

O-418-21

**TRADE MARKS ACT 1994
IN THE MATTER OF APPLICATION No. 3456802
BY AHM LIFESTYLES – CREATIVE HOSPITALITY COMPANY LIMITED
TO REGISTER THE SERIES OF TWO TRADE MARKS**



IN CLASSES 35 & 43

AND

**IN THE MATTER OF OPPOSITION THERETO
UNDER No. 420595 BY
THE RESTAURANT GROUP (UK) LIMITED**

BACKGROUND

1) On 9 January 2020, AHM Lifestyles - Creative Hospitality Company Limited (hereinafter the applicant) applied to register the series of two trade marks shown on the previous page in respect of the following services:

In Class 35: Business management and organization consultancy; Business management consultancy; Organization of trade fairs for commercial or advertising purposes; Business management of hotels; Auctioneering.

In Class 43: Restaurant services; Bar services; Catering; Hotel services; Rental of temporary accommodation; Rental of meeting rooms.

2) The application was examined and accepted, and subsequently published for opposition purposes on 27 March 2020 in Trade Marks Journal No.2020/013.

3) On 24 June 2020 The Restaurant Group (UK) Limited (hereinafter the opponent) filed a notice of opposition. The opponent is the proprietor of the following trade marks:

Mark	Number	Dates of filing & registration	Class	Specification relied upon
CHIQUITO	UK 3143867	11.01.16 03.08.18	43	Services for providing food and drink; restaurant, cafe, bistro, cafeteria, brasserie, delicatessen and snack-bar services, coffee shop and tea shop services; bar, wine bar and cocktail lounge services; diner services; catering services; catering for the provision of food and drinks; preparation of food and drink; take-away food and drink services; booking and reservation services for restaurants.

4) The grounds of opposition are, in summary:

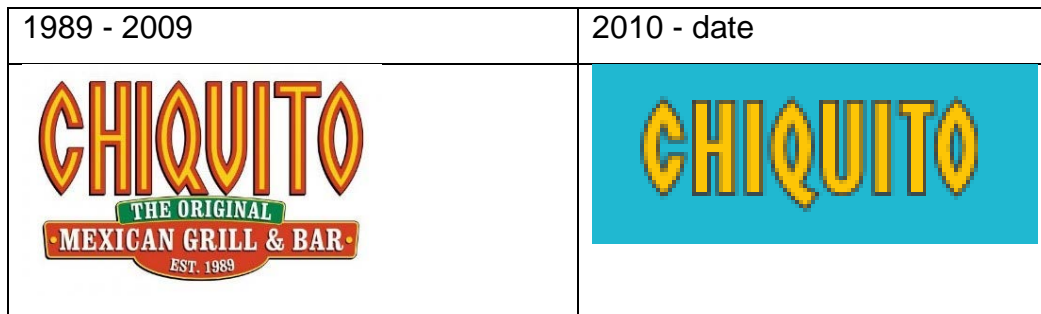
- a) The opponent contends that its mark above and the marks applied for are very similar and that the services of the two parties are identical and / or similar. It contends that the applicant's services in class 35 would encompass the provision of such services to the restaurant industry. As such the mark in suit offends against Section 5(2)(b) of the Act. This ground of opposition does not extend to the following services in class 35: Business management of hotels; Auctioneering.
- b) The opponent also contends that it has a considerable reputation in its UK 3143867 mark in respect of the services for which it is registered. It states that the similarity between the marks and businesses is such that there is a likelihood of consumers assuming a link. It contends that this will enable the applicant to take unfair advantage of the opponent's reputation and free ride on its investment in promoting and advertising the brand, and that use of the mark in suit will dilute and tarnish the reputation of the opponent. It contends that the mark in suit offends against section 5(3) of the Act.
- c) The opponent contends it has goodwill in the sign CHIQUITO and has used it in the UK since 1989 in respect of the provision of restaurant and bar services and services for providing food and drink throughout the UK as a result of its chain of restaurants. It states that the similarity of the marks and businesses means that there will be misrepresentation which will damage its trade, dilute its mark and threaten its goodwill. It contends that the mark in suit therefore offends against section 5(4)(a) of the Act.

5) On 7 September 2020 the applicant filed a counterstatement, in which it does **not** put the opponent to proof of use of its mark. The opponent accepts that the services in class 43 of the two parties are identical or similar but denies that its class 35 services are similar to the class 43 services of the opponent. It does not accept that the opponent has the reputation or goodwill claimed. It states that it has an established franchise business in South East Asia which it is looking to expand into the UK. The opponent denies all the grounds of opposition, stating that the marks of the two parties are not similar.

6) Both parties are professionally represented. Both seek an award of costs in their favour; only the opponent filed evidence. The matter came to be heard on 19 May 2021 when the opponent was represented by Ms Reid of Counsel instructed by Haseltine Lake Kempner LLP; the applicant was represented by Mr Fiddes of Urquhart-Dykes & Lord LLP.

OPPONENT’S EVIDENCE

7) The opponent filed a witness statement, dated 9 November 2020, by Luana Herrmann the Head of Marketing Leisure and concessions of the opponent company. She states that the opponent is part of one of the UK’s leading dining groups which includes *Wagamama*, *Frankie & Benny’s* and *Chiquito*. The first Chiquito restaurant opened in London in 1989 and as at the end of 2019 there were 79 Chiquito restaurants “across the UK”. Later, in her statement she refers to restaurants “across England, Scotland and Wales”. She states that over the last five years approximately 30 million diners have been served in CHIQUITO restaurants. The opponent would appear to have used the following logos:



8) To my mind, the distinctive and dominant element of both marks is clearly the word CHIQUITO. In the first logo the words “the original Mexican Grill & Bar Est. 1989” would be seen for what they are, totally descriptive, stating what the business is and when it started. The average consumer will pay no attention to these words other than to note that the restaurant serves Mexican style food and drink. The logos were/are used throughout the premises appearing on the building itself, menus, advertising and on the opponent’s website and social media sites such as Facebook, Instagram and Twitter. The CHIQUITO chain of restaurants has achieved the following turnover figures in the UK:

Year	Turnover £ million	Marketing expenditure £million
2015	97.8	1.2
2016	96.6	1.2
2017	92.5	1.0
2018	87	1.0
2019	86.4	1.1

9) Ms Herrmann states that the Chiquito chain has won many industry awards over the years and at exhibit LH6 she provides press coverage of these awards. The opponent also provides its Chiquito

food through delivery platforms such as Uber Eats and Deliveroo. The opponent has used what are called “social influencers” and some of its efforts have been covered by national newspapers such as *The Sun*, *The Mirror* and *Daily Mail* as seen at exhibits LH7 & 8. She provides the following exhibits:

- LH2 & 3: Copies of menus which show use of the mark CHIQUITO since 2009 – 2019.
- LH4: Undated examples use of the trade mark on social media by the opponent.
- LH5: Examples of articles in local UK newspapers with stories about their local CHIQUITO restaurant. These cover most of England and are dated prior to the relevant date, which is 9 January 2020, the date on which the application in suit was filed. These include the *Manchester Evening News*, *The Telegraph*, *Chesterfield News*, *Liverpool Daily Post*, *Bucks Free Press* and *Hull Live*.
- LH6: Press coverage of industry awards won by the opponent for its Chiquito chain. Most are dated prior to the relevant date.
- LH7 & 8: Articles in national newspapers such as *The Sun*, *The Mirror* and *Daily Mail* covering the opponent’s social media activities with so called “influencers”. These are all dated prior to the relevant date.

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

DECISION

11) Although the UK has left the EU, section 6(3)(a) of the European Union (Withdrawal) Act 2018 requires tribunals to apply EU-derived national law in accordance with EU law as it stood at the end of the transition period. The provisions of the Trade Marks Act relied on in these proceedings are derived from an EU Directive. This is why this decision continues to make reference to the trade mark case-law of EU courts.

12) The first ground of opposition is under section 5(2)(b) which reads:

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

(a)

(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.”

13) An “earlier trade mark” is defined in section 6, the relevant part of which states:

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

(a) a registered trade mark, international trade mark (UK) or Community trade mark 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.”

14) The opponent is relying upon its trade mark shown in paragraph 3 above which is clearly an earlier trade mark. The applicant has not put the opponent to strict proof of use, and so the opponent can rely upon its full registered specification in the comparison tests.

15) When considering the issue under section 5(2)(b) I take into account the following principles which are gleaned from the decisions 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 great 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.

The average consumer and the nature of the purchasing decision

16) As the case law above indicates, it is necessary for me to determine who the average consumer is for the respective parties' services. I must then determine the manner in which these services are likely to be selected by the average consumer in the course of trade. 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.”

17) The services at issue in these proceedings are, broadly speaking, business management, organising trade fairs, auctioneering, restaurant, bar, catering, room rental & hotel services. These services are split between those that are mainly aimed at the public and those which will mostly appeal to businesses. Services such as business management, organising trade fairs and auctioneering are mostly likely to be provided to businesses although it is possible that individuals may wish to avail themselves of such services. In the main these services will be advertised via the internet, in directories, professional magazines, flyers and of course personal recommendation. To my mind the initial selection will be made visually although aural considerations must also be taken into account. Turning now to the level of attention the average consumer will display when selecting the services, such services will be a highly considered purchase and be given a higher than average level of attention. To my mind **business purchasers will pay an even higher degree of attention as their reputation and thereby livelihood depend on the quality of the services.**

18) With regard to the second set of services such as restaurant, bar, catering & hotel services the selection is most likely to be made on the street outside the restaurant or bar or via advertising in

publications or the internet, although again I cannot exclude personal recommendations. Considered overall, the selection process for these services is likely to be predominantly a visual one, although I accept that aural considerations will also play their part. Turning now to the level of attention the average consumer will display when selecting the services, the average cost of a meal or beverage is relatively low, but the average consumer will want to ensure that whatever they consume is something which they enjoy and meets their requirements. There are a number of people with medical issues surrounding food and drink and increasingly the population is being encouraged to give more thought to the selection of the same, particularly the health aspects of the choice. So issues such as what is on the menu, the choice offered, healthy options, the ingredients used as well as cleanliness, service and price will all be taken into account by the average consumer. **To my mind, the average consumer for such services will be likely to pay a medium degree of attention to the selection of the services at issue. Business consumers will pay a slightly higher level of attention for the same reasons as set out before.**

Comparison of services

19) In the judgment of the Court of Justice of the European Union (CJEU) in *Canon*, Case C-39/97, the court stated at paragraph 23 of its judgment that:

“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”.

20) I note that the section 5(2)(b) ground does not include the following services in class 35: Business management of hotels; Auctioneering. At the hearing it was agreed by both parties that the services fell into two camps. The following class 43 services of the applicant were considered identical to those of the opponent: “Restaurant services; Bar services; Catering”.

21) The applicant’s services in classes 35 & 43 as follows were regarded as being similar to a medium degree to those of the opponent:



- In Class 35: Business management and organization consultancy; Business management consultancy; Organization of trade fairs for commercial or advertising purposes.
- In Class 43: Hotel services; Rental of temporary accommodation; Rental of meeting rooms

Comparison of trade marks

22) 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 them, 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.”

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

Applicant's marks		Opponent's Mark
		CHIQUITO

24) The applicant's marks are a series of two which only differ in that one is in colour the other in black and white. I shall therefore only make the comparison between the applicant's colour mark and the earlier mark of the opponent. It is accepted that descriptive or non-distinctive matter is given less weight when comparing trade marks. I look to *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*, Case C-342/97, where the Court of Justice of the European Union found 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)”.

25) These principles have been confirmed in the following cases: *Digipos Store Solutions Group Ltd v Digi International Inc* [2008] RPC 24 (HC) (descriptive) and *Reed Executive Plc v Reed Business Information Ltd* [2004] RPC 40 (COA) (surnames) *Gateway Inc. v OHIM*, Case C-57/08P (CJEU) (descriptive), *The Proctor and Gamble Company v OHIM*, Case T-366/07 ('Prestige' laudatory), *CM Capital Markets Holding, SA v OHIM* – T-563/08 (GC) (letters) and *Whyte and MacKay Ltd v Origin Wine UK Ltd & Anor* (“ORIGIN”) [2015] EWHC 1271 (Ch) (non-distinctive).

26) The first element of the applicant's mark is the word “Chickita” in large font which appears above an image of a cockerel or chicken, with the words “FLAME GRILLED CHICKEN” in a much smaller font underneath the device element. There are also two feathers at 3 o'clock and 9 o'clock. The words

“flame grilled chicken” obviously describe the main offering of the restaurant / eatery and also give an obvious clue as to the franchise business offered under the class 35 services. The device elements of the chicken and feathers simply reinforce the message that this is what will be on offer to eat, or the business being offered under the franchising services. The dominant and distinctive part of the mark is clearly the word “Chickita”. Neither side has offered any type of meaning for this word, but it appears to be a deliberate play on the word “chicken”, and makes it sound vaguely Spanish / South American. The opponent’s mark consists of a single word “CHIQUITO” which apparently means “anus” in Mexican or small in Spanish. However, few UK consumers have any knowledge of languages other than English and most are not overly proficient even in their mother tongue. Most are likely to be unsure what it means, other than it sounds foreign. Some may confuse it with the well-known Abba song “CHIQUITITA”. The main elements of the two marks start with the same three letters “CHI” which form the first syllable of chicken. Next the mark in suit has the letters “ck” whereas the opponent’s mark has “qu” but in this context their sounds are very similar. The last three letters of each mark “ita” and “ito” differ only in the last letter and again have somewhat similar sounds particularly given the propensity of the UK consumer to swallow or slur word endings (see *Typhoon* [2000] FSR 767).

27) Taking both marks as wholes, there is a degree of visual similarity between the distinctive and dominant elements of both marks, there are clear aural similarities and conceptually both are neutral to the UK consumer. Whilst there are very obvious visual and aural differences these are such that they will be seen as mainly descriptive or given less weight as they are clearly not identifying the originator of the services. **Overall, in my opinion, the differences do not outweigh the similarities and the marks taken as a whole must be considered to be similar to a medium degree.**

Distinctive character of the earlier trade mark

28) 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).”

29) In *Kurt Geiger v A-List Corporate Limited*, BL O-075-13, Mr Iain Purvis Q.C. as the Appointed Person pointed out that the level of ‘distinctive character’ is only likely to increase the likelihood of confusion to the extent that it resides in the element(s) of the marks that are identical or similar. He said:

“38. The Hearing Officer cited *Sabel v Puma* at paragraph 50 of her decision for the proposition that ‘the more distinctive it is, either by inherent nature or by use, the greater the likelihood of confusion’. This is indeed what was said in *Sabel*. However, it is a far from complete statement which can lead to error if applied simplistically.

39. It is always important to bear in mind what it is about the earlier mark which gives it distinctive character. In particular, if distinctiveness is provided by an aspect of the mark which has no counterpart in the mark alleged to be confusingly similar, then the distinctiveness will not increase the likelihood of confusion at all. If anything it will reduce it.’

40. In other words, simply considering the level of distinctive character possessed by the earlier mark is not enough. It is important to ask ‘in what does the distinctive character of the earlier mark lie?’ Only after that has been done can a proper assessment of the likelihood of confusion be carried out”.

30) As shown in the evidence summary (paragraph 7), the opponent has used two different versions of its mark. One from 1989-2009 and the other from 2010 to date. The first mark has the word

CHIQUITO in large font with the words “the original Mexican Grill & Bar Est. 1989” underneath in a much smaller font and with a device element as backing. The second mark has the word CHIQUITO In yellow or gold on a turquoise background. When considering whether these marks constitute use of the mark as registered I take into account the comments in *Nirvana Trade Mark*, BL O/262/06, where Mr Richard Arnold Q.C. (as he then was) as the Appointed Person summarised the test under s.46(2) of the Act as follows:

"33. The first question [in a case of this kind] is what sign was presented as the trade mark on the goods and in the marketing materials during the relevant period...

34. The second question is whether that sign differs from the registered trade mark in elements which do not alter the latter's distinctive character. As can be seen from the discussion above, this second question breaks down in the sub-questions, (a) what is the distinctive character of the registered trade mark, (b) what are the differences between the mark used and the registered trade mark and (c) do the differences identified in (b) alter the distinctive character identified in (a)? An affirmative answer to the second question does not depend upon the average consumer not registering the differences at all."

31) Although this cases was decided before the judgment of the CJEU in *Colloseum Holdings AG v Levi Strauss & Co.*, Case C-12/12, it remains sound law so far as the question is whether the use of a mark in a different form constitutes genuine use of the mark as registered. The later judgment of the CJEU must also be taken into account where the mark is used as registered, but as part of a composite mark. To my mind, both marks constitute use of the registered mark. However, if I am wrong with regards to the first mark, I note that the second mark had been in use for ten years as at the relevant date. To my mind, the opponent's mark, which has no meaning as far as the average UK consumer is concerned is inherently distinctive to a high degree as it will be seen as an invented word. The use made of the mark has been substantial with sales throughout the UK averaging approximately £90 million per annum and some 30 million customers in the last five years alone. This coupled with the media and social media exposure means that the mark has significant reputation and goodwill in the UK in relation to Mexican restaurants. There was some discussion at the hearing as to whether the opponent has reputation for Mexican and Tex-Mex food. Ms Reid was highly eloquent (as usual) in promoting this view. My understanding of Tex-Mex is that it refers to Texan food cooked with a Mexican influence. To my mind, the subtle difference will be mostly lost on the average UK consumer, and the chain of restaurants run by the opponent has won awards for Mexican food and is

referred to in this manner in most of the media coverage. This is hardly surprising given that for the first twenty years of existence it traded under a sign which stated that it was a Mexican Grill (see paragraph 7 above). **Despite this use, given the fact that the mark is inherently highly distinctive I do not believe that its use has enhanced its distinctiveness, it does not therefore benefit from enhanced distinctiveness through use.**

Likelihood of confusion

32) In determining whether there is a likelihood of confusion, a number of factors need to be borne in mind. The first is the interdependency principle i.e. a lesser degree of similarity between the respective trade marks may be offset by a greater degree of similarity between the respective services and vice versa. As I mentioned above, it is also necessary for me to keep in mind the distinctive character of the opponent's trade mark as the more distinctive this trade mark is, the greater the likelihood of confusion. I must also keep in mind the average consumer for the services, the nature of the purchasing process and the fact that the average consumer rarely has the opportunity to make direct comparisons between trade marks and must instead rely upon the imperfect picture of them he has retained in his mind. Earlier in this decision, I concluded that:

- the average consumer for the services is a member of the UK public (including businesses) who will select the services by predominantly visual means, although not discounting aural considerations and that they are likely to pay a medium level of attention to the selection of the services in class 43 at issue, whilst the class 35 services will command a higher than average level of attention.
- Overall, the marks of the two parties are similar to a medium degree.
- The following services applied for in class 43 are identical to those of the opponent: "Restaurant services; Bar services; Catering".
- The following services applied for in class 43 and 35 are similar to a medium degree to those of the opponent: In Class 35: Business management and organization consultancy; Business management consultancy; Organization of trade fairs for commercial or advertising purposes. In Class 43: Hotel services; Rental of temporary accommodation; Rental of meeting rooms

- The opponent's mark is inherently distinctive to a high degree but does not benefit from enhanced distinctiveness through use.

33) I take into account the views expressed in *L.A. Sugar Limited v By Back Beat Inc*, Case BL O/375/10, where Mr Iain Purvis Q.C., as the Appointed Person, explained 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.

34) In *Duebros Limited v Heirler Cenovis GmbH*, BL O/547/17, Mr James Mellor Q.C., as the Appointed Person, stressed that a finding of indirect confusion should not be made merely because the two marks share a common element. In this connection, he pointed out that it is not sufficient that a mark merely calls to mind another mark. This is mere association not indirect confusion.

35) In view of all of the above, and allowing for the concept of imperfect recollection, there is, in my opinion, a likelihood of consumers being directly confused into believing that the services in class 43 applied for and provided by the applicant are those of the opponent or provided by an undertaking linked to it. **The opposition under Section 5(2) (b) therefore succeeds in respect of all the services in class 43.**

36) In view of all of the above, and allowing for the concept of imperfect recollection, there is, in my opinion, a likelihood of consumers being indirectly confused into believing that the services in class 35 applied for and provided by the applicant are those of the opponent or provided by an undertaking linked to it, despite the higher level of attention which would be paid to their selection. **The opposition under Section 5(2) (b) therefore succeeds in respect of all the services opposed in class 35.**

37) I next turn to the ground of opposition under section 5(3) which reads:

“(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 a European Union trade mark or international trade mark (EC), in the European Union) 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.

38) The relevant case law can be found in the following judgments of the CJEU: Case C-375/97, *General Motors*, Case 252/07, *Intel*, Case C-408/01, *Addidas-Salomon*, Case C-487/07, *L’Oreal v Bellure* and Case C-323/09, *Marks and Spencer v Interflora* and Case C383/12P, *Environmental Manufacturing LLP v OHIM*. 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 public calls the earlier mark to mind; *Addidas 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 risk that this will happen in future; *Intel, paragraphs 76 and 77* and *Environmental Manufacturing, paragraph 34*.

(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 of 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*).

39) I must first consider whether the opponent has shown it has the requisite reputation. In *General Motors, Case C-375/97*, the CJEU held that:

“25. It cannot be inferred from either the letter or the spirit of Article 5(2) of the Directive that the trade mark must be known by a given percentage of the public so defined.

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

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

28. Territorially, the condition is fulfilled when, in the terms of Article 5(2) of the Directive, the trade mark has a reputation ‘in the Member State’. In the absence of any definition of the Community provision in this respect, a trade mark cannot be required to have a reputation ‘throughout’ the territory of the Member State. It is sufficient for it to exist in a substantial part of it.”

40) The evidence filed by the opponent states quite clearly that the restaurants are located in England, Scotland and Wales. These serve Mexican food and the average turnover under the mark relied upon by the opponent is just over £90 million per annum for the last five years. During this timeframe they have served over thirty million customers. The opponent has carried out advertising and marketing to the tune of approximately £1million per annum over the last five years and provided evidence of media coverage throughout the UK. **The opponent therefore easily clears the first hurdle.**

41) I next turn to consider whether the average consumer will make the necessary link between the marks of the two parties. In carrying out this comparison I am aware 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 (*Intra-Press SAS v OHIM*, Joined cases C-581/13P & C-582/13P). Earlier in this decision I determined that the marks were similar to at least a medium degree, they are engaged in the same type of business. **I believe that the average consumer will make the link between the two marks.**

42) In *Jack Wills Limited v House of Fraser (Stores) Limited* [2014] EWHC 110 (Ch) Arnold J. (as he then was) 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.”

43) Given the closeness of the marks and the fact that the applicant is looking to franchise its own restaurant chain and provide services to back up such franchises, thereby operating in precisely the same field as the opponent it is highly likely, in my view, that the average consumer will assume that the applicant's services are merely an extension of the services of the opponent. The applicant would benefit from the association with the opponent and benefit from the advertising carried out by the opponent and its reputation in the restaurant world. No evidence or submissions were made by the applicant regarding due cause and so I do not need to take this into account. **The opposition under section 5(3) therefore succeeds against all the services applied for in class 43 and all of the services which are similar in class 35.**

44) At the hearing no submissions were made as to why the services in class 35, excluded from the 5(2)(b) ground, namely “Business management of hotels; Auctioneering” would be thought to be provided by the opponent. Both seem to be considerably detached from Mexican restaurants, and despite the opponent's mark being highly distinctive I am not convinced that a link would be formed by the average consumer.

45) Lastly, I turn to consider the ground of opposition under section 5(4)(a). At the hearing Mr Fiddes accepted that if I were against him under section 5(2)(b) then inevitably he would also fail under this

section. I fully concur with his view. Earlier in this decision I found that the opponent had at the relevant date a reputation in relation to Mexican restaurants, I also found that use of their trade marks, actual or on a fair and notional basis, would result in confusion with the application in suit. Accordingly, it seems to me that the necessary misrepresentation required by the tort of passing off would occur. The applicant has not filed any evidence of use of its mark in the UK. In a *quia timet* action it is clearly not possible to show that damage has been suffered, see *Draper v Trist and Trisbestos Brake Linings Ltd* [1939] 56 RPC 429. **The ground of opposition under Section 5(4) therefore succeeds to the same extent as its Section 5(2)(b) ground.**

CONCLUSION

46) The opposition under Sections 5(2)(b), 5(3) and 5(4)(a) succeed, with the exception of the following services in class 35: Business management of hotels; Auctioneering.

COSTS

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

Preparing a statement and considering the other side's statement	£300
Expenses	£200
Filing evidence	£1000
Attendance at hearing	£1400
TOTAL	£2900

48) I order AHM Lifestyles - Creative Hospitality Company Limited to pay The Restaurant Group (UK) Limited the sum of £2900. This sum is to be paid within twenty-one days of the expiry of the appeal period or within twenty-one days of the final determination of this case if any appeal against the decision is unsuccessful.

Dated this 3rd day of June 2021

George W Salthouse
For the Registrar,
the Comptroller-General