

O-420-14

**TRADE MARKS ACT 1994
IN THE MATTER OF REGISTRATION NO. 2643900
FOR THE TRADE MARK**

POULET ROUGE

**IN CLASSES 33 AND 43
IN THE NAME OF STEVEN NOVAK**

AND

**THE APPLICATION FOR A
DECLARATION OF INVALIDITY THERETO
UNDER NO. 500103**

BY TRAGUS GROUP LIMITED

Background

1. Tragus Group Limited (“the applicant”) seeks a declaration of invalidity in respect of Steven Novak’s trade mark registration **POULET ROUGE** (no 2643900), which is registered for wine (in class 33) and restaurant services (in class 43). Mr Novak applied for his trade mark on 28 November 2013. The applicant relies on three trade mark registrations, which it owns and which have earlier filing dates, on which to base its grounds under sections 5(2)(b) and 5(3) of the Trade Marks Act 1994 (“the Act”):

a) UK trade mark 2119196, **CAFE ROUGE**, relying on the restaurant, cafe, cafeteria, bar, food bar, wine bar, coffee shop, public house, inn and catering services in class 43;

b) Community Trade Mark (“CTM”) 3341724, **CAFE ROUGE**, relying on wines in class 33 and services for providing food and drink in class 43;

c) CTM 9352006, **CAFE ROUGE EXPRESS**, relying on services for providing food and drink; cafes; bar services; wine bar services; restaurants; restaurant services in class 43.

2. Sections 5(2)(b) and 5(3) provide:

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

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

(b) 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.

(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 Community trade mark or international trade mark (EC), 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.”

3. The applicant claims that there is a likelihood of confusion as both marks contain **ROUGE**, which it states is the more dominant and distinctive element in each mark, for identical goods and services. The applicant also claims that use of **POULET ROUGE** will take unfair advantage of the applicant’s hard work in establishing its

substantial reputation in wines and restaurant services; and that the applicant's trade mark will be 'diluted', losing distinctiveness and causing the relevant public to believe that the parties' services are economically linked¹.

4. The applicant also brings section 5(4)(a) as a ground, which provides:

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

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

(b)...

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

5. The applicant relies for this purpose upon its use of the sign CAFE ROUGE, used in the UK since 1989 for restaurant services (this is specified in the notice of opposition, form TM7). The applicant also, in its statement of case, claims goodwill in relation to wines, provision of food and drink, cafe services, bar services and restaurant services. It claims that the use of POULET ROUGE constitutes passing off.

6. Mr Novak filed a counterstatement, denying all grounds and putting the applicant to proof of use of its trade marks 2119196 and 3341724, which were more than five years old on the date on which the application for a declaration of invalidity was filed, 19 July 2013².

7. Both sides filed evidence and the matter came to be heard before me on 2 September 2014, by video conference. Mr Chris Hall of Counsel, instructed by Saunders & Dolley LLP, represented the applicant. Dr Stuart Baran of Counsel, instructed by Simmons & Simmons LLP, represented Mr Novak.

Evidence

8. Mr Novak, via Dr Baran's skeleton argument, accepts that the applicant has made genuine use of CAFE ROUGE in relation to the goods and services relied upon in its CTM 3341724: wines and services for providing food and drink. Mr Novak also accepts that there has been genuine use made of the mark in relation to restaurant and wine bar services but does not accept that there has been use in relation to the other services covered by UK 2119196. The applicant is not required to prove use on CTM 9352006 as it had been registered for less than five years on 19 July 2013.

9. Mr Novak also accepts that the applicant has a reputation in CAFE ROUGE in respect of restaurant services for the purposes of the section 5(3) ground, and

¹ The claim to 'tarnishing' as a head of damage was dropped at the hearing.

² As per section 47(2A) of the Act.

goodwill and reputation in CAFE ROUGE in respect of restaurant services and wines for the purpose of the section 5(4)(a) ground.

10. Bearing in mind all these factors and the various acceptances by Mr Novak, my summary of the evidence will concentrate on facts which are relevant to other aspects of the decision; namely the extent of the claimed reputation in wine and restaurant services.

The applicant's evidence

11. This comes from Matthew Ainger, who is the applicant's Director of Premises & Asset Management. CAFE ROUGE has been in use in the UK since 1989 and there are now 125 CAFE ROUGE restaurants throughout the UK, as evidenced by the list in exhibit MA7. These are typically located in areas which have a large footfall, such as Heathrow and Gatwick airports, and Euston and Victoria train stations. CAFE ROUGE restaurants are also located in major shopping centres, such as Bluewater, Canary Wharf, Lakeside, Liverpool One, the Trafford Centre and Cardiff St David's Centre. A Wikipedia print (exhibit MA9) shows that Euston and Victoria stations have, respectively, an annual footfall of about 70 million and 135 million; whilst Heathrow and Gatwick's respective annual footfall figures are approximately 70 million and 33 million. CAFE ROUGE is a redemption partner for the Nectar Loyalty Card reward scheme (since September 2012). This all represents a significant amount of exposure for CAFE ROUGE restaurants.

12. Turnover figures for CAFE ROUGE were £66,432,000 in 2006 rising to £113,395,000 in 2012. About £800,000 is spent annually on marketing and advertising CAFE ROUGE, nationally, via the CAFE ROUGE website, Facebook, Twitter, mailshots and offers³.

13. Wine is sold at the CAFE ROUGE restaurants, including CAFE ROUGE (House) White/Red/Rosé, under the menu headings "Vins Blancs", "Vins Rouges" and "Vins Rosés"; menus are shown in exhibit MA14 from January 2010 and October 2012. There are no turnover figures in respect of wine, or any other details about the volume of wine sold.

Mr Novak's evidence

14. Mr Novak's evidence comes from his trade mark attorney, Angus McLean. He provides a list of 28 CTMs or UK trade marks in Class 43 which include the word ROUGE, and a list of 171 CTMs or UK trade marks in Class 43 which include the word RED. Further details of trade marks for RED CAFE and Le COQUE ROUGE in class 43 are provided. Annexe ADM5 shows extracts from websites of UK restaurants which include the word ROUGE. The purpose of this evidence appears to be to show that the applicant does not have a monopoly in ROUGE in relation to Class 43 services. Annex ADM7 is an internet print describing Poulet Rouge de Fermier chicken. Mr McLean states that Mr Novak told him that this was the inspiration for his trade mark POULET ROUGE.

³ Examples are shown in exhibit MA6.

Decision

15. The following principles 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.

The principles

(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.

Average consumer and purchasing process

16. The average consumer is reasonably well informed and reasonably circumspect and observant, but his or her level of attention is likely to vary according to the category of goods or services. The average consumer for the parties' goods and services is the general public. Depending on the nature of the food and drink establishment, the type of food and drink sold and the prices charged, the attention of the consumer will vary. For example, fast food restaurants will not cause the same level of attention to be paid as choosing to dine at an expensive restaurant. In the main, the purchaser will pay a reasonable amount but not the highest amount of attention. The purchasing process will be primarily visual, but oral use of the mark may also play a part, such as when making a reservation.

Comparison of goods and services

17. Mr Novak accepts that the goods and services are similar. Given that Mr Novak accepts that genuine use has been made of CAFE ROUGE in relation to wine and restaurant services, which is all that Mr Novak's mark is registered for, the services are identical. There is nothing to be gained from considering other services relied upon by the applicant because it cannot be in a better position than where there are identical goods and services.

Comparison of marks

18. The authorities cited earlier in this decision direct that, in making a comparison between the marks, I must compare each mark's visual, aural and conceptual characteristics. I have to decide which, if any, of their components I consider to be distinctive and dominant, without engaging in an artificial dissection of the marks, because the average consumer normally perceives a mark as a whole and does not analyse its details, per *Sabel BV v Puma AG*, paragraph 23:

"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 dominant and distinctive components."

19. The applicant's best chance of success lies with its two CAFE ROUGE marks. The parties' respective marks are:

Applicant's	Mr Novak's
CAFE ROUGE	POULET ROUGE

20. Both parties' marks consist of two words, the second of which is identical. The first words in each mark are nothing alike. The first word will be the first to be perceived visually. There is a low to average degree of visual similarity between the marks.

21. CAFE is a known word in the UK, although its origin is French. The average consumer would know that it is pronounced CAFFAY, even though the usual accent in café is missing from the applicant's mark. ROUGE is also likely to be recognised as a French word; it is, after all frequently encountered in relation to red wine. It will be pronounced as ROOJ, with a soft J. There was some debate as to the pronunciation of POULET. On the one hand, the applicant takes the view that the French word ROUGE will lead the consumer to see POULET as French and give it a French pronunciation, POOLAY. Mr Hall argued that the average consumer is used to the fact that French words have entered the English language, which means that the average consumer will naturally interpret POULET as French and pronounce it accordingly. Dr Baran disagreed and submitted that the average consumer was likely to do no such thing: it would be an invented word to the average UK monoglot, and it would be pronounced as POOLETT.

22. Whether POOLAY or POOLETT aurally, these are markedly different to CAFFAY. The second word in each mark is identical aurally. There is a low to average degree of aural similarity between the marks.

23. The UK average consumer would clearly understand the meaning of CAFE, even without the accent. ROUGE would be understood as 'red'; it is encountered with that meaning on wine bottles and menus (as in the applicant's 'vins rouges' on its menus). The applicant submitted that it would more likely mean a type of make-up. In my judgment, monoglot or not, UK consumers will know that rouge means, or is something to do with, red.

24. Whether the average consumer will understand that POULET is French for chicken is less likely. It is not a word which will be routinely encountered in relation to goods sold in the UK (unlike rouge). My conclusion is that it will be regarded as an invented word, without a concept.

25. The concept of the applicant's mark is 'red café'. The only recognisable concept of Mr Novak's mark is ROUGE because POULET will be seen as an invented word without meaning. This puts a conceptual distance between them. The conceptual similarities between the marks are low to average. Even if I am wrong and the average consumer would understand POULET to mean chicken, there is little conceptual similarity between a red café and a red chicken.

26. POULET is the more distinctive and dominant of the two elements in Mr Novak's mark because it will probably be viewed as invented and because it is the first, more

prominent, component of the mark. ROUGE is the more dominant and distinctive element of the opponent's marks because CAFE is descriptive.

Distinctive character of CAFE ROUGE

27. In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV* 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).”

28. Dr Baran agreed that the applicant has a reputation sufficient for section 5(3) purposes in restaurant services. I will set out the requirements below for establishing a reputation for section 5(3). Dr Baran referred several times during the hearing to the low distinctive character of the earlier marks. This seemed to me to be at odds with a concession that the earlier marks have a 5(3)-type reputation; if this is so, there must be an enhanced level of distinctive character. He explained this apparent paradox to me by characterising the use as lifting the earlier marks' very low inherent distinctive character “a bit”. Considering the high levels of turnover and exposure through the footfall figures of the venues where the restaurants are located (i.e. the amount of people who have been exposed to the mark), I would say that the enhancement is more than a bit. In any case, CAFE ROUGE is not inherently low in distinctive character. My conclusion on the evidence is that CAFE ROUGE is distinctive, through the use made of it, to a very good degree. I do not agree with Mr Hall's submission that the distinctive character of the earlier mark resides in ROUGE only. The use made of the mark means that the enhanced distinctive character of the mark lies in the whole mark because that is what will be recognised by the public. Even if it was an unused mark, I must consider the whole mark; whilst some elements of marks may be more or less distinctive than other elements, this does not mean that I should ignore the less distinctive elements: marks must be considered as wholes.

29. Mr Hall conceded that the applicant does not have a reputation in wine. For wine, the mark is inherently distinctive to no more than an average level. Rouge is not distinctive for red wine. However, the addition of CAFE gives the mark as a whole an average level of distinctive character because it moves the mark away from describing red wine.

Likelihood of confusion

30. Deciding whether there is a likelihood of confusion is not scientific; it is a matter of considering all the factors, weighing them and looking at their combined effect, in accordance with the judicial principles set out earlier in this decision.

31. One of those principles states that a lesser degree of similarity between the goods may be offset by a greater degree of similarity between the trade marks, and vice versa (*Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc.*). The goods and services are identical. This operates in the applicant's favour, as does the distinctiveness of the earlier marks for restaurant services. In Mr Novak's favour, the marks are only similar to a low to average degree. In the case of Mr Novak's mark, there is half a conceptual hook for the average consumer to grasp (unknown word plus red), which is not the same conceptual hook as a red cafe. Even assuming a lower degree of attention, as in the case of fast food or self-serve restaurants, the differences between the marks will not cause direct confusion to occur. Indeed, Mr Hall's submissions were not focussed upon direct confusion; it was his position that there would be 'indirect' confusion. In other words, he submitted that there will be an assumption that there is an economic/commercial link between the two undertakings.

32. Mr Iain Purvis QC, sitting as the appointed person in *L.A. Sugar Trade Mark* BL O/375/10 explained indirect confusion in the following terms:

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

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

- (a) where the common element is so strikingly distinctive (either inherently or through use) that the average consumer would assume that no-one else but the brand owner would be using it in a trade mark at all. This may apply even where the other elements of the later mark

are quite distinctive in their own right (“26 RED TESCO” would no doubt be such a case).

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

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

33. In the current case, neither (b) nor (c) apply: POULET is not non-distinctive and, whether perceived as an invented word or as meaning chicken, does not represent a logical, consistent brand extension to CAFE ROUGE. Unlike the Tesco example in (a), both the earlier mark and the later mark consist of two elements and only one of those elements is the same. The other elements are completely different; it is not as though the earlier mark consists of a single highly distinctive element which has been ‘taken’ and added to. Further, the beginnings of the marks are not the same. I do not give this point undue importance as when initial elements are descriptive/non distinctive, as in CAFE, the ‘important first element’ argument is reduced⁴. Nevertheless, I do not think that the average consumer will look at POULET ROUGE and think that the ROUGE element must mean an economic link. This is because, of itself, ROUGE is not so strikingly distinctive that the natural conclusion will be that nobody else would use it. It is CAFE ROUGE which is distinctive as a whole and putting an unknown word (or even a word meaning chicken), which bears no similarity visually, aurally or conceptually to CAFE, in front of ROUGE will not cause the average consumer to make the association contended for by Mr Hall. There is no likelihood of confusion.

Section 5(2)(b) outcome

34. The section 5(2)(b) ground fails.

Section 5(3)

35. The applicant’s case under this ground is that use of POULET ROUGE would take unfair advantage of and/or would be detrimental to the distinctive character of CAFE ROUGE.

36. The conditions of section 5(3) are cumulative. Firstly, the applicant must show that its earlier mark(s) has achieved a level of knowledge/reputation amongst a significant part of the public. Secondly, it must establish that the level of reputation and the similarities between the marks will cause the public to make a link between the marks, in the sense of the earlier mark being brought to mind by the later mark. Thirdly, assuming that the first and second conditions have been met, section 5(3) requires that one or more types of the damage claimed will occur.

⁴ *Castellani SpA v OHIM*, T-149/06 and *Spa Monopole, compagnie fermière de Spa SA/NV v OHIM*, Case T-438/07.

37. The CJEU gave guidance in relation to assessing reputation in *General Motors Corporation v Yplon SA* [1999] E.T.M.R. 950:

“24. The public amongst which the earlier trade mark must have acquired a reputation is that concerned by that trade mark, that is to say, depending on the product or service marketed, either the public at large or a more specialised public, for example traders in a specific sector.

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.”

38. The required degree of reputation is satisfied in respect of restaurant services, but not wines, as set out earlier in this decision.

39. The applicant must also establish that there would be a link between the marks, as per the CJEU’s judgment in *Intel Corporation Inc. v CPM United Kingdom Limited*, Case C-252/07. Although it is unnecessary to find that there is a likelihood of confusion in order to find that there is a link⁵, my comments in relation to the similarity of marks also lead me to conclude that there is insufficient similarity between the marks, even in relation to identical goods and services, to cause the average consumer to bring the applicant’s mark to mind. At best, any bringing to mind would be fleeting and then dismissed for the reasons set out earlier. There would be no link strong enough to convey any advantage to Mr Novak or cause any detriment to the applicant. The section 5(3) ground fails.

Section 5(3) outcome

40. The section 5(3) ground fails.

Section 5(4)(a)

41. Although not formally dropped at the hearing, Mr Hall made no submissions in relation to section 5(4)(a). His skeleton argument submitted that the ground would not add anything over the section 5(3) ground if the applicant succeeded in proving its reputation. As the applicant has succeeded in proving a reputation (for restaurant

⁵ *Ferrero SpA v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case C-552/09 P.

services) and has still not succeeded under either section 5(2)(b) or section 5(3), this ground fails.

Section 5(4)(a) outcome

42. The section 5(4)(a) ground fails.

Overall opposition outcome

43. The opposition fails.

Costs

44. Mr Novak has been successful in defending his registration and is entitled to a contribution towards his costs, to be assessed on the scale published in Tribunal Practice Notice 4/2007. I have made no award for Mr Novak's evidence and written submissions as they provided no assistance, and the written submissions filed could have, but did not, contain the sensible concessions made by Dr Baran. I have also reduced the amount to be awarded in respect of considering the applicant's evidence. This is because the request for proof of use and reputation in respect of the applicant's restaurant services, which it has clearly used to a substantial degree, must have been known to Mr Novak who operates in the same commercial field. The request was disproportionate and caused unnecessary expense and complication. I will award something for assessing the applicant's reliance on wine and assessing the extent (not the fact) of the applicant's reputation. I award costs as follows:

Considering the opposition and filing the counterstatement	£300
Considering the applicant's evidence	£250
Attendance at hearing	£800
Total	£1350

45. I order Tragus Group Limited to pay Steven Novak the sum of £1350 which, in the absence of an appeal, should be paid within seven days of the expiry of the appeal period.

Dated this 3rd day of October 2014

**Judi Pike
For the Registrar,
the Comptroller-General**