

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO. 2176362 BY
GUÉPARD S.A. TO REGISTER A MARK
IN CLASSES 3,16,18 & 25**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER NO. 49967
BY CHANEL LIMITED**

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO. 2176362 BY
GUÉPARD S.A. TO REGISTER A MARK
IN CLASSES 3,16,18 & 25**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER NO. 49967
BY CHANEL LIMITED**

BACKGROUND

1. On 2 September 1998, Guépard S.A. of Fribourg, Switzerland applied to register the mark shown below in Classes 3, 16, 18 & 25.



2. The application was accepted and published for the following range of goods:

Class 3

Soaps, perfumes; perfumery, non-medicated toilet preparations; cosmetics; preparations for the hair; deodorants; all included in class 3;

Class 16

Office requisites; stationery, printed matter; writing materials; all included in class 16.

Class 18

Leather and imitations of leather; articles made from the aforesaid materials; articles of luggage; trunks and travelling bags; umbrellas and parasols; all included in class 18.

Class 25

Shirts, shorts, skirts, blouses, trousers, jackets, coats, waistcoats, hats, neckties; articles of underclothing, pyjamas, night-dresses, sleeping garments, negligees, dressing gowns; jumpers, cardigans, pullovers, sweaters, overalls, swimming costumes; dresses, dungarees, over-trousers; boots, shoes, sandals, slippers; tops, caps, robes, aprons, jeans; socks, leg-warmers, dancewear, wrist-bands, head-bands, gloves and footwear; belts made of leather; all included in class 25.

I note that the publication of the application included the following clause:

“The French word "Guépard" in the mark means "Cheetah".

3. The application is opposed by Chanel Limited. Having explained that the opponents are the proprietors of a range of trade marks (full details of which are shown in Annex A to this decision), objections are said to arise as follows:

“2. The goods in respect of which application No: 2176362 is made are identical and/or similar to the goods for which the opponents’ aforementioned trade marks are registered. The mark applied for is similar to each of the said trade marks of the opponent and in the circumstances there exists a likelihood of confusion on the part of the public. In the premises the application ought to be refused under Section 5(2) of the Trade Marks Act 1994.

3. The opponent has made extensive and substantial use in the United Kingdom of its above-mentioned trade marks and has acquired a valuable goodwill and reputation in the same as denoting its goods exclusively. The use of the mark applied for in the United Kingdom, in relation to the goods for which registration is sought, is liable to be prevented by virtue of the law of passing off. Registration ought therefore to be refused under Section 5(4)(a) of the Act.

4. The application is made in bad faith and ought to be refused under Section 3(6) of the Act. The opponent relies upon the matters hereinafter set out.

5. The applicants’ previous application No’s: 1482813/4/5/6, to register in respect of the same or substantially the same goods as those for which the opposed application No: 2176362 seeks registration, of a mark containing the same features and essentially the same as the mark applied for, were refused in a decision of the Registrar’s Hearing Officer dated 9th July 1998, against which the applicant did not appeal.

6. In particular, the said applications were refused because the applicant and/or its officers were connected with individuals who had previously given an undertaking to the opponents’ associated company Chanel S.A. not to use the mark now sought to be registered or a mark essentially the same as such mark. In the circumstances, the opposed application is not made in good faith and furthermore in view of the said undertaking the applicant claims that it intends to use the mark applied for in the United Kingdom is false”.

4. The applicants filed a counterstatement in which they admit the existence of the opponents' registrations. However, they deny that the application offends the statutory provisions mentioned in the notice of opposition. In so far as the decision in the previous proceedings is concerned, they comment as follows:

“6. The applicant admits the decision of the Registrar's Hearing Officer against application nos: 1482813/4/5/6 on 9 July 1998 referred to in paragraphs 5 & 6 of the Grounds of Opposition, but makes no admission as to the relevance of this decision to these proceedings.

7. The applicant makes no admission in relation to the undertaking referred to in paragraph 6”.

5. Both sides seek an award of costs in their favour and both sides filed evidence. The matter came to be heard on 9 October 2001. The applicants were represented by Mr James Mellor of Counsel instructed by Marks & Clerk. The opponents were represented by Mr Christopher Morcom of Her Majesty's Counsel instructed by Withers & Rogers.

Opponents' evidence

6. The opponents filed a statutory declaration dated 18 April 2000 by Martin Hamilton, a Director of Chanel Ltd. He has been employed by the company for over 20 years.

7. Mr Hamilton says that the company was established in England in 1925 and is well-known for a wide range of perfumes, toiletries, jewellery, clothing and accessories along with related services. The business and its principal trade marks CHANEL and a double C device are, he says, now internationally famous. He exhibits at MH1 a copy of the certificates of registration for the various CC devices (which are listed in Annex A to this decision). The CC device was first used in 1925 and has been in continuous use since that date.

8. Mr Hamilton says that perfumery and toiletry products are available from over 700 selected retail outlets throughout the country, and beauty consultants are on hand at various outlets to provide specialist beauty services. All products sold by the opponents are available from three London CHANEL BOUTIQUE outlets located in Sloane Street, Old Bond Street and Harrods respectively. There are also CHANEL BOUTIQUE outlets at Terminals 3 & 4 of Heathrow Airport. These products include ladies' fashion clothing, accessories, handbags, watches and jewellery as well as perfumery and toiletry products. The CC device trade mark is used in relation to the goods both by use of the trade mark on the goods, and, in the case of fashion and accessory items, by means of a swing tag. All CHANEL BOUTIQUE outlets offer specialist beauty services and the three London outlets also offer alteration and repair services.

9. Exhibit MH2 consists of copies of selected pages from the “CHANEL Collections” for the years 1993 to 1996, packaging for perfumery and toiletry products and a swing tag as used in connection with fashion and accessory items, all bearing the mark.

10. Mr Hamilton provides information on turnover and advertising figures in relation to goods sold under the marks in the period 1993 to 1997. In the period mentioned, annual turnover for sales of fragrances and fashion and accessory items bearing the marks amounted to £30m and £13m per year respectively. Expenditure on advertising goods and services bearing the mark in the same period amounted to approximately \$5m per year. Exhibited at MH3 in support of the advertising position is a selection of advertisements which have appeared in principal fashion magazines.

11. Mr Hamilton goes on to express his belief that as a result of the extensive use and advertising, the CC device is well-known to the public. He expresses his concern about the applicants' mark based on the prominent device of crossed letter 'Gs' which, in Mr Hamilton's view, is very similar to the opponents' CC device.

12. Mr Hamilton adds that the GG device forming a prominent part of the application in suit is the same device that was included in the applicants' previous application nos. 1482813/4/5/6 and for the same or substantially the same goods. As those applications were refused in a decision of the Registrar dated 9 July 1998 (a copy of which is provided as exhibit MH4), the opponents are surprised that the application in suit has been filed. He goes on to say that the applicants' previous applications were rejected for reasons equally valid in this case, that is, that there appears to be a connection between the applicants Guépard S.A. and/or its officers and individuals who had traded as Léonard S.A. and who, several years ago, provided an undertaking to Chanel S.A., the opponents' associated company in France, not to use the double G device element of the mark at issue. The facts are said to be as follows:-

“(a) on 12th. March, 1984 a device mark including the Applicant's GG device was registered in Switzerland under No. 329647 in the name of Léonard S.A. A subsequent registration for the same mark was made on 27th August 1984 under No: 334733, with an extension of the list of products. Both these Swiss registrations remain in force for a period of twenty years until 2004. On 28th July 1989, registration No: 334733 was transferred to Guépard S.A. who are still the proprietors thereof. Registration No: 329647 is still registered to Léonard S.A”.

13. Exhibit MH5 consists of copies of the two Swiss registrations mentioned. Mr Hamilton goes on to say:

(b) in 1984, Léonard S.A. was controlled by a M. Homsy and at the time when the Swiss registration No. 334733 was transferred in 1989 to Guépard S.A., Léonard S.A. and Guépard S.A. had the same sole director, Mr. Touron, and the same registered address in Fribourg.”

14. Mr Hamilton says that this information is derived from company records. He goes on to give brief details relating to Léonard SA and Guépard SA covering dates of registration, objects, registered addresses and directors. This material is at Annex B to this decision. Based on the information supplied he carries on to say that:-

“(c) it will be noted that during a substantial period of time (June 1983 to June 1987) Laurence Homsy was a director of each of the two companies Léonard S.A. and

Guépard S.A.. Laurence Homsy's husband Adel Christian Homsy was a director of Léonard S.A.

(d) A third company to which I wish to refer is Interléonard S.A. That company was registered on 26th August, 1982 and marketed the products of Léonard S.A. The company had its registered office in Geneva at the residence of Mr. & Mrs. Homsy. The named directors were:

- Adel Homsy (August 1982 to February 1987)
- Laurence Homsy (July 1984 to July 1988)
- R.M. Léonard (August 1982 to February 1988)
- Samir Fahmy (May 1987 to February 1988).

The company was dissolved as a result of bankruptcy on 26th. July, 1988.

The marketing of the products of Léonard S.A. and subsequently Guépard S.A. was taken over by a fourth company, Brandmark S.A. Brandmark S.A. was incorporated on 30th. April, 1976 under the name of Alphaconsultants and Trading S.A. It changed its name on 2nd. March, 1982 to Autoquip Accessories S.A., and on 4th. September, 1987 to Brandmark S.A., with the object of trading in jewellery, watches, car accessories, etc.”

15. Again Mr Hamilton gives details of Brandmark's registered address and directors.

16. Against the above background Mr Hamilton says that on 19 August 1985 Chanel S.A. objected to Léonard SA in respect of registration No 334733. A reply was received from Interléonard SA dated 23 August 1985 signed by Adel Homsy accepting “the undertaking not to use the upper part of the Guépard monogram”, ie the two entwined Gs. Mr Hamilton assumes from this that there must be a connection between Léonard SA and Interléonard SA, such that the undertaking would also have involved Léonard SA. It is the similarity of the applicants' device, which is said to be subject to the undertaking, to the opponents' CC device that is the main reason for the opponents' objections. In consequence of further correspondence Léonard SA agreed in a letter dated 29 May 1986 (signed by Adel Homsy) not to use the element of the entwined Gs on products of nine classes including Classes 3, 16, 18 and 25.

17. On 17 March 1989, four months before the transfer of the Swiss registration 334733 to Guépard SA, Léonard SA signed (under Christian Homsy's signature) an attestation in which they undertook (to quote from the certified translation) “not to register the two interlaced Gs of the GUÉPARD trade mark and to omit them each time the mark is renewed”. Mr Hamilton says that even if the undertakings were not drawn to the attention of Guépard SA at the time of the transfer the latter should still have been aware of them “because of the overlap between the companies”. Mr Hamilton elaborates on this latter point as follows:

“In particular, in view of the residences and the directors of the companies as detailed above, it seems to me that M. Homsy, or Mr. & Mrs. Homsy together controlled Léonard from the start until June 1987. Moreover, although no member of the Homsy

family appears as a director of Léonard S.A. at the time of the transfer of Swiss Registration No. 334733 in July 1989, it is conceivable that the Homsys still controlled both Léonard S.A. and Guépard S.A. at the time. In particular, as indicated above, it is a matter of fact that the two companies were, at the beginning and up until 1987, controlled by the Homsy family. In addition, I understand that the common director at the time of the transfer, Mr. Touron, was a barrister and, as such, likely to be a director of the fiduciary type. Certainly, the existence of a common sole director shows that the two companies were connected and does not, in itself, mean that there was a change of shareholders.

In addition, it is reasonable to assume that Guépard (with Laurence Homsy as administrator from 1983 to 1988) must have known about the restrictions applying to the GG device because of the connection between their user in Switzerland, Brandmark S.A., and Léonard S.A.”

18. Copies of a number of the documents referred to are exhibited at MH6 in support of these claims. I will return to this later in my decision.

19. Mr Hamilton concludes his declaration in the following terms:

“ In view of the undertakings exhibited to this declaration, the opponent believes that, notwithstanding confusing similarity between the opponents CC device trade mark and the GG device of the applicant; and notwithstanding the finding against the applicant in opposition No: 49967, the adoption of the trade mark now sought to be registered in the application the subject of the opposition herein is not bona fide because the trade mark includes the same GG device as that referred to in the undertakings. Moreover, any intention to use the trade mark in the United Kingdom implied by the making of the application would be in breach of the undertakings previously given.

As mentioned above, as far as the opponent is aware, there has been no use of the trade mark the subject of the application in the United Kingdom. However, the opponent is aware that a similar mark incorporating the GG device was at one time used in Switzerland for certain goods but never for goods in Class 3. There is now produced and shown to me marked Exhibit MH7, a copy of a Guépard S.A. brochure as used in Switzerland.

In July 1999, enquiries showed that the Guépard shop in Geneva had been closed for nearly two years. Guépard S.A. was no longer listed in the telephone directory for Fribourg where its registered office had been located”.

Applicants' evidence

20. This consists of an affidavit by Adel Homsy dated 21 December 2000 and a statutory declaration by David Robert Thompson dated 12 March 2001.

21. Mr Thompson is a Trade Mark Attorney at Marks & Clerk who are the applicants' professional representatives in this matter. The purpose of Mr Thompson's declaration is

simply to have admitted into these proceedings exhibits mentioned in (but omitted from) Mr Homsy's affidavit. These are provided as exhibit DRT1.

22. Mr Homsy's affidavit is reproduced in full below:

"1. I am an independent representative currently working for an Egyptian firm. I was Director of Léonard S.A. until the middle of 1990 when both companies Léonard S.A. and Guépard S.A. were sold to new shareholders. After this date, I left the two companies and moved to Egypt, having no further contact with them. I was recently requested by the Swiss Company Guépard S.A. of 10 Rue St-pierre 1700 Fribourg, Switzerland to file evidence of my recollections in relation to an undertaking, which is relevant as evidence in these opposition proceedings. The facts within this my affidavit are stated either from my own knowledge or from records to which I have full access. I am fully conversant in the English language. I have read the statutory declaration of Mr Martin Hamilton filed in support of the opposition.

2. I worked with a solicitor in Geneva, Mr Jacques Guyet, in connection with the affairs of both Léonard S.A. and Chanel Limited. I was advised by Mr Guyet to provide a letter undertaking not to use the double "L" in the trade mark of Léonard S.A. alone. Mr Guyet advised that this element of our trade mark had some similarities with the trade mark incorporating the two "Cs" belonging to Chanel Limited. I agreed to act in accordance with his advice. The double "L" device is contained in Swiss registration no. 322766 details of which are attached.

3. When Léonard S.A. began to use a double "G" together with the name GUÉPARD and the Cheetah device, I agreed to a similar undertaking, again on the advice of Mr Guyet, not to register the double "G"; although I personally did not see a problem because the device was not similar to the two Cs of Chanel Limited. This double "G" device is contained in registration no. 334733, details of which are attached.

4. I believe that it is important to note the following with regard to this undertaking:-

- this undertaking was only made in respect of the use of the double "G" logo in isolation

- this undertaking was made only in relation to Switzerland and the Swiss market and Swiss laws only were to apply

- the double "G" covered by the undertaking is that included in Swiss trade mark registration no. 334733. I am aware that this is different to the trade mark which has been opposed

- the undertaking was only made in respect of watches since at this time Léonard S.A. only manufactured watches.

5. In 1990, Léonard S.A. acquired new shareholders and left Fribourg and moved to La Chaux-de-Fonds. Guépard S.A. also acquired new shareholders, but stayed in

Fribourg. I personally have not held a position in either of these two companies, since I left for Egypt.

6. Léonard S.A. transferred all registrations incorporating the trade mark GUÉPARD to GUÉPARD S.A. I unfortunately did not remind Léonard S.A. of my undertaking, or inform Guépard S.A. who were therefore not aware of the existence of the undertaking provided by Léonard S.A.

7. The new shareholders of Guépard S.A. decided not to keep the old logo or representation of the name and they applied for a further trade mark registration for the new logo, which is completely different from Swiss registration no. 324733¹, applied for in 1984. It should be seen that the two letters Gs are completely different, as is the stylisation of the name GUÉPARD.

8. My recollection of the letter sent to Mr Jacques Guyet dated 29 May 1986 was that it was a private letter to him, which indicated my agreement to his advice, and did not make any commitment to Chanel Limited”.

Opponents' evidence-in-reply

23. This consists of a statutory declaration dated 30 May 2001 by the same Martin Hamilton mentioned above. Having explained that he has read the affidavit of Adel Homsy, Mr Hamilton comments as follows:

“2. The undertaking to which Adel Homsy refers in paragraph 4 of the affidavit of 21st December 2000 is the attestation of 17th. March 1989 which forms part of my exhibit MH6. I would make the following comments with regard to that undertaking and Adel Homsy’s comments:

(a) I have made further enquiries into the circumstances surrounding the undertaking of 17th. March, 1989 and I can find no correspondence which supports Adel Homsy’s interpretation;

(b) the suggestion that the undertaking was only made in respect of the use of the double “G” logo in isolation is not supported by the wording of the undertaking, which refers to omitting the interlocked “Gs” when the mark is renewed;

(c) the undertaking makes no mention of geographical limitation nor does it mention the laws which were to apply;

(d) the undertaking makes no reference to any specific trade mark registration and, in particular, does not refer to Swiss trade mark registration No: 334733; and

(e) the undertaking is not limited in respect of particular goods”.

¹ It appears that the reference should have been to No. 334733

24. That concludes my summary of the evidence filed in so far as I think it necessary at this stage. I will come onto the detail of the undertaking and exchanges referred to in the decision that follows.

DECISION

Preliminary issues

25. On 5 October (less than two working days before the hearing) the applicants' Trade Mark Attorneys wrote to the Registry requesting cross-examination of the opponents' declarant, Mr Hamilton. The request was resisted by the opponents principally on grounds of lateness and lack of clear explanation as to the reasons. Furthermore they indicated that Mr Hamilton had other commitments which prevented him from attending the hearing.

26. The Registry wrote to the parties on the day preceding the hearing with the preliminary view that the request was refused. A further letter was subsequently received from the applicants' attorneys with a more detailed explanation in support of their request. Mr Mellor's initial position at the hearing was that the applicants wished to reserve their position on cross-examination (in effect to any appeal stage) but equally did not want to lose the hearing date. Mr Morcom maintained his clients' resistance to the request but indicated if there was to be cross-examination it would be appropriate for the applicants' declarant (Mr Homsy) to also be available.

27. It seemed to me that if there was to be cross-examination it should not be left to any appeal stage. I would have been reluctant to proceed with the hearing if that appeared to be the case. I am reinforced in that view by Mr Justice Pumfrey's view in *South Cone Incorporated v Jack Bessant and Others* (HC 2000 App 00617) that an appeal from a decision of the Registrar is a review and not a re-hearing. In the event the point was not pressed but I consider that this brief statement of the position should be placed on record.

28. A further preliminary point does call for a decision on my part. Mr Morcom, in his skeleton argument, identified a further registration, No. 1339245, details of which were included in Exhibit MH2 to Mr Hamilton's declaration along with the opponents' other registrations but omitted from the listing included in the statement of grounds. I note from Exhibit MH4 that this registration did feature in the previous set of proceedings between the parties. The applicants would, therefore, have been aware of it. It makes little sense to leave it out of the reckoning though in truth I do not think a great deal turns on the point. Mr Mellor did not make a particular issue of the omission. In all the circumstances I will allow the amendment to be made and have included the registration concerned in Annex A to this decision.

29. I will deal with the relative ground objections first. Section 5(2) reads:

"(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

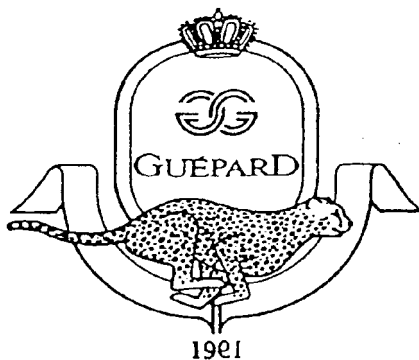
- (b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,

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

30. Sub paragraph (b) applies here.

31. In the previous proceedings between the parties the opponents failed under Sections 11 and 12 of the Trade Marks Act 1938. However as Mr Morcom pointed out the law has now changed and the mark at issue in the current proceedings is not the same as that considered previously. Although the mark at the heart of the previous proceedings has no part to play in the current action the points of difference that Mr Morcom invited me to consider can best be illustrated by setting out the marks concerned.

Previous mark



Current mark



32. The current mark clearly has certain features in common with its predecessor, notably a cheetah device, the word Guépard and the interlocking Gs device. However the form, proportions, positioning and general presentation of even the common elements are clearly different. Besides which the previous mark had additional features such as the crown, the numerals, the encircling band and ribbon. These are not unimportant differences. It was part of Mr Morcom's submission that there was now no border containing and confining the interlocking Gs device. Furthermore it had been made more prominent and is more in the nature of a free standing element within the new mark. There is some substance to these submissions. The new mark has a less integrated feel to it. The elements have been brought together in such a way that visually at least they have almost equal prominence. But it is often said that words talk in trade marks. If that is so here GUÉPARD may be considered the dominant element of the mark though the other elements would not in my view be lost or ignored within the totality.

33. That brings me to another important submission that Mr Morcom set out as follows in his skeleton argument:

"It is submitted that the similarity between the double interlinked G device and Chanel's famous double interlinked C device, which is, or is the essential feature of all the

registrations of Chanel which are relied upon, is obvious. The only issue which can arise is whether such similarity is effectively negated or masked by the addition of the feline device and the word GUÉPARD. It is submitted that the observations of Jacob J. in *British Sugar PLC v James Robertson & Sons Ltd.* [1996] RPC 281 from page 293, line 19 to page 294, line 7 are applicable and that the added matter cannot assist the applicant here. See also the decision of Pumfrey J. in *Decon Laboratories v Fred Baker* [2001] RPC 293 at pages 298-299. Although these decisions were both considering section 10(1) of the Act, section 5(1) is clearly intended to have the same effect in opposition and invalidity proceedings."

34. Section 5(1),(2) and (3) of the Act use substantially the same wording as Section 10(1), (2) and (3). It appears, therefore, 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. Section 10 does, however, use the word 'sign'. Hence Jacob J's reference in TREAT (correcting a reference in Origins) to a mark for sign comparison as between the plaintiffs' and defendants' positions. That is necessarily the case because in the context of an infringement action the Court has to firstly identify the defendant's sign. That process is undertaken by "discounting added matter or circumstances". That view was supported in TREAT by reference to the following passage from *Saville Perfumery Ltd v June Perfect Ltd and F W Woolworth & Co Ltd*, 58 (1941) RPC 147.

"The statutory protection is absolute in the sense that once a mark is shown to offend, the user of it cannot escape by showing that by something outside the actual mark itself he has distinguished his goods from those of the registered proprietor."

35. Where the Courts are dealing with an infringement action they will, of course, have before them examples of how the defendant's sign is actually being used and be in a position to judge what, if anything, is to be considered as added matter and, therefore, to be discounted for the purpose of the enquiry.

36. In the context of Section 5, however, the tribunal does not have to undertake that initial step of identifying the mark used. That job is done for it because the mark is the one applied for and published in the Trade Marks Journal. Other issues will arise in terms of, for instance, determining the distinctive and dominant components of the published mark but the underlying comparison will always be a mark for mark one. That approach seems to me to be the one adopted in the guidance contained in the ECJ cases. I have been referred in particular to *Sabel BV v Puma AG* [1998] E.T.M.R. 1, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] E.T.M.R. 1, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* [2000] F.S.R. 77 The following passage from *Sabel v Puma* serves to illustrate the point:

"22. As pointed out in paragraph 18 of this judgment, Article 4(1)(b) of the Directive does not apply where there is no likelihood of confusion on the part of the public. In that respect, it is clear from the tenth recital in the preamble to the Directive 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.

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 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."

37. I intend to approach the Section 5(2) ground on this basis taking into account the totality of the applicants' mark and assuming normal and fair use of that mark (REACT Trade Mark, 2000 RPC 285).

38. With the above in mind I pay due regard to the interlocking Gs device, which gives rise to the opponents' concern, but I do so by considering it within the totality of the mark. In that respect I consider it to be a distinctive and significant element but not a dominant element and not the feature by which the mark is most likely to be remembered or referred to.

39. Sabel v Puma also indicates that there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character, either per se or because of the use that has been made of it (paragraph 24).

40. The opponents have a number of slight variations on their interlocking Cs device registered. In the main the variations do nothing to alter the essential character of the mark. The variant forms are in use and examples can be found in MH2. Taking into account the use that has been shown, particularly in, but not restricted to, the perfumery and fragrances field, I consider that the mark has a high degree of distinctive character.

41. With these points in mind I turn to a comparison of the respective marks. I take the view that the goods at issue are most likely to be purchased on the basis of a visual inspection. Accordingly the visual comparison is of particular importance. The applicants' mark is a composite one. As indicated above I pay due regard to the interlocking Gs device but consider that the eye will be naturally drawn to the word GUÉPARD as the central and focal point of the mark. I accept that the interlocking Gs device taken on its own might not be readily distinguishable from the opponents' marks (bearing in mind imperfect recollection). But it is generally accepted that the public does not pause to dissect marks (Sabel v Puma, paragraph 23). On that basis I do not consider that the visual impact of the applicants' mark is such that the average consumer would have cause to think that it was either one of the opponents' marks or a variant form of one of their marks.

42. Aurally much depends on how the respective marks will be referred and whether the interlinked letters will be referred to in the normal course of trade. So far as is apparent from the evidence the opponents' device is largely but not exclusively used on products and packaging in association with the housemark Chanel. Typically the word Chanel appears on the

front of, say, fragrance products and the device on the reverse side. Where that is the case I strongly suspect that oral ordering will be by reference to the former rather than the latter. There are, however, other products such as clothing and bags shown in the photocopied material at MH2 where the device appears to be used on its own. If that is the case (it is not possible to say conclusively from a single side view of the goods) then clearly the device may play a lead or more prominent role in spoken references to the goods. The applicants' mark on the other hand is composed of three elements. It seems to me that anyone wishing to refer orally to the mark would be more likely to do so by reference to the word GUÉPARD or the cheetah device rather than the interlinked letters. Overall I do not think that oral/aural similarity is a significant factor.

43. Conceptually there is the shared use of the idea of interlinked letters. The respective marks have that much in common. But I do not think that is the overriding message conveyed by the applicants' mark. Some people may recognise that GUÉPARD is French for cheetah. That would reinforce the link between the word and the animal device. But I can be by no means certain that this will be the case. Rather I think the mark will simply be seen as a composite one with no overriding conceptual similarity with the opponents' marks.

44. I have not so far referred to the goods. In each of the Classes applied for they are either identical or similar to those of the opponents' earlier trade marks. But even factoring this into the composite test I do not consider that on a global appreciation of the matter that there can be said to be a likelihood of confusion. In reaching that view I have considered whether the presence of the interlinked letter device might lead the public to believe that the respective goods came from the same or economically linked undertakings notwithstanding that I have ruled out direct confusion (see *CANON v MGM* paragraph 29). However I have concluded this is not likely to be the case. The opposition therefore fails under Section 5(2).

45. The second relative ground is that under Section 5(4)(a). This reads:

"5.-(4) 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."

46. The conventional test for determining whether the opponents have succeeded under this section has been restated many times and can be found in the decision of Mr Geoffrey Hobbs QC sitting as the Appointed Person, in *WILD CHILD Trade Mark* [1998] RPC 455. Adapted to opposition proceedings, the three elements that must be present can be summarised as follows:

- (1) that the opponents' goods have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
- (2) that there is a misrepresentation by the applicants (whether or not intentional) leading or likely to lead the public to believe that goods offered by the applicants are goods of the opponents; and
- (3) that the opponents have suffered or are likely to suffer damage as a result of the erroneous belief engendered by the applicants' misrepresentation.

47. The very full guidance given in the WILD CHILD case by Mr Hobbs by reference also to Halsbury's Laws of England can be found at pages 460 and 461 of that decision.

48. Neither Counsel felt it necessary to spend a great deal of time on this ground at the hearing. In the circumstances of this case that was in my view a sensible approach because I cannot see that the Section 5(4)(a) ground is likely to produce a different outcome to Section 5(2). The marks used by the opponents are the same as those of their earlier trade mark registrations and the goods in respect of which they have been used are substantially within the scope of those registrations. Accepting for present purposes that the opponents can claim goodwill under their sign(s) in relation to a range of fashion goods they would still fail on the basis of the second and third legs of the passing off test.

49. I turn now to the objections based on Section 3(6) which formed the centrepiece of submissions at the hearing. The opponents' complaint turns critically on the scope, significance and legal effect of undertakings given by Interléonard and Léonard to Chanel SA prior to the assignment of one of Léonard's Swiss registrations to the current applicants. It follows that the relevance or otherwise of the undertakings to Guépard and the circumstances surrounding these events also play a crucial part in this action.

50. The evidence on the opponents' part is in substance the same as that filed in the previous opposition proceedings. The decision in that case is Exhibit MH4 to Mr Hamilton's decision. For the sake of completeness an extract from that decision dealing with the position under Section 17(1) and (2) of the Trade Marks Act 1938 is attached at Annex C. The following passage dealt with my views on the documents which were at the heart of the matter (and still are in the current proceedings):

"Turning to the correspondence between Chanel SA and Léonard SA/Interléonard SA and the undertaking itself I find myself having to reach a decision on issues of some importance to the parties with what I regard as incomplete information. I have in effect only three documents before me namely Interléonard's letter of 23 August 1985, Léonard's letter of 29 May 1986 and the undertaking dated 17 March 1989. Both the letters refer to correspondence which must have emanated from Chanel but those letters have not been made available. There is also a considerable time lag between the letters and the undertaking. It is not clear, therefore, whether the undertaking is the end product of these earlier exchanges or whether it resulted from other negotiations or contacts between the parties. As one of the issues I have to consider is the scope of the undertaking it would have been of assistance if material had been filed to place the

document in a legal, commercial and geographical context or if the applicants had been more forthcoming about their understanding of the position at the date of transfer of the Swiss registration."

51. Despite the concerns expressed in the above passage neither side has been able to file a single piece of additional documentary evidence to assist me. The applicants have, however, filed an affidavit by Adel Homsy who was the signatory on the letters and undertakings. I have also had the benefit of detailed and lengthy submissions from both Counsel on these issues.

52. The opponents' submissions in general terms (I will come to the detail later) are that the undertakings given to Chanel SA are not limited in scope either in terms of geographical coverage, goods or applicable law; that Chanel is an international business and would naturally wish to protect its position worldwide; that it is not necessary for me to find that the undertakings are binding on the applicants in a legal sense for there to be bad faith; and that the applicants themselves have not been forthcoming about what they knew or considered the position to be.

53. The applicants, on the other hand, say that whatever deficiencies existed or still exist in the evidence they now have clear support for their position from Mr Homsy; that his evidence sheds light backwards on Mr Barras' evidence in the previous proceedings and on the scope of the undertakings; that in particular the evidence now shows that Guépard were not told about the undertakings; that the undertakings are not binding on Guépard; and that the undertakings would not in any case be enforceable in the UK both because of a conflict of interest involving a Maître Guyet (a lawyer acting for both parties) and because the undertakings would constitute an unreasonable restraint of trade. I will come to the detail of all this and supplementary issues that arise in what follows.

54. Section 3(6) reads as follows:

" (6) A trade mark shall not be registered if or to the extent that the application is made in bad faith."

55. It is common ground that I should be guided by the following passage from *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd*, 1999 RPC 367:

"I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances."

56. Commenting on this passage from *Gromax*, Mr Geoffrey Hobbs QC, acting as the Appointed Person, stated in *Demon Ale Trade Mark*, 2000 RPC 355,

"These observations recognise that the expression "bad faith" has moral overtones which appear to make it possible for an application for registration to be rendered invalid under Section 3(6) by behaviour which otherwise involves no breach of any duty, obligation, prohibition or requirement that is legally binding upon the applicant."

57. Also in *Demon Ale*, The Appointed Person said:

"I do not think that Section 3(6) requires applicants to submit to an open-ended assessment of their commercial morality. However, the observations of Lord Nicholls on the subject of dishonesty in *Royal Brunei Airlines Sdn Bhd v Philip Tan* [1995] 2 AC 378 (PC), at page 389, do seem to me to provide strong support for the view that a finding of bad faith may be fully justified even in the case where the applicant sees nothing wrong in his own behaviour."

58. Additionally Mr Mellor referred me to the following passage from a decision of Mr S Thorley QC, sitting as the Appointed Person in *Eicher Ltd v David Matthew Scott Holder*, 0-363-01:

"An allegation that a trade mark has been applied for in bad faith is a serious allegation. It is an allegation of a form of commercial fraud. A plea of fraud should not lightly be made (see Lord Denning M.R. in *Associated Leisure v. Associated Newspapers* (1970) 2 QB 450 at 456) and if made should be distinctly alleged and distinctly proved. It is not permissible to leave fraud to be inferred from the facts (see *Davy v. Garrett* (1878) 7 Ch. D. 473 at 489). In my judgment precisely the same considerations apply to an allegation of lack of bad faith (sic) made under section 3(6). It should not be made unless it can be fully and properly pleaded and should not be upheld unless it is distinctly proved and this will rarely be possible by a process of inference."

59. It is clear from these passages that the burden of proof rests squarely with the party contending that bad faith exists.

60. In paragraph 3 above I have quoted verbatim from the opponents' statement of grounds. It is possible to discern a number of different avenues of attack in paragraph 6 of the grounds. I regard the substance of the opposition as being that the applicants, as successors in title to one of the Léonard marks, are under an obligation not to apply for or use a mark containing the device that is the subject of the various undertakings that exist.

61. However, before coming on to that central issue I should briefly deal with two other points which are touched on in the statement of grounds. The first is that there appears to be a suggestion that the application should be refused because of the outcome of the earlier opposition proceedings. Is that enough on its own to render the current application filed in bad faith? The facts are that the previous decision was issued on 9 July 1998 and Guépard filed the current application on 2 September 1998. The applicants therefore knew at the time that the decision had gone against them.

62. The position must be tested at the date of filing of the application. The position at that date seems to me to have been that the mark applied for is a different one; the law itself had

changed; the previous application had failed in circumstances where the difficulties with the evidence had been commented on in the opposition action; the onus now falls on the opponents; and fresh evidence is available which prima facie at least places the applicants in a stronger position. I do not place particular reliance on the latter because I do not know whether the applicants knew Mr Homsy's evidence would be available to them when they filed application No. 2176362. The other factors suggest that there is insufficient to hold that the applicants have acted in bad faith by filing the current application.

63. The other basis of objection that emerges from the grounds is that the applicants' claim that they intend to use the mark is false. The point was not pressed at the hearing. There is no real basis on which such an objection can be sustained. It is true that they do not appear to have commenced use to date. But it is sufficient to file with a bona fide intention to use and not altogether surprising that they would not wish to go further whilst in dispute with a company of significant size.

64. I turn now to the letters and undertakings that are at the heart of this dispute (Exhibit MH6 to Mr Hamilton's declaration). The first document is a letter dated 23 August 1985 from Interléonard SA (who it seems were responsible for marketing Léonard's products) to Union des Fabricants. The latter's role is not properly explained but it seems to be an organisation charged with looking after trade mark interests. The translated text of the letter reads:

"We are very surprised by your letter of 19 August 1985. You had already written to us last year concerning the inter-laced symbol: double "L".


We had replied to you that we undertook not to use the upper part of the double "L". We also undertake not to use the upper part of the GUÉPARD monogram which in no way resembles the CHANEL monogram.

Our undertaking not to use the upper part of the GUÉPARD monogram aside, it is out of the question for us to delete mark No. 329-647. For further details, we would ask you to contact our trade mark lawyer: Maître GUYET who, if we are not mistaken, is also CHANEL's lawyer in Switzerland."

65. The reference to the double L device is to an intricate monogram that appears at the top of the original letter. A clearer representation is at Exhibit DRT1 to Mr Thompson's declaration (Swiss registration No. 322766). The part of the mark enclosed within the slanting ascenders of the Ls gives the impression of back to back Cs and is the source of Chanel's complaint. The letter undertakes not to use the upper part of the double L and also the upper part of the GUÉPARD monogram. The latter can only refer to the interlinked Cs which feature in the Swiss registration 329647 (there being no reference to GUÉPARD in the L monogram mark). Deletion, which I take to mean surrender or cancellation, of the registration is however rejected.

66. The second document is dated 29 May 1986 and is from Léonard to Maître Guyet, their trade mark lawyer. It reads:

"We refer to your letter of 22 May 1986.

We are in favour of reaching an agreement with CHANEL SA not to use the element "  " on products in Classes: "3", "21", "25", "8", "9", "16", "18", "34".

As regards Class "14", we do not wish it to be covered by the agreement, but if this really poses too many problems we shall be obliged to review our position."

67. The third document is the 'attestation' (undertaking) dated 17 March 1989 which simply says:

"We, the undersigned, LÉONARD S.A., hereby undertake in future not to register the two interlaced G's of the GUÉPARD trade mark and to omit them each time this mark is renewed."

68. All these documents appear to be signed by Mr Homsy.

69. Mr Mellor offered a number of criticisms and submissions in relation to these documents. The main ones were

- care must be taken to distinguish the marks that are being referred to at various points in the documents. In particular his view was that the mark the subject of the 'attestation' must be the one shown in the Swiss registration
- Maître Guyet was also Chanel's lawyer in Switzerland and so faced a conflict of interest
- the letter of 29 May 1986 was a private letter between Léonard and Maître Guyet and in effect a privileged document. It should not have been passed to Chanel
- it is suggested that Maître Guyet showed undue partiality towards Chanel and the content of the letters show that Léonard were not entirely happy with the position.

70. Mr Morcom resisted any suggestion that Maître Guyet had not acted properly and noted that Mr Homsy, who signed the documents, has not taken issue with Maître Guyet's role.

71. Mr Mellor was, I think, entitled to draw attention to the role played by Maître Guyet. He could have found himself in a position where a conflict of interest might have arisen. It is not clear that such a point was reached. If, as seems to be accepted, he acted for a company of Chanel's size it is reasonable to suppose that he was an experienced individual who would have been alert to the potential difficulty. Moreover his involvement was at Interléonard's instigation (see the final paragraph of the letter of 23 August 1985) and was suggested in the full knowledge that he also acted for Chanel. It is true that the letters suggest some reservations on Interléonard/Léonard's part but no more so than I would have thought to be normal as a part of a commercial negotiating process. I do, however, accept the applicants' concerns as to how the letter of 29 May 1986 got into Chanel's hands. Mr Homsy in his evidence confirms it was intended to be a private letter. Mr Morcom was quite correct to say that no formal complaint or

claim of privilege has been made in respect of the letter. His position was in any case that he placed reliance on it principally as evidence of the applicants' willingness to give undertakings though that is not perhaps a complete answer to the point.

72. If matters rested there, of course, the position would still be that no amount of poring over the words of the documents will answer certain key questions. The position is that

- the correspondence is entirely from one side. Other letters are referred to but they are not exhibited and are seemingly unavailable
- the correspondence took place over a period of almost four years with no real indication as to whether the documents should be read as a part of an interconnected series of exchanges
- it is not possible to say unequivocally that the undertaking of 17 March 1989 resulted from what went before
- the undertaking is silent as to goods, geographical coverage, applicable law etc. This enabled Mr Morcom to suggest that it should naturally be read in the context of the international nature of Chanel's business whereas Mr Mellor was of the view that the dealings between the parties were in an entirely Swiss context
- it does refer to the interlocked Gs of the GUÉPARD trade mark
- I do not understand the reference to omitting the Gs each time this mark is renewed. Counsel speculated that this might either mean when new registrations were sought or omission of the offending element on renewal of the existing registrations.

73. This brings me to what is effectively the only fresh evidence on the matter namely Mr Homsy's affidavit. The opponents' evidence indicates that Mr Homsy was a director of Léonard from July 1974 to July 1983 (though his own evidence suggests he was a director until later than this). His residence was also, until June 1987, the registered address of the company. He must, I think, have been in a senior and responsible position within the company - sufficiently so at least that he was empowered to give the undertakings and without any question being raised as to his standing by the recipients thereof. Mr Homsy is, therefore, well placed to comment on the undertakings and he is the only person who has given evidence to have had personal involvement with events at the relevant time. His evidence is that the undertaking was only in respect of the double G logo in isolation, that it only related to Switzerland and was only in respect of watches.

74. If that evidence is taken at face value it would seem to place a narrow construction on the undertaking. The effect would, I think, be that the applicants would have felt free to apply for their chosen mark in the UK.

75. Mr Hamilton responds to this evidence on behalf of the opponents (see paragraph 23 above). He indicates that his own enquiries have revealed no correspondence which supports Mr Homsy's interpretation. I regard the remainder of his declaration as being in the nature of submissions. I should add that Mr Morcom made a number of criticisms of Mr Homsy's evidence both in general terms by suggesting that his comments read more like lawyer's submissions (a matter of opinion I suppose) and also in terms of specifics notably the claim that the undertaking only related to watches. The latter is a potentially more significant point. If I have understood Mr Mellor correctly he considered that it might well have covered other goods but suggested that Mr Homsy's recollection was directed towards the only goods in which Leonard had an active trade at the time.

76. In all this I remain concerned at the parties' seeming inability to produce any further documentary evidence in support of their positions. Specifically

- Mr Homsy indicates that "the facts within this my affidavit are stated either from my own knowledge or from records to which I have full access" but says nothing about what records he consulted or is referring to. The information he gives must, I infer, come from his memory of events
- Mr Hamilton says his enquiries revealed no correspondence to support Mr Homsy's interpretation. He too does not say where the enquiries were made. The corollary of his statement must be that he did not find any documentation to support his own view either
- Mr Hamilton does not appear to have been involved in events in the late 1980s probably because Chanel SA and not Chanel Ltd were dealing with Léonard
- I do not understand how it came about that the three documents in MH6 have been kept but not the other letters referred to or any other surrounding material. It is more than a little surprising that a large company such as Chanel was content with a vaguely worded undertaking and has no other material that might help to explain its contents.

77. In all the circumstances I still find myself having to reach a decision on matters which are clearly of some commercial importance to the parties on inadequate evidence. The authorities referred to earlier make it clear that an attack under Section 3(6) alleging bad faith is a serious matter. The objection must be distinctly proved. The onus is on the opponents. Taking all the above factors and concerns into account including the doubt I now have about the scope of the undertakings I have (not without considerable hesitation) come to the view that the balance of the arguments has tipped in favour of the applicants. I therefore, find that the Section 3(6) objection has not been made out.

78. In the event of an appeal against the above finding and in deference to the very full submissions from both Counsel I will go on to consider two other issues that arose. If I am wrong about the scope of the undertaking given by Léonard to Chanel the question would then arise as to whether it also placed an obligation on Guépard who took an assignment of one of the Léonard trade marks shortly after the undertaking was given.

79. It is common ground that the applicants themselves gave no undertaking to Chanel. Mr Mellor's position was, therefore, that privity of contract came into play and that, at the highest, Guépard might be said to be under a moral obligation to honour the undertaking. Such a moral obligation, it is said, would need to be clearly demonstrated and would require clear knowledge on Guépard's part. In this latter respect it was pointed out that Mr Homsy says that when Guépard acquired new shareholders and the Léonard registration (No. 334733) was transferred he "unfortunately did not remind Léonard SA of any undertaking, or inform Guépard SA."

80. Mr Morcom's answer to this was that the undertaking was given by the company and the company is an entity distinct from its shareholders. Both Counsel offered submissions in relation to who might be regarded as the 'controlling mind' behind a company whether the shareholders or others who direct it.

81. That there was some connection between Léonard and Guépard in the past is not, I think, disputed. They had some common directors, both had Mr Homsy's address as their registered office for a while and they had similar objectives. This much appears from Mr Hamilton's evidence. As I found in the previous action it is difficult to go beyond this and to draw firm conclusions about issues of ownership and control. What can be said is that when, in March 1989, Mr Homsy gave the undertaking to Chanel on behalf of Léonard he must have been in a position of some influence in that company. He now says that "I unfortunately did not remind Léonard S.A. of my undertaking, or inform Guépard S.A. who were therefore not aware of the existence of the undertaking provided by Léonard S.A.".

82. I infer from this that others in Léonard SA knew of the undertaking (the use of 'remind') and not just Mr Homsy. I take at face value his admission that he did not inform Guépard SA of the undertaking but that is not, of course, to say that the latter was not told by Léonard itself. At the time of the transfer of the Swiss registration which was subject to the undertaking (if only in respect of Switzerland) Mr Clement Barras was sole director of both Léonard and Guépard. It would be surprising if he was unaware of the undertaking. Mr Barras gave evidence in the previous action between the parties in terms which suggested that he was at least aware of the undertaking though he may have doubted its scope. Again the circumstances do not make the matter easy to determine but I am not persuaded that Guépard can deflect the claim that they were under a moral obligation as a result of the undertaking simply on the basis that Mr Homsy did not tell them. Crucially there is no evidence from Guépard as to what they knew or what if anything their records revealed that might dispel my concerns.

83. The final point I need to consider is the defence put forward by Mr Mellor that, in the event that I accepted the opponents' position on the other points (that is regarding the scope of the undertakings and their applicability to Guépard), the undertakings given by Léonard would be unenforceable in this country because they constituted an unreasonable restraint of trade. He put the matter as follows in his skeleton argument:

"Even ignoring all the points set out above, these "undertakings" could not be enforced against Léonard S.A. in the United Kingdom. They are plainly in unreasonable restraint of trade. The restraint is plainly unreasonable because there is no possibility of any confusion sufficient to justify such a restraint. Furthermore, the onus is on the

Opponent to demonstrate that these undertakings would be enforceable: (see the decision of Jacob J. in the *WWF* case - revised judgment 1st October 2001). If the undertaking is construed as of worldwide application, it is bound to be unreasonably wide: (*cf. Littlewoods v. Harris* [1978] 1 All ER 1026:)."

84. It seems to me to be perfectly arguable that as this defence was not foreshadowed in the counterstatement or during the course of the evidence rounds it should be dismissed out of hand. However, Mr Morcom, whose own skeleton argument had been submitted before the point was raised, chose to deal with it head on, with his primary submission being that the point simply does not arise. I will, therefore, set out my own view of the matter.

85. As foreshadowed in his skeleton argument Mr Mellor relied on a recent judgment in *WWF-World Wide Fund for Nature and another v World Wrestling Federation Entertainment Inc* (revised judgment dated 1 October 2001 in Case No. HC/000030). Jacob J. there set out the general principles of law applicable to contracts in restraint of trade (paragraphs 22 to 24). The main ones are that contracts in restraint of trade are unenforceable unless they are reasonable; proof of reasonableness lies on the restrainer; in assessing reasonableness great weight is to be attached to a bargain made between experienced parties bargaining on equal terms; and the matter must involve a real commercial restraint (actual or realistically prospective). Within the context of intellectual property disputes (paragraph 25 et seq) Jacob J. observes that such rights are in themselves restraints on trade. A practical settlement agreement will normally be framed otherwise than by reference to the scope of the IP rights themselves. It is for the party restrained to satisfy a threshold requirement namely that the restraint obviously overreaches the IP right concerned. He concluded:

"Thus a restraint imposed by an intellectual property dispute settlement should only be regarded as falling within the restraint of trade doctrine (and thus require justification) if the restrained party can show that:

- (a) the restraint actually imposes a real fetter on his trade; and
- (b) the restraint goes beyond any reasonably arguable scope of protection of the intellectual property right in issue.

If the restrainee can show that, the restrainer may nonetheless justify by showing

- (c) that the restraint nonetheless provides a protection which he reasonably needs."

86. There is no evidence before me of any trading in the UK by the applicants but their application may be said to be in contemplation of a realistically prospective trade which the undertaking would restrain so I do not think that they are debarred from running the restraint of trade defence on that account. A question might arise as to whether the undertaking was the result of two experienced traders bargaining on equal terms. I do not know enough about Guépard's business to assess that though I accept that Chanel is likely to be a significantly larger company. But size cannot be the sole determinant. Parties are rarely likely to be of equal size and experience. I see no reason to suppose that Guépard was disadvantaged in some way

during the negotiating process.

87. Mr Mellor submitted that Chanel should not be permitted to protect their wider commercial interests which go beyond, as Jacob J. put it "any reasonably arguable scope of protection of the intellectual property right in issue". It is true, of course, that I have found against the opponents under Section 5(2) and 5(4). But it is clear from the WWF case that the scope of intellectual property rights does not in itself determine whether an undertaking or agreement is reasonable.

88. If the scope of an undertaking had to be co-terminous with pre-existing intellectual property rights the undertaking would presumably serve no useful purpose. Jacob J. says that if that were so

"... the restrainer will have to prove his infringement case just as if there never had been an agreement. For that reason a practical settlement agreement must normally be framed otherwise than by reference to the scope and validity of the right: it must itself define what it is the restrainee must not do. If the law of contracts void as being in unreasonable restraint of trade applied to any such contract, then reasonable (or indeed any) settlement of intellectual property right disputes would not be possible. That cannot be right."

and

"The ultimate question is whether the restraint is reasonable in all the circumstances. The restrainer's intellectual property rights are not necessarily the sole determinant of this."

89. I was also referred to *The Littlewoods Organisation Ltd v Harris* in support of the proposition that the geographical extent of an agreement is often a relevant factor. That may be so in some contexts but I do not find that case, which concerns an agreement between an employer and employee, of particular relevance here. Intellectual property disputes often have an international dimension. It is also in the nature of such disputes that the parties' respective positions will vary from market to market.

90. It seems to me that the matter comes down to this. The applicants cannot point to any existing trade in this country that is being fettered by the undertaking. Any restraint can only therefore be to their future freedom of manoeuvre. The applicants appear to use a variety of marks with the interlocking Gs device given varying degrees of prominence including use on its own (see page 18 of their Swiss brochure exhibited by the opponents at MH7). At other times Guépard is used on its own or with a cheetah device. The opponents are not attempting to stop the applicants from trading in their chosen goods area. Nor do they object to the applicants' other marks. With those circumstances in mind I do not consider that the undertaking can be said to constitute a restraint of trade.

91. Even if that is too narrow a view of the matter and the undertaking was held to be a restraint I bear in mind Jacob J's comment (at paragraph 34 of the WWF case) that "..... in considering justification [for restraint] one must take into account the degree of restraint imposed - the more restrictive a restraint is, the harder it is to justify and vice versa." The

restraint here is not particularly restrictive and, on the basis of the various marks the applicants appear to employ, the restraint can be said to provide protection which Chanel reasonably needs. The restraint of trade defence would, therefore, fail.

92. For the reasons given above the opposition has failed.

93. The applicants are entitled to a contribution towards their costs. I order the opponents to pay them the sum of £1000. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

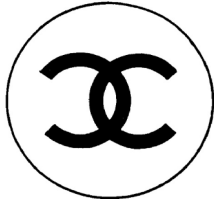
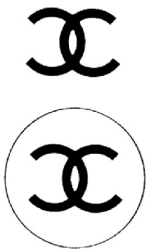
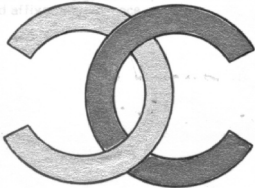
Dated this 8TH day of November 2001

**M REYNOLDS
For the Registrar
the Comptroller-General**

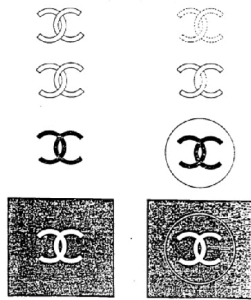
Annex C in paper copy

ANNEX A

Chanel registrations.

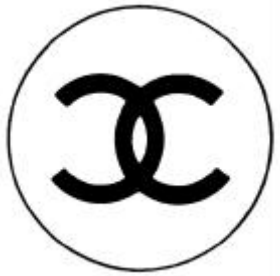
No.	Mark	Class	Specification
796077		03	Perfumes, eau de cologne, toilet rouge, lipstick, toilet soap, toilet waters, face powder and talcum powder, all being non-medicated preparations.
1361074		03	Soaps; perfumes; eau de colognes; toilet waters, cosmetics; essential oils, non-medicated toilet preparations; talcum powders for toilet use; non-medicated preparations for the care of the skin; cleansing masks; deodorants for use on the person; nail care preparations; all included in Class 3.
1132764		06	Bells, fastenings, baskets, bins, boxes and brasses; furniture and fittings, all for doors and for windows; ornaments and rings; all included in Class 6; chains (other than chains for vehicles or driving chains for machines) and buckles (not for clothing), all of common metal.

1424499



06 Baskets; bins; bolts; closures; bracelets; buckles; building and furniture fittings; busts; chain links and chains; chests; clothes hooks; containers; cornices; door and window furniture and fittings; farriery work of metal; ferrules; foot scrapers; hardware; horse shoeing; ice moulds; key rings and key holders; knobs; knockers; locks of metal for bags; plaques; money boxes; fasteners; statues; belts; boxes; brasses; ornaments and rings; all included in Class 6.

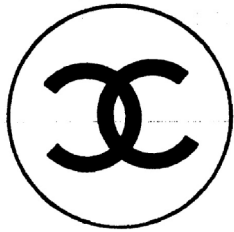
1339245²



16 Paper, paper articles; cardboard, cardboard articles; inks, adhesive materials; printed matter; photographs, stationery, artists' materials; paint, brushes, paper patterns for use in making clothes; printed specification relating to paper patterns; albums, bags, calendars, playing cards, embroidery designs, face towels of paper, packaging materials; all included in Class 16.

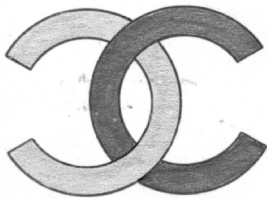
² Added as a result of the opponents' request to amend their statement of grounds (dealt with as a preliminary point at the hearing).

1069950



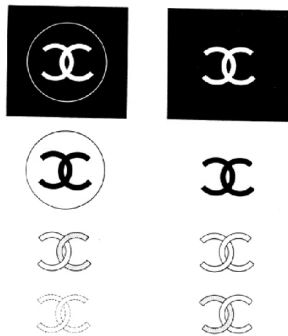
18 Handbags, pocket wallets, umbrellas, parasols, vanity cases (not fitted), briefcases, articles of luggage, and purses (not of precious metal or coated herewith).

1132766



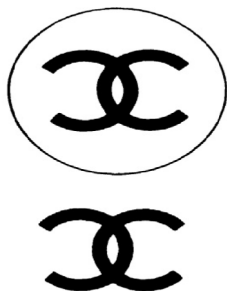
18 Handbags, pocket wallets, umbrellas, parasols, vanity cases (not fitted), briefcases, articles of luggage and purses (not of precious metal or coated herewith).

1244649



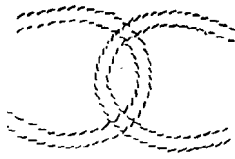
18 Handbags, pocket wallets, umbrellas, parasols, vanity cases (not fitted), briefcases, articles of luggage and purses (not of precious metal or coated herewith).

1351464



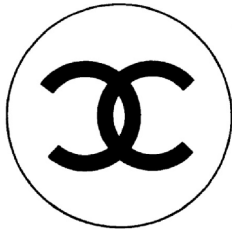
18 Handbags; purses; wallets; credit cards holders; belts; vanity cases; luggage; parts and fittings for all the aforesaid goods; all included in Class 18.

1047789



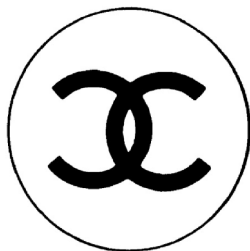
25 Trousers, jeans being articles of clothing, tee-shirts, pullovers, jumpers, cardigans, jackets and blouses.

1070908



25 Articles of clothing for women and girls; stockings, tights being articles of clothing; pullovers, cardigans and scarves; socks, gloves, belts and ties, all for wear.

1199710



25 Articles of clothing for women and girls; stockings, pullovers, cardigans, scarves and cravats, tights, socks, gloves, belts and ties, all for wear.

1454208



25 Articles of clothing for women and for girls; stockings, tights; shirts, t-shirts, sweatshirts, pullovers, sweaters, cardigans; articles of outer clothing; hats; scarves; socks, gloves, belts, ties, cravats; footwear; all included in Class 25.

LÉONARD SA

Léonard S.A. was registered on 25th. July, 1974 with its principal objects being to trade in watches and jewellery. The registered address of Léonard S.A. was:

- Geneva, the residence of M. Homsy until June 1987.

Then from June to September 1987 it was:

- Geneva, c/o Fiduciaire Privée S.A. (Zihlmann).

then:

- c/o Alain Touron from September 1987 to May 1989, and
- c/o Fiduciaire Barras from May 1989 to December 1990.

The directors are given as:

- Adel Homsy: July 1974 to July 1983
Laurence Homsy: December 1976 to June 1987
Rose-Marie Léonard: July 1974 to June 1987
- Bernard Zihlmann (sole director) June to September 1987
- Alain Touron (sole director) September 1987 to May 1989
- Clément Barras (sole Director) May 1989 to October 1990

GUÉPARD SA

Guépard S.A. was registered on 26th. August, 1982 under the name of Intermovement S.A. and became Guépard S.A. on 19th. December, 1983. The main object of the company was indicated as being the trade in watches and jewellery, etc. The registered addresses of the company were:

- Geneva: at the residence of M Homsy from August 1982 to April 1988 (i.e. identical to that of Léonard S.A. up until June 1987)
- Freiburg: chemin Saint-Marc, 9 (Touron April 1988 to May 1989);
- Fiduciaire Barras (since May 1989) (again identical to that of Léonard S.A. from 1988 to 1990).

The directors have been:

- Marie-Christine Modoux (sole director) August 1982 to June 1983)
- Laurence Homsy (June 1983 to April 1988)
- Samir Fahmy (June 1983 to February 1988)

- Deleamont (July 1983 to March 1984)
- Tornare (March 1984 to February 1988)
- Alain Touron (sole director) April 1988 to May 1989
- Clément Barras (sole director) since May 1989.