

**IN THE MATTER OF APPLICATION NOS.
2102219 & 2101220 by Paco Holdings Ltd to
register two trade marks in Class 25**

**AND IN THE MATTER OF Opposition thereto
by Paco Rabanne Parfums**

1. On 29 May 1996, Paco Holdings Limited made two applications to register trade marks under the Trade Marks Act 1994. The applications were given the numbers 2101219 and 2101220. Application no. 2101219 was for the registration of the trade mark PACO. Application 2101220 was for the series of two marks shown below.

PACO
LIFE IN COLOUR



2. The applications were filed in Class 25. The specification of goods in each case is:

Clothing; footwear and head gear.

3. On 19 November 1996, Paco Rabanne Parfums of France filed Notices of Opposition to these applications. The grounds of opposition are essentially the same. In summary they are that:

- i) The opponent is the registered proprietor of a number of earlier trade marks

incorporating the word Paco and dating back to the 1960s. In particular, the mark PACO RABANNE is registered in Class 3 for, inter alia, perfumes. The opponent is also the proprietor of earlier trade mark numbers 1066343, 2006318 and 2046730 in Class 25 and other registrations under Nos. 895915, 1189972 in Classes 14 and 20. The aforesaid marks are confusingly similar to the marks applied for and registration should be refused under Section 5(2)(b) of the Trade Marks Act 1994.

- ii) The opponent's trade marks PACO and PACO RABANNE have been used in the United Kingdom and have acquired a reputation by virtue of such use; use and registration of the marks applied for would take unfair advantage of the repute of the opponent's trade marks or be detrimental to and dilute the distinctive character of the said marks, which are similar. This goes to Section 5(3) of the Act.

4. The applicant denies these grounds of opposition. Both sides seek an award of costs.

5. The oppositions came to be heard on 22 July 1999 and 29 July 1999. The applicant was represented by Mr J Baldwin QC, instructed by Cruickshank and Fairweather, and the opponent was represented by Mr M Edenborough of Counsel, instructed by Mewburn Ellis.

6. Although the proceedings are not consolidated the matters in dispute are essentially the same in each opposition. The evidence relied upon by the parties is essentially the same. At the end of the second hearing the parties agreed that it would be sensible if this decision covered both oppositions.

7. I will hereinafter refer to the opponent as "Rabanne" and the applicant as "Holdings".

Rabanne's Request to Amend Pleadings

8. Prior to the Hearing Rabanne indicated that it wished to amend its grounds of opposition by

adding a further ground. The additional ground being that the mark PACO RABANNE is a well-known mark entitled to protection in the United Kingdom under the Paris Convention by virtue of Sections 55 and 56 of the Act. On this basis the mark PACO RABANNE would qualify as an earlier trade mark under Section 6(1)(c) of the Act and this would provide an alternative basis (to the registration of the mark PACO RABANNE in, inter alia, classes 3 & 25) for refusal of the applications under Section 5(2)(b).

9. It emerged at the hearing that the reason for the requested amendment of the grounds of opposition was that Rabanne's earlier trade mark in Class 25 was registered with a disclaimer of exclusive rights to the word 'Paco'. Mr Edenborough indicated that the amendment was intended to counter any point that may be taken with regard to the relevancy of the disclaimer of the word 'Paco' in their earlier registered trade mark. The other marks relied upon by Rabanne in Class 25 (2006318 and 2046730A) were still pending at the date of the hearing and therefore only "earlier trade marks" subject to them being so registered.

10. I refused to allow the amendment of the grounds of opposition. It is common ground the PACO RABANNE mark has a reputation for perfumery. Rabanne's earlier Class 3 registration has no disclaimer of the word "Paco." Thus, the proposed additional ground of opposition adds nothing to the opponent's pleading under Section 5(3) of the Act.

11. Section 6(1)(c) is as follows:

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

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

12. Section 5(2)(b) is as follows:

A trade mark shall not be registered if because -

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. Taking the words of Sections 5(2)(b) and 6(1)(c) together, it is clear that a well known mark is only “protected” under Section 5(2)(b) in respect of the goods or services for which the mark is well known. This is consistent with the provisions of Section 56(2) under which the proprietor of a well known mark may be able to prevent use of a conflicting sign. The proprietor of a well known mark is entitled to prevent registration by another party of similar marks for the same or similar goods/services, to the extent that this gives rise to a likelihood of confusion.

14. In *General Motors Corporation v. Yplon SA* (1999 ETMR 122 at page 130, para 31) Advocate General Jacobs said that the requirement to show that a mark is “well-known” is likely to be more onerous than the requirement to show a “reputation.” In the same case the European Court of Justice has recently stated that a mark is to be considered as having a ‘reputation’ when it is shown to identify the proprietor’s goods or services to a significant proportion of the relevant public. In my view, Rabanne’s evidence (which I shall describe later) does not establish that the mark PACO RABANNE is well-known in the UK as a trade mark for clothing. Consequently, the mark PACO RABANNE does not qualify for protection as a well known mark for goods in Class 25.

Opponent’s evidence

15. The opponent’s evidence consists of two declarations, dated 29 October 1997 and 7 November 1997, by Jacques Jorand. The declarations are substantially the same. M. Jorand is the General Manager of Paco Rabanne Parfums. The most relevant parts of his evidence are as follows:

“The opponent is a very well known fashion house selling perfumes and perfumery as well as clothing for men and women, fashion accessories, sunglasses and leather goods. The founder and chief designer of the opponent company, Mr Paco Rabanne, is a well known fashion designer who is very often referred to simply as ‘Paco.’

“The opponent expanded its original perfume business into other areas of fashion and luxury goods and has produced clothing since the 1960s. Goods bearing trade marks incorporating the word PACO “the trade marks” include perfumes and toiletries; leather goods and other accessories for men and women; spectacle frames and sunglasses; articles of clothing for men and women. Articles of clothing bearing the trade mark PACO RABANNE have been available in the United Kingdom since at least as early as 1974.

There is now produced and shown to me an exhibit marked JJ1 being printouts of the trade marks registered in the United Kingdom in the name of the applicant and showing that the trade mark PACO RABANNE has been registered in the United Kingdom since 1969.”

16. It is clear from Exhibit JJ1 that the mark PACO RABANNE has been registered in the UK in a slightly stylised form under number 1066343 since 28 July 1976. The registration is in Class 25 and covers articles of clothing for men and women. The registration includes a disclaimer of any right to the exclusive use of the word “paco”. The same mark is registered in Classes 14 (jewellery), 9 (sunglasses) and 18 (luggage, bags) under numbers 895915, 1066341 & 1066342. None of these registrations include a disclaimer. The mark PACO RABANNE is registered in ordinary block capitals for perfumery in Class 3. All of these registrations predate Holdings’ applications.

17. M. Jorand continues as follows:

“The wholesale values of opponents sales of items marked with the trade marks in the United Kingdom have, in recent years, been:-

<u>Year</u>	<u>£</u>
1987	8,245,392
1988	8,384,361
1989	8,337,547
1990	7,773,953
1991	7,096,556
1992	6,541,482
1993	5,341,203
1994	8,1069,340

1995	10,135,868
1996	10,988,294

These figures are wholesale values and in order to arrive at retail values the above figure should be doubled, giving an annual figure of over £20,000,000 in recent years.

Sales of items bearing the trade marks have been made in all parts of the United Kingdom including Scotland, Northern Ireland, Wales, Northern England, The Midlands, East Anglia, London and the South East and South West England. There is now produced and shown to me an exhibit marked JJ2 being a selection of copy invoices showing sales of articles of PACO RABANNE clothing in the UK. Each article of clothing bears two labels, one sewn into the garment and another non-textile label attached to the garment.”

18. The copy invoices all bear the trade mark PACO RABANNE in ordinary typeface. The majority of them are from the 1980s and are in respect of small quantities of costumes, jackets and dresses that were delivered to individual addresses in the UK. There are also copies of a couple of invoices addressed to places in London. These are dated 1991 and 1992. Again, relatively small quantities of goods are involved.

19. M. Jorand continues:

“Advertising has been in newspapers and magazines including Cosmopolitan, Arena, GQ, Mail on Sunday, The Independent and the Sunday Times. There is now produced and shown to me as an exhibit marked JJ4 being advertisements that have appeared in the press in the United Kingdom featuring the applicant’s name and trade mark. In addition the opponent has advertised by poster campaigns including the sides of large city buses. Goods bearing the trade mark have been advertised on television in the United Kingdom.”

20. Most of the advertisements in Exhibit JJ4 are dated after the date of the application. I do not therefore find them of much assistance. The most helpful item within Exhibit JJ4 is actually a copy of an article that appeared in the Guardian Weekend on June 10 1995. It features Mr Paco Rabanne and a number of his high fashion dresses. The article describes his career as follows:

“As a couturier Paco Rabanne has enjoyed almost as many resurrections as his claimed reincarnations. Over 30 years he has repeatedly risen from the ashes of modish neglect to thrill jaded gourmets of the gown trade with his melange of medieval armour and forward to the past futuristic creations. His designs for Vadim’s film, Barbarella owed more to Flash Gordon of the 30s than 60s psychedelic. But the instability is in the customer. His signature link dresses hardly change; he uses different materials in basically the same shapes.

His current collection is mini skirted 60s; pink stretch tartan hipster trousers with gold buckles; mini dresses, gymslip style; shrunken t-shirts with diamante lamè, halter neck dresses. These are all small, tight, short numbers which pretty well exclude the middle-aged or indeed young fast food junkies. Joseph’s in Sloane Street is the only place in Britain you can find them..”

21. M Jorand further states that:

“The opponent is a famous fashion and perfume business and is mentioned in the press from time to time. There is now produced and shown to me marked exhibit “JJ5” being selected editorial mentions of the goods sold under the trade marks or of the chief designer Paco Rabanne, often referred to simply as Paco.”

22. The press articles contained within JJ5 cover a range of dates, many of which are after the date of the application under opposition. Some of the articles are in foreign publications. Of those that are in the UK and before the relevant date, I cannot find any that refer to Rabanne’s goods simply by the name PACO. Where the name PACO is used it is invariably a reference to the designer and is used together with, or following on from, an earlier reference or picture of M. Paco Rabanne.

Applicant’s evidence

23. The applicant’s evidence consists of two Statutory Declarations by Thomas Arthur Jones and Alexander Paco Graves dated 27 and 29 January 1998, respectively. Mr Jones is the Managing Director of Paco Holdings Limited. Mr Alexander is Vice Chairman and founder of the company. Mr Jones’ evidence was filed in respect of the opposition to application No 2101219 (PACO) and Mr Alexander’s evidence in respect of the opposition to application No 2101220 (PACO LIFE IN COLOUR marks). The evidence they give is substantially the same.

I will therefore refer only to the relevant evidence of Mr Jones. He says that:

“The trade marks PACO has been used by my company and its subsidiaries throughout the United Kingdom since at least as early as 1987 in relation to a broad range of articles of clothing. These trade marks have been used in various forms and shown to me marked Exhibit TAJ1 is a representative sample of these various forms.

The trade marks PACO has also been used by my company and its subsidiaries in various countries abroad, particularly in the Republic of Ireland. The opponent has opposed my company’s corresponding application in the Republic of Ireland.

My company and its subsidiaries have also used the trade mark PACO LIFE IN COLOUR. Shown to me and marked TAJ2 are samples showing how that trade mark is used - it will be seen that the word PACO is dominant.”

24. Mr Jones continues:

“The founder of my company was Mr Paco Graves, an Irish clothing designer. Mr Paco Graves is known as Paco.

Clothing bearing the trade mark PACO are sold in shops owned by my company or its subsidiaries or franchisees. There are forty seven such shops in various towns and cities throughout the United Kingdom.

My company has experienced rising sales of clothing under the PACO and PACO LIFE IN COLOUR trade marks since 1989. It is not possible to provide separate figures for PACo on the one hand and PACO LIFE IN COLOUR on the other. The approximate annual turnover figures since 1989 have been as follows:

<u>Year</u>	<u>Turnover</u>
1989	500,000
1990	1,000,000
1991	2,300,000
1992	5,500,000
1993	10,200,00
1994	12,000,000

1995	14,100,000
1996	16,500,000

My company and its subsidiaries do not keep precise advertising/promotional figures, but these figures amount to 1-1½ % of the turnover figures.

My company and its subsidiaries have advertised and promoted the trade marks PACO and PACO LIFE IN COLOUR extensively throughout the United Kingdom. In particular advertisements have been placed in the local press in several areas including Coventry, Lincolnshire, Chester, Worcester, Glasgow, Cheltenham, Bristol, Aberdeen, Manchester, Yorkshire, Nottingham, Manchester, Hanley, Bromley, Darlington, Cambridge, Birmingham and South Wales. Additionally, these trade marks have been promoted in the magazines Retailings and Annabel. Shown to me and marked as Exhibit TAJ4 is a random sample of such advertisements.”

25. Exhibit TAJ4 to Mr Jones’ declaration includes a number of advertisements featuring the PACO and PACO LIFE IN COLOUR marks. Unfortunately, only one of the advertisements is dated. This is a promotion which appeared in the 9 October 1993 edition of Weekend Times. Three other copies of advertisements have dates applied to them by the opponent. A promotion which appeared in Annabel magazine is said to have occurred in October 1993. Two further articles from Cambridge Evening News and the Northern Echo are said to be from December 1992. There is no indication of the dates of the other advertisements, although it would appear from the content of some of the articles that they were written during the recession that occurred during the early 1990's. It is clear from these advertisements that the opponent opened a number of retail outlets in the UK during 1992. There is also a copy of an article about the company which appeared in Retailing in July 1992.

26. The article in Retailing states that:

“There are already a number of franchises in the UK and Ireland and there are also plans to open more here. The cost of taking up a franchise can be up to £70,000 but Graves says that most make their money back in three years.

Graves is aiming for some 75 shops in the UK by mid-1994 and eventually 300 or so shops world-wide. He adds that when he moved the business from its Irish base to Scotland - where the companies Head Office is - he saw the move merely as a stepping stone for wider expansion.”

27. The article from the Cambridge Evening News describes the opening of a franchise in Cambridge. It says that PACO now has 46 shops, with nearly 20 of the branches opened this year (1992). However, it also refers to the opponent opening branches in New York, Spain and Japan. It is not therefore clear how many of the branches described in the article are actually situated in the United Kingdom.

28. Mr Jones continues:

“The clothing sold by my company and its subsidiaries have been advertised on local radio stations including those based in Norwich, Bath, York, Stratford and Chester.

My company and its subsidiaries also advertised to promote the PACO and PACO LIFE IN COLOUR trade marks in newspapers and magazines in the Republic of Ireland (IT magazine, U magazine, Sunday World, Sunday Tribune, Sunday Independent. The North side people and Irish Store) and on RTE - Radio Telefis Eireann - the national broadcaster in Ireland and local radio programmes. Material in these sources also reaches the United Kingdom, in particular Northern Ireland.

My company has also been featured on the Clothes Show programme on BBC1 television.

By reason of such use as aforesaid I believe my company enjoys a considerable reputation and goodwill in the United Kingdom in the trade marks PACO in respect of articles of clothing.”

Section 5(2)(b)

29. Rabanne is the proprietor of application no. 2046730A for the mark shown below:



paco
paco rabanne

30. This application was filed 29 November 1995 but with a priority date of 21 July 1995 based upon earlier filing in France. The specification of goods in Class 25 covers:

Suits, trousers, dresses, skirts, shirts, blouses, t-shirts, neckties, scarves, gloves, coats, jackets, parkas, blousons, waistcoats, raincoats, pullovers, shorts, housecoats, bathrobes, smocks, stockings, socks, tights, swimsuits, shoes and sports shoes, hats, caps, wallets, hoods.

31. Holdings opposed this application. I also heard this opposition on 22 July 1999. The opposition failed. Accordingly, subject to a successful appeal against my decision in those opposition proceedings, application no. 2046730A will proceed to registration.

32. Application 2046730A has an earlier filing and priority date than the application under opposition. Section 6(2) of the Act is as follows:

6(2) References in this Act to an earlier trade mark include a trade mark in respect of which an application for registration has been made and which, if registered, would be an earlier trade mark by virtue of subsection (1)(a) or (b), subject to its being so registered.

33. Application no. 2046730A is therefore an earlier trade mark, but this is subject to its registration.

34. In *Sabel B.V. Puma A.G.* (1998 PRC 199) the European Court of Justice found that:

“... the appreciation of the likelihood of confusion “depends on numerous elements and, in particular, on the recognition of the trade mark on the market, of the association which can be made with the used or registered sign, of the degree of similarity between the trade mark and the sign and between the goods or services identified”. The likelihood of confusion must therefore be appreciated globally, taking into account all factors relevant to the circumstances of the case.

That global appreciation of the visual, aural or conceptual similarity of the marks in question, must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components. The wording of Article 4(1)(b) of the Directive - “..... there exists a

likelihood of confusion on the part of the public” - shows that the perception of marks in the mind of the average consumer of the type of goods or services in question plays a decisive role in the global appreciation of the likelihood of confusion. The average consumer normally perceives a mark as a whole and does not proceed to analyse its various details.

In that perspective, the more distinctive the earlier mark, the greater will be the likelihood of confusion. It is therefore not impossible that the conceptual similarity resulting from the fact that two marks use images with analogous semantic content may give rise to a likelihood of confusion where the earlier mark has a particularly distinctive character, either *per se* or because of the reputation it enjoys with the public.

However, in circumstances such as those in point in the main proceedings, where the earlier mark is not especially well known to the public and consists of an image with little imaginative content, the mere fact that the two marks are conceptually similar is not sufficient to give rise to a likelihood of confusion.

The answer to the national court’s question must therefore be that the criterion of “likelihood of confusion which includes the likelihood of association with the earlier mark” contained in Article 4(1)(b) of the Directive is to be interpreted as meaning that the mere association which the public might make between two trade marks as a result of their analogous semantic content is not in itself a sufficient ground for concluding that there is a likelihood of confusion within the meaning of that provision.

35. It is common ground that the opponent’s application No 2046730A, and the application under opposition, cover identical goods. There can be no doubt that the word PACO is a dominant element of the mark which is the subject of application no. 2046730A. Mr Baldwin suggested that the word PACO was not a distinctive feature of the mark because it consisted of a male given name. The Registrar has, in the past, objected to the registration of male forenames for clothing on the basis that such signs are commonly used in the trade. That is no longer the Registrar’s practice. The reason for this is that it is now recognised that such names are in fact capable of distinguishing the goods of one undertaking from those of other undertakings without any need to educate the public to the perception of the name as a trade mark.

36. In any event, the name PACO is hardly a common name in the United Kingdom. I

consider the PACO element of the mark which is the subject of application no. 2046730A, to be the distinctive and dominant element of that trade mark. The same word comprises the whole of the mark applied for by the applicant under No. 2101219. In my view, there is a risk of direct visual and aural confusion between these marks. The success of application No.2046730A therefore presents a fatal obstacle to the progress of application no. 2102219 for the word PACO alone.

37. The position with regard to application no. 2101220 is not quite as clear cut. This application covers two trade marks. The first consists of the word PACO in ordinary type face above the words “LIFE IN COLOUR”, which appear in same size and type face below the word PACO. The word PACO is nevertheless a prominent and distinctive feature of this mark. As I have already found, it is also the distinctive and dominant feature of Rabanne’s application 20746730A. This similarity would, I believe, be sufficient to lead members of the public to expect that the goods sold under these marks to originate from the same trade source or from related undertakings. According to the European Court of Justice in Canon v MGM (1999 ETMR 1 at para 29), that is sufficient to find that the visual and aural impact of the Holding’s mark is likely to cause confusion with Rabanne’s earlier PACO PACO RABANNE mark. The likelihood of confusion includes the likelihood of association (as to trade origin).

38. The second mark in the series which is the subject of application no. 2101220 consists of the word PACO in an usual form of script with the words “LIFE IN COLOUR” presented beneath. The word PACO is presented in a manner which is suggestive of underlining. It could be argued that the stylisation of the word PACO in this mark lessens the likelihood of confusion with the mark covered by application no. 2046730A. Against that it might be said that the word PACO is considerably larger and more striking than the words LIFE IN COLOUR. I believe that the word PACO is a distinctive and dominant feature of this trade mark. The mark as a whole is similar enough to the mark which is the subject of Rabanne’s application 2046730A so as to be likely to cause confusion, including the likelihood of association.

39. It follows from these findings that unless my decision to allow application 2046730A to

proceed to registration is reversed on appeal, the resulting registration of that trade mark will lead to the refusal of application Nos 2101219 and 2101220.

40. Rabanne is the proprietor of registration No. 1066343 in Class 25. The mark is registered in the form shown below:



41. The specification of goods is “Articles of clothing for men and women”, which are identical to the goods for which holdings seeks registration. Rabanne’s mark is registered with effect from 28 July 1976. As mentioned earlier, the registration includes a disclaimer of any exclusive right to the use of the word “paco” .

42. Mr Edenborough submitted that the disclaimer entered in the register in respect of the word “paco” should have no bearing on the outcome of the opposition under Section 5(2)(b) of the Act. In this connection he referred me to a recent decision of Mr Geoffrey Hobbs QC in the case of Fountain Technologies Inc.’s Application (1999 RPC page 490).

43. However, this was a decision made under the Trade Marks Act 1938. It does not follow that the same must apply under the new law. Under the transitional provisions set out in paragraph 3(2) of Schedule 3 of the Act, a disclaimer entered on the former register immediately prior to the commencement of the current Act was transferred to the new register and has effect as if entered on the register pursuant to Section 13 of the 1994 Act. Section 13 is as follows:

- 13 (1) An applicant for registration of a trade mark, or the proprietor of a registered trade mark, may -
- (a) disclaim any right to the exclusive use of any specified element of the trade mark, or

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

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

(2) Provision shall be made by rules as to the publication and entry in the register of a disclaimer or limitation.

44. Mr Edenborough pointed out that the rights affected by the entry of a disclaimer are stated as being those conferred by Section 9 of the Act. Section 9 in turn brings in Section 10 of the Act and together they set out the provisions concerning infringement of a registered trade mark. Section 13 makes no reference to Section 5 of the Act. Mr Edenborough therefore invited me to conclude that a disclaimer has no bearing upon matters that arise under Section 5 of the Act.

45. That is an attractive submission. However, in order to assess the matter correctly it is necessary to consider the scheme of the Act and the nature of the exclusive right conferred by registration.

46. Section 5(1), (2) and (3) of the Act use substantially the same wording as Section 10(1), (2) and (3). It therefore appears that Section 5 of the Act is intended to prevent the registration of trade marks which, in use, would be contrary to the equivalent provisions of Section 10. This is consistent with the provisions of Section 5(4) of the Act which deals with other earlier rights that would prevent the use of the trade mark applied for.

47. Section 10 of the Act is clearly based upon Article 5 of Directive EC/104/89, which is shown below:

Article 5 Rights Conferred by a trade mark

1. The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using the

course of trade:

1. any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered:
 2. any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.
2. Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.
3. The following, *inter alia*, may be prohibited under paragraphs 1 and 2:
- (a) affixing the sign to the goods or to the packaging thereof;
 - (b) offering the goods, or putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder;
 - (c) importing or exporting the goods under the sign;
 - (d) using the sign on business papers and in advertising.
4. Where, under the law of the Member State, the use of a sign under the conditions referred to in 1(b) or 2 could not be prohibited before the date on which the provisions necessary to comply with this Directive entered into force in the Member State concerned, the rights conferred by the trade mark may not be relied on to prevent the continued use of the sign.
5. Paragraphs 1 to 4 shall not affect provisions in any Member State relating to the protection against the use of a sign other than for the purposes of distinguishing goods or services, where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

48. In case C/63/97 (BMW v Deenick - 1999 ETMR page 339), the European Court of Justice stated in paragraph 38 of their decision that:

“..... it is true that the scope of application of Article 5(1) & (2) of the Directive, on the one hand, and Article 5(5), on the other, depends on whether the trade mark is used for the purpose of distinguishing the goods or services in question as originated for a particular undertaking, **that is to say, as a trade mark as such, or whether it is used for other purposes.**” (my emphasis)

49. Section 10(2) of the Act is based upon Article 5(1)(b) of the Directive. It therefore appears that the nature of the exclusive right conferred by Section 9 and 10(2) of the Act is an exclusive right to the registered sign *for trade mark purposes*.

50. If that is right, it follows that the exclusive right disclaimed under Section 13 of the Act extends to the use by another party *as a trade mark* of that which has been disclaimed. If the only point of similarity with the registered mark is the disclaimed element, use of the later mark would not infringe.

51. If I am right so far, it is difficult to understand how Parliament could have intended a disclaimer to be taken into account for infringement purposes but not when it comes to an application to register that which could lawfully be used as a trade mark.

52. It might be said that the suggested equivalence of scope of Sections 5(2) and 10(2) of the Act is disturbed by the “saving” provisions set out in Section 11. However, these appear to be safeguards intended to protect non-trade mark use. In a recent decision (which as far as I am aware has not yet been reported) the European Court of Justice stated in joined cases C/108-97 and C/109-97 (*Windsurfing Chiemsee v Boots and Attenberger*) that:

“..... Article 6(1)(b) which aims, inter alia, to resolve the problems posed by registration of a mark consisting wholly or partly of a geographical name, does not confer on third parties the right to use the name as a trade mark”

53. In *Fountain Technologies Inc’s Application*, Geoffrey Hobbs QC accepted that disclaimers

entered under Section 14 of the old Act did not prevent an objection from being taken under Section 12 of that Act (which was similar in purpose to Section 5 of the new Law). Mr Hobbs said:

“Section 14 of the 1938 Act provides “*that no disclaimer on the register shall affect any rights of the proprietor of a trade mark except such as arise out of the registration of the trade mark in respect of which the disclaimer is made*”. The rights of the proprietor with regard to infringement are restricted by Section 4(1) to goods or services falling within the specification of his registration. They are also “*subject to any conditions or limitations entered on the register*” as required by Section 4(2) and are therefore not infringed by the use of any mark in any circumstances “*to which, having regard to any such limitations, the registration does not extend*”. The word “*limitations*” is defined in Section 68(1) as extending to “*any limitations of the exclusive right to the use of a trade mark given by the registration of a person as proprietor thereof*”. Disclaimers appear to be limitations for the purposes of Sections 4(2) and 68(1). On that basis similarities attributable to nothing more than the presence of a disclaimed feature could not support an action for infringement of registered trade mark under the 1938 Act. The position appears to be no different under the Trade Marks Act 1994: The European Ltd v. The Economist Newspaper Limited [1998] FSR 283 (CA).

It would be easy to suppose that the same consideration should apply for the purpose of determining whether registration is prevented by Section 12(1) on the ground that a mark so nearly resembles a previously registered mark as to be likely to deceive or cause confusion. However, the prohibition in Section 12(1) has been carried forward (with modifications) from Section 6 of the Trade Mark Registration Act 1875 and it has long been recognised that it renders marks ineligible for registration on a somewhat broader basis than that upon which their use would be regarded as actionable in proceedings for infringement. This has led to the prevailing view that objections under Section 12(1) are not, in point of law, restricted to the residue that is left after disclaimers (applicable either to the mark offered for registration or the mark previously registered) have been taken into account. According to the prevailing view a disclaimed element must neither be ignored nor given less significance than it deserves when due allowance has been made for the degree to which it is non-distinctive of the relevant goods or services. On this approach to the matter, similarities attributable to nothing more than the presence of a disclaimed feature may be sufficient to sustain an objection to registration under Section 12(1): GRANADA TM [1979] RPC 303.

54. I find Mr Hobbs’ decision of assistance because it reveals the thinking under the old Law. Part of that reasoning was that Section 12 of the old Act rendered marks ineligible for registration on a somewhat broader basis than that upon which their use would be regarded as

actionable in proceedings for infringement. That no longer appears to me to be the position under the Trade Marks Act 1994. It could still be said that “disclaimers do not go into the market place and the public have no knowledge of them”, but that applies as much to Section 10(2) as it does to Section 5(2). Success under either provision depends upon the likelihood of confusion.

55. Section 13 also deals with territorial or other limitations. Consequently, if disclaimers are not to be taken into account under Section 5 then neither are limitations of rights to colour or geographical area. Both of these appear to me to be potentially relevant to the likelihood of confusion.

56. Disclaimers may also arise in respect of earlier Community Trade Marks, which may also be “earlier trade marks” for the purposes of Section 5 of the Act. Section 13 of the Trade Marks Act 1994 is of domestic origin and can therefore have no bearing on the interpretation of a disclaimer entered on the Community Trade Mark Register. Article 38 of Council Regulation EC/40/94 setting up the Community Trade Mark system, states that:

“Where the trade mark contains an element which is not distinctive, and where the inclusion of said element in the trade mark could give rise to doubts as to the scope of protection of the trade mark, the office may request, as a condition for registration of said trade mark, that the applicant states that he disclaims any exclusive right to such element. Any disclaimer shall be published together with the application or the registration of the Community trade mark as the case may be.

57. It appears from this provision that the purpose of a disclaimer under the Community trade mark regulation is to remove any doubts that may otherwise have arisen as to the scope of protection of the trade mark. There is no distinction drawn between the scope of protection for the purposes of opposition or infringement. Consequently, if Section 13 is interpreted as limiting the effect of a disclaimer attached to a national registration to infringement, the Registrar would appear to be in the unsatisfactory position of attributing a broader meaning to disclaimers associated with Community trade marks than to disclaimers attached to national registrations.

58. Nevertheless, there must be some explanation as to why Section 13 refers to the rights conferred by Section 9 and not Section 5. The answer is, I believe, that Section 5 confers no “rights” on the proprietor arising from registration.

59. Although Section 8 of the Act makes provision for the Secretary of State to introduce by Order a requirement that relative grounds for refusal shall only be raised in opposition proceedings by the proprietor of the earlier trade mark or other right, no such order has yet been made. Indeed, under Section 8(5) of the Act, such an Order cannot be made until the year 2006. Consequently, at the time the Act was drafted any person could (and still can) file an opposition to a trade mark based upon an earlier trade mark or right that it does not own. The right to oppose is not therefore a right conferred by the registration of a trade mark. It would not therefore have been appropriate to mention Section 5 in the sentence of Section 13 which refers to Section 9.

60. In these circumstances it may seem strange that a disclaimer entered by the proprietor should be taken into account in an opposition based upon an earlier registered mark which may, at least in theory, be filed by a party which is not the proprietor. However, the position would appear to be no different to that envisaged by Section 5(5) of the Act, whereby the consent of the proprietor of an earlier trade mark is sufficient to defeat an opposition based upon the registration of the earlier mark, irrespective of the identity of the opponent.

61. For the reasons given above, I find that the scope of protection of a trade mark under Section 5 may be affected by a disclaimer entered by the proprietor.

62. I am fortified in this view by the following words of Millett L.J. in the case of *The European Ltd v The Economist Newspaper Ltd* (1998 FSR 283 at 289):

“In my judgement the plaintiff’s contention that the word “European” forms an essential feature of its registered trade mark does not sit comfortably with its disclaimer of any monopoly in the use of the word even as the title of a newspaper. If the plaintiff disclaims such a monopoly, it must be because it recognises that the word is not in itself distinctive of the trade origin of its newspaper.”

63. It therefore appears to me that the entry of the disclaimer should be regarded as an admission by the proprietor that - in any proceedings based upon the registration with the disclaimer - the disclaimed matter is not to be regarded as in itself distinctive of the trade origin of the proprietor's goods or services. In these circumstances, use of the disclaimed matter by another party, as a trade mark, cannot, without other similarities, be sufficient to give rise to a likelihood of confusion with the registered trade mark concerned.

64. Mr Edenborough suggested that the disclaimer of the word "paco" may have been applied automatically in line with the Registrar's practice at the time with regard to forenames in Class 25, and did not reflect an absence of distinctive character in the word 'paco'. That is probably so. Nevertheless, I do not think that the effect of the disclaimer can depend upon the reason it was entered in the register. Once a disclaimer is entered the admission is made and the proprietor must live with the result. If the position changes over time the proprietor can file a fresh application for registration without a disclaimer. This is essentially what Rabanne has done with application 2046730A.

65. It follows from these findings that the ground of opposition to application Nos. 2101219 and 2101220 based upon earlier trade mark registration No.1066343, fails. The only point of similarity between the earlier mark and the later trade marks is the word "paco", which is the subject of a disclaimer.

66. In case I am wrong about the significance of the disclaimer, I will go on and consider whether Holdings' applications would otherwise have been subject to refusal under Section 5(2)(b) of the Act on the basis of Rabanne's earlier registration No. 1066343.

67. Mr Baldwin pointed to the evidence of use of Holdings' PACO and PACO LIFE IN COLOUR marks since 1987. He said that "the proof of the pudding was in the eating." There is no evidence of any confusion arising from such use. He invited me to infer from this that there was never any likelihood of confusion between these marks and the mark PACO RABANNE. It is not clear to me from Holdings' evidence, what the size of its business in the UK was in the period leading up to the filing of its applications. Holdings claims to have business in other countries, yet it has not even provided an indication of the currency

applicable to the turnover and promotion figures provided.

68. Mr Edenborough pointed out that Rabanne's use of the mark PACO RABANNE in the UK in relation to clothing was limited to just one or two high fashion outlets in London. He submitted that Rabanne's goods had been sold to a different sector of the market to those within which Holdings claimed to trade. Mr Edenborough, quite correctly, reminded me that neither Rabanne's registration, nor Holdings' application for registration, were limited to these particular sectors of the clothing market. In Mr Edenborough's submission, the use that had taken place was not therefore a reliable guide as to what would happen if the parties' marks were used normally and fairly across the full range of goods covered by the registration and proposed registrations, and across a substantial section of the clothing market.

69. I am prepared to accept that neither parties' prior use in the UK has been sufficiently well established to provide a reliable indication of the likelihood of confusion (or the absence thereof) if the respective marks are used here on a normal commercial scale across a significant section of the clothing market.

70. Despite his submission as to the limited extent of Rabanne's use of its Paco Rabanne mark on clothing, Mr Edenborough nevertheless contended that Rabanne enjoyed sufficient reputation for clothing under the mark as to increase the likelihood of confusion with Holdings' marks. A trade mark with a reputation is more likely to be confused with a similar mark than a mark without significant recognition on the market. In *Canon v MGM* (1999 ETMR, page 1), the European Court of Justice set out the conditions under which the earlier trade mark may be deemed to have a relevant reputation. The owner of the earlier trade mark must demonstrate that the mark identifies his products to a "significant proportion" of the relevant public. Rabanne's evidence gives no separate turnover or promotional figures for use in relation to clothing and I am left with the impression that the vast majority of the turnover and promotional figures included in M. Jorand's evidence relate to Rabanne's primary trade in perfumery products. Rabanne has not filed any evidence from the public or those engaged in the clothing trade as to the extent of its reputation for clothing.

71. M. Jorand's evidence does include some articles about M. Paco Rabanne from British

publications, which include, inter alia, pictures or descriptions of articles of clothing he has designed. I am not persuaded that this, by itself, is sufficient to establish that the Paco Rabanne mark had a substantial reputation with the public or was well known for clothing in the UK at the relevant date.

72. I should therefore focus on the inherent characteristics of the marks. Although it is the first word in the mark registered under No 1066343, the word “Paco” is clearly much less prominent in this mark than it appears in Rabanne’s later application No 2046730A. I do not think that “Paco” could be regarded as the “dominant” feature of the mark “Paco Rabanne.” The mark is presented as a name, which is how it will probably be viewed. In my experience, full names are more often shortened to surnames than given names. Set against this, it could be said that “Paco” is an unusual name in the UK and this makes it more likely that, when used alone, Paco will be regarded as a shortened form of the mark Paco Rabanne, thus indicating common trade origin. I regard the matter as marginal (which, of course, is where a disclaimer is most relevant) but I think it is possible that, without the disclaimer, I may have come to the opposite view on the conflict between application Nos 2101219 and 2046730A

73. The disclaimer would not have affected my conclusions with regard to the conflict between Rabanne’s registration No 1066343 and the series of two marks which make up application No 2101220. Although I may, with some hesitation, have been prepared to accept that the average consumer would see the word PACO alone as a shortened form of the Rabanne’s PACO RABANNE mark, I consider that the combination of:

- i) the absence of the word Rabanne;
- ii) the additional words “Life in Colour”
- iii) the different stylisation of Paco in the second mark in application 2101220;

would be sufficient to prevent the average consumer regarding the marks covered by application No 2101220 as mere variants or shortened forms of Rabanne’s PACO RABANNE mark as registered under No 1066343. The word “Paco” is very much more prominent in

Rabanne's later application No 2046730A and this is why I have come to different conclusions when comparing the marks in application No 2101220 with the PACO Paco Rabanne mark.

74. Rabanne has another pending mark in Class 25 under application No. 2006318. Although it includes the words "Paco Rabanne", the dominant feature of that mark is the letters XSPR. I do not regard it as confusingly similar to any of Holdings' marks. Rabanne has other registrations of the words PACO RABANNE in the same slightly stylised form under Nos. 895915, 1189972 in Classes 14 and 20. Although not pleaded, Rabanne has also filed evidence of further registrations of the same mark in Classes 9 & 18 under Nos. 1066341 & 1066342. These cover, inter alia, sunglasses and bags. There is no disclaimer of the word "Paco." However, I believe that the differences between the PACO RABANNE mark and Holdings' marks, combined with the differences between the respective goods, is sufficient to rule out any likelihood of confusion. The opposition under Section 5(2) fails accordingly.

Section 5(3)

75. The final ground of opposition to Holdings' applications is under Section 5(3) of the Act. Section 5(3) is as follows:

- Section 5(3) A trade mark which -
- (a) is identical with or similar to an earlier trade mark, and

 - (b) is to be registered for goods or services which are not similar to those for which the earlier trade mark is protected,
- 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 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.

76. In Ever Ready plc's Opposition [1998 RPC 631] and Audi AG's Opposition [1998 RPC page 683], I found that there was no requirement for confusion under Section 5(3) of the Act.

In Corgi Classics Ltd's application for a declaration of invalidity [1999 RPC page549], Mr Geoffrey Hobbs QC said that it appeared to him "that the existence of a likelihood of confusion was neither necessary nor sufficient to sustain an objection under Section 5(3) of the Act."

77. The necessary conditions are set out in the relevant provision. The first requirement is that the earlier trade mark must have a reputation. The earlier trade mark relied upon by Rabanne for this purpose is the subject of registration No. 946825 in Class 3. The date of the registration is 11 August 1969. The mark is PACO RABANNE registered in block capital letters. The specification of goods is:

Perfumes, non-medicated toilet preparations, cosmetic preparations, dentifrices, depilatory preparations, toilet articles included in Class 3, sachets for use in waving the hair, shampoos, soaps and essential oils.

78. It is common ground that these goods are dissimilar to the goods covered by Holdings' applications in Class 25. It is also common ground that the PACO RABANNE mark has a reputation in relation to perfumery.

79. Despite the reputation of the PACO RABANNE mark for perfumery, I consider it unlikely that the public will regard Holdings' marks, when used in relation to clothing, as indicating a source connection with RABANNE. Mr Edenborough submitted that Holdings' marks could nevertheless take unfair advantage of the reputation of the earlier trade mark for perfumery. He argued that the marks would take unfair advantage of the reputation of the earlier Paco Rabanne mark because Holdings' marks would call to mind the PACO RABANNE trade mark with its reputation as a fashion house. I reject that submission for the following reasons:

- i) Only those goods for Rabanne has established it enjoys a reputation and which are dissimilar to Holdings' goods are relevant under s5(3) (in this case perfumery);
- ii) Bearing in mind the difference between the respective goods in Classes 3 and

25, I do not regard the degree of similarity between Holdings' marks and the PACO RABANNE mark to be sufficient to indicate a trade source connection or otherwise facilitate the transfer Rabanne's reputation for perfumery to the clothing items offered for sale under Holdings' trade marks.

- iii) Rabanne has not discharged the onus which is upon it under Section 5(3) of the Act, to show that Holdings' use of the marks applied for would take unfair advantage of, or be detrimental to, the reputation or distinctive character of the earlier trade mark in Class 3.

80. Further, the evidence indicates that the 'Paco' element in Holdings' marks was selected because it is the Christian name of the founder of Holdings, Mr Paco Graves. In these circumstances, it appears to me that Holdings may, in any event, have a defence under Section 5(3) of the Act because its use of the trade marks could not be said to be "without due cause".

81. The opposition under Section 5(3) of the Act therefore fails.

Conclusion

82. The opposition under Section 5(2) of the Act based upon earlier trade mark no. 2046730A has succeeded. However, this trade mark is not yet registered. The opposition to that application was heard at the same time as the oppositions covered by this decision. The decisions on both parties oppositions are being issued together and the periods for appeal will run concurrently.

83. Accordingly, if my decision with regard to application no. 2046730A is not appealed, the mark will be registered and this application refused. If my decision on application no. 2046730A is the subject of an appeal, this decision will not be implemented until such time as that appeal is determined (bearing in mind also that this decision may itself be the subject of an appeal).

Costs

84. On the footing that the oppositions have succeeded, Rabanne is entitled to a contribution towards its costs. I propose to order Holdings to pay Rabanne the sum of £1,000 as a contribution towards its costs. However, no such order will be made until such time as my decision on these applications and application No.2046730A, become final.

Dated this 13 Day of October 1999

Allan James

For the Registrar

The Comptroller General