change in the economic behaviour of the consumers of the *defendant's* goods or services.

82. Counsel for Jack Wills did not dispute that, in order for advantage to be taken of the trade mark's distinctive character or repute, it was necessary for there to be some change in the behaviour of the defendant's consumers as a result of the use of the allegedly infringing sign, or a serious likelihood of such a change. Nor did he dispute that what was required was a change in the behaviour of the consumers as consumers of the relevant goods and services, and in that sense in their economic behaviour. He submitted, however, that the trade mark proprietor could not be expected to adduce positive evidence that consumers had changed their behaviour as a result of the use of the sign.

83. In my judgment the correct way to approach this question is to proceed by analogy with the approach laid down by the Court of Justice in *Environmental Manufacturing* in the following passage:

“42. Admittedly, Regulation No 207/2009 and the Court's case-law do not require evidence to be adduced of actual detriment, but also admit

the serious risk of such detriment, allowing the use of logical deductions.

43. None the less, such deductions must not be the result of mere suppositions but, as the General Court itself noted at paragraph 52 of the judgment under appeal, in citing an earlier judgment of the General Court, must be founded on ‘an analysis of the probabilities and by taking account of the normal practice in the relevant commercial sector as well as all the other circumstances of the case’.”

58. In its statement of case the opponent refers to the desirable qualities of its mark being attributed by the relevant consumer to the applicant’s mark. Its submissions, whilst referring to the relevant tests and jurisprudence, add little to the argument. Reference is made to an unfair advantage being gained because of confusion, and that even if there is not confusion then there is still unfair advantage gained by free-riding and benefitting from the opponent’s marketing.

59. There is no evidence that the applicant has set out to benefit from the opponent’s reputation. Indeed, from the evidence presented, the applicant appears to have adopted its mark in innocent circumstances in view of its link with its pharmacies. The opponent submits that the earlier mark(s) must have been in mind when the name was selected, however, I do not agree that this is obvious, particularly bearing in mind the explanations provided by the applicant. However, I am conscious that even without it being established that there was an intention to take advantage “there is nothing in the case law to preclude the court from concluding in an appropriate case that the use of a sign the objective effect of which is to enable the defendant to benefit from the reputation and goodwill of the trade mark amounts to unfair advantage”. What I struggle to see most is what characteristics associated with the opponent’s reputation, in circumstances where there is no confusion, would be transferred to the applicant. This feeds into the economic behaviour point as I struggle to see a serious risk of a change in the behaviour of the consumers (or potential consumers) of the applicant. The change in economic behaviour would most ordinarily be understood as gaining customers that would not otherwise have been gained, consumers therefore willing to try the applicant’s services because of some positive aspect or characteristic of the

opponent's reputation which has flowed to it. However, I do not see this as occurring. Whilst the opponent may enjoy a good reputation and has a reasonably successful business, it does not follow that a relevant consumer, upon encountering Cafe Vert, will approximate that reputation to the applicant and to impact upon their economic behaviour. Damage on the basis of unfair advantage is rejected.

Dilution

60. In *Environmental Manufacturing LLP v OHIM*, Case C-383/12P, the CJEU stated that:

“34. According to the Court's case-law, proof that the use of the later mark is, or would be, detrimental to the distinctive character of the earlier mark requires evidence of a change in the economic behaviour of the average consumer of the goods or services for which the earlier mark was registered, consequent on the use of the later mark, or a serious likelihood that such a change will occur in the future (*Intel Corporation*, paragraphs 77 and 81, and also paragraph 6 of the operative part of the judgment).

35. Admittedly, paragraph 77 of the *Intel Corporation* judgment, which begins with the words '[i]t follows that', immediately follows the assessment of the weakening of the ability to identify and the dispersion of the identity of the earlier mark; it could thus be considered to be merely an explanation of the previous paragraph. However, the same wording, reproduced in paragraph 81 and in the operative part of that judgment, is autonomous. The fact that it appears in the operative part of the judgment makes its importance clear.

36. The wording of the above case-law is explicit. It follows that, without adducing evidence that that condition is met, the detriment or the risk of detriment to the distinctive character of the earlier mark provided for in Article 8(5) of Regulation No 207/2009 cannot be established.

37. The concept of 'change in the economic behaviour of the average consumer' lays down an objective condition. That change cannot be deduced solely from subjective elements such as consumers' perceptions. The mere fact that

consumers note the presence of a new sign similar to an earlier sign is not sufficient of itself to establish the existence of a detriment or a risk of detriment to the distinctive character of the earlier mark within the meaning of Article 8(5) of Regulation No 207/2009, in as much as that similarity does not cause any confusion in their minds.

38 The General Court, at paragraph 53 of the judgment under appeal, dismissed the assessment of the condition laid down by the *Intel Corporation* judgment, and, consequently, erred in law.

39. The General Court found, at paragraph 62 of the judgment under appeal, that 'the fact that competitors use somewhat similar signs for identical or similar goods compromises the immediate connection that the relevant public makes between the signs and the goods at issue, which is likely to undermine the earlier mark's ability to identify the goods for which it is registered as coming from the proprietor of that mark'.

40. However, in its judgment in *Intel Corporation*, the Court clearly indicated that it was necessary to demand a higher standard of proof in order to find detriment or the risk of detriment to the distinctive character of the earlier mark, within the meaning of Article 8(5) of Regulation No 207/2009.

41. Accepting the criterion put forward by the General Court could, in addition, lead to a situation in which economic operators improperly appropriate certain signs, which could damage competition.

42. Admittedly, Regulation No 207/2009 and the Court's case-law do not require evidence to be adduced of actual detriment, but also admit the serious risk of such detriment, allowing the use of logical deductions.

43. None the less, such deductions must not be the result of mere suppositions but, as the General Court itself noted at paragraph 52 of the judgment under appeal, in citing an earlier judgment of the General Court, must be founded on 'an analysis of the probabilities and by taking account of the normal practice in

the relevant commercial sector as well as all the other circumstances of the case’.”

61. The required change of economic behaviour may, though, be inferred. In *32Red Plc v WHG (International) Limited and others* [2011] EWHC 665 (Ch), Henderson J. held that a change in consumers’ economic behaviour could be inferred from the inherent probabilities of the situation. He said:

“133. Is there evidence of a change in economic behaviour brought about by the use of the Vegas signs? In the nature of things, direct evidence of such a change is likely to be hard to find in cases of the present type, although Mrs F provides a suggestive example of a customer who was nearly persuaded to change her allegiance as a result of a perceived connection between 32Red and 32Vegas. However, I see no reason why I should not have regard to the inherent probabilities of the situation, and in particular to the contrast between the marketing models of the two casinos. The similarity of their names, and the fact that 32Vegas was always operated as one of a number of linked casinos on the carousel model, lead me to conclude that an average online gambler would have been far readier to switch his allegiance from 32Red to 32Vegas, or to play with 32Vegas in the first place, than he would have been in the absence of such similarity. These are changes in economic behaviour, and I am satisfied on the balance of probabilities that such changes are likely to have occurred to a significant extent.”

62. In my view, the similarity between the marks is so slight that the use of the applied for mark, even if a link is made by the relevant consumer, would have no impact on the capacity of the mark to indicate the origin of its services, nor for there to be any impact on the relevant consumer (of the opponent’s services). It is not as though, in my view, that the relevant consumer would even wonder whether there was an economic link and there is nothing to suggest that the relevant consumer would more readily change allegiance. Damage on the basis of dilution is rejected.

Conclusion

63. The opposition fails and, subject to appeal, the applicant's mark may proceed to registration.

Costs

64. The applicant has been successful and is entitled to a contribution towards its costs. My assessment is as follows:

Considering the statement of case and preparing the counterstatement – £300

Filing and considering evidence – £700

Submissions - £200

Total – £1200

65. I order Cafe Rouge Restaurants Limited to pay Salram Limited the sum of £1200 within fourteen days of the expiry of the appeal period or within fourteen days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 19TH day of June 2017

Oliver Morris

For the Registrar,

The Comptroller-General