TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO 2069877
BY CERRUTI 1881 TO REGISTER THE MARK
ARTE OF CERRUTI 1881 IN CLASS 25**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER
NO 45748 BY JON ADAM (SPORTSWEAR) LIMITED**

TRADE MARKS ACT 1994

IN THE MATTER OF Application No 2069877 by Cerruti 1881 to register the mark ARTE OF CERRUTI 1881 in Class 25

and

IN THE MATTER OF Opposition thereto under No 45748 by Jon Adam (Sportswear) Limited

DECISION

On 26 April 1996 Cerruti 1881 applied under the Trade Marks Act 1994 to register the mark ARTE OF CERRUTI 1881 for a specification of goods which reads:

> "Clothing; dressing gowns, bathrobes, lingerie, underwear, dresses, skirts, trousers, suits, coats, shirts, jackets, belts, ties, stoles, scarves, gloves, raincoats, socks, stockings, tights, babywear, shoes, slippers, headwear."

The application is numbered 2069877. The applicants claim an international priority date of 6 December 1995.

On 21 October 1996 Jon Adam (Sportswear) Limited filed notice of opposition to this application. The grounds of opposition are in summary:

(I) under Section 3(3)(a) in that the mark applied for is contrary to public policy

(ii) under Section 3(3)(b) in that the mark is of such a nature as to deceive the public

(iii) under Section 3(4) in that, to use the opponents' words, "use of the mark applied for is prohibited in the United Kingdom by virtue of the goodwill and reputation which the opponent has established in the trade mark ARTE"

(iv) under Section 5(4) in that use of the mark applied for is liable to be prevented by the law of passing off.

There is also a reference to discretion but as the Registrar has no discretion to refuse an application that in other respects complies with the requirements of the Act I do not propose to say anything further about this matter.

The applicants filed a counterstatement denying the above grounds and claiming that notice of the intended opposition was not given through normal channels.

Both sides ask for an award of costs in their favour. Both sides filed evidence. The matter came to be heard on 16 March 1999 when the opponents were represented by Mr I Bartlett of Beck Greener, Trade Mark Attorneys and the applicants by Mr H Carr of Her Majesty's Counsel instructed by Mewburn Ellis, Trade Mark Attorneys.

Opponents' evidence (Rule 13(3))

The opponents filed seven statutory declarations as follows:

Ronald James Knight	24 June 1997
Norman Reuben Gold	24 June 1997
Ursula Margaret Geldard	17 June 1997
Marion Miriam Gold	24 June 1997
Lois Dickson	13 June 1997
Frances Mary Daley	11 June 1997
Anzita Veronica Foreman	13 June 1997.

Mr Knight is the opponents' Financial Director, a position he has held since 1972. He says that his company was incorporated on 19 September 1955 and has traded as a retailer in the field of women's clothing continuously since that date.

Since 1979, the Company has been trading under the trade name ARTE, and has been selling women's clothing, in particular lingerie, underwear, dresses, skirts, trousers, suits, coats, shirts, jackets, belts, ties, stoles, scarves, gloves, raincoats, stockings, tights, shoes and headwear, under the brand name ARTE, either in upper or lower case, and with or without an accent on the "E". He exhibits (RJK1 to RJK7) examples of such clothing bearing the mark.

The company uses the mark on garment labels, price tickets, clothes hangers, bags and signage. He exhibits (RJK8 to RJK12) examples of such uses of the mark.

The company has sold goods under the mark both from its own stores and from concessionary outlets within department stores. He provides a list of such outlets covering major cities throughout the United Kingdom.

Mr Knight says that the company uses the mark on the shop fronts at each of its retail stores, and on signs within its stores and within its concessions, in order to identify goods sold under the mark. He exhibits (RJK13) photographs of shop frontages and shop interiors showing his company's use of the mark.

Turnover in goods sold under the mark has risen from approximately £100,000 in year-end 1979, to £1,981,000 in year-end 1996, with a peak of approximately £3 million in 1990. The total turnover of the company in goods sold under the mark since 1979 is approximately £34 million. Turnover in products bearing the mark for the last five years has been as follows:

1992	£2,568,000
1993	£2,472,000
1994	£2,346,000
1995	£2,273,000
1996	£1,981,000.

He says that because the company has been trading under the name ARTE for so long and because of its substantial reputation in the field of women's clothing it does not need to advertise widely. Rather the company has found that word of mouth advertising has been the most efficient means of advertising the goods. Nevertheless advertisements have been placed in both local newspapers and local magazines since 1979. He gives a number of examples and exhibits (RJK14) advertisements placed in Elite Magazine, The Yorkshire Evening Post and the in-store magazine of Howells of Cardiff.

He says that the stores and concessions have regular sales and marketing events such as charity and fashion shows. He exhibits (RJK15) an example of a discount card which might be given out at one of these events. He also exhibits (RJK16) a collection of photographs from an ARTE fashion show which took place in 1992 at the ARTE concession in Dickens and Jones, a collection of photographs from a similar fashion show which took place on 15 November 1996 at the ARTE concession in Sheffield, and an advertisement for a fashion show which took place in the ARTE concession in Lewis', Leeds, in September 1991.

Mr Knight goes on to deal with the circumstances in which he became aware of the applicants' mark.

> "On 8th August 1996, Mr. Norman Gold, who is a co-director of My Company, drew to my attention a fashion article in the London Evening Standard, which depicted a woman's coat which was referred to as "Suede Maxi Coat from Arté by Cerruti, to order at 106 New Bond Street, W1.".
>
> Mr. Gold made further enquiries, and it became apparent that Cerruti 1881 Womens at 106 New Bond Street, London ("Cerruti") had launched a range of women's clothing under the mark ARTE.
>
> My Company's trade mark agents contacted Cerruti on 20th August 1996, put them on notice of My Company's rights in The Mark, and asked them to cease using The Mark or any confusingly similar mark. It came to My Company's attention on 23rd August 1996 that Cerruti 1881 (a French company) had filed UK trade mark application number 2069877 for ARTE OF CERRUTI 1881. On 28th August 1996, My Company's trade mark agents wrote to Cerruti 1881 to ask them to withdraw the said application. However, despite repeated requests, Cerruti has continued to use The Mark and Cerruti 1881 has not withdrawn its application.

There have been a number of incidents from August 1996 to April 1997 which have demonstrated that Cerruti's use of the mark ARTE is confusing My Company's customers or potential customers into believing that Cerruti's goods are associated with My Company's goods. These incidents are the subject of separate Statutory Declarations by the witnesses of the incidents.

I believe that the confusion caused by Cerruti's use of the mark ARTE CERRUTI 1881 demonstrates that there would likewise be confusion if Cerruti were to use the trade mark which is the subject of trade mark application number 2069877, namely ARTE OF CERRUTI 1881. It is clear from the incidents to date that customers refer to and remember Cerruti's products as ARTE products, and accordingly are confused into believing that the products originate from My Company.

This confusion has been compounded by references in various fashion magazines to Cerruti's products under the name "Arté". There is produced and shown to me marked "RJK17" pages taken from the August, September, October and November 1996 issues of Vogue magazine, in which Cerruti's products are described as "by Arté by Cerruti". There is also produced and shown to me marked "RJK18" an advertisement from the Jewish Chronicle of 6th September 1996, which refers to the "Cerruti 1881 Arte Collections". Finally, there is produced and shown to me marked "RJK19" a page taken from the September 1996 issue of Harpers and Queen, which features a dress which is referred to as "Arté by Cerruti".

Use of the mark ARTE OF CERRUTI 1881 would therefore be a misrepresentation of My Company's goods which would result in damage to My Company's reputation for good value clothing, due to the extremely high prices charged by Cerruti. The use would also cause damage to My Company by diluting the distinctive nature of My Company's trade mark.

Save for Cerruti, I know of no other person, firm or company which uses the trade mark ARTE or any trade mark confusingly similar with ARTE, in respect of women's clothing."

Mr Gold is a Director and Chairman of the opponent company. He deposes as follows:

"In the week after 8th August 1996, a friend of mine (Mrs. Monk) brought to my attention a fashion article she had noticed in the London Evening Standard of 8th August 1996. The article depicted a woman's coat which was referred to as "Suede Maxi Coat from Arté by Cerruti, to order at 106 New Bond Street, W1". Mrs. Monk asked me if My Company had done a deal with Cerruti to let them use our name. There is now produced and shown to me marked "NRG1" a copy of the said Evening Standard article.

On 15th August 1996, I visited the Cerruti 1881 Womens ("Cerruti") store at 106 New Bond Street, London, and discovered that Cerruti had launched a range of women's clothing under the mark ARTE. There is now produced and shown to me marked "NRG2" a garment produced and sold by Cerruti to which is affixed a garment

label and a ticket both bearing the mark ARTE. There is also produced and shown to me marked "NRG3" the receipt for the garment exhibited under "NRG2", which receipt refers to the garment as "ARTE COLLECT". Finally, there is produced and shown to me marked "NRG4" a clothes hanger from the Cerruti store which bears the mark ARTE."

Like Mr Knight he says he knows of no other person, firm or company which uses the trade mark ARTE or any confusingly similar mark in respect of women's clothing.

The remaining declarations are by employees of the opponents (and in the case of Ms Gold a director) who attest to enquiries they have received, as a result of people seeing "Arté by Cerruti" clothes or magazine advertisements relating thereto. This has led to speculation for instance as to whether the opponents had taken over Cerruti or vice versa or whether the opponents had gone out of business. In some cases the enquiries received prompted the employees to telephone Head Office for clarification. I do not propose to say anything more about these declarations at this point but will draw on them later in this decision.

Applicants' evidence (Rule 13(5))

The applicants filed a declaration dated 19 December 1997 by Aurelio Giorgini, Vice President of Cerruti 1881, a position he has held since December 1996. He says he has a good knowledge of the English language.

He says that the applicants are a fashion house of considerable repute. Articles of clothing were first sold under the main trade mark CERRUTI 1881 in 1967 and sales have been continuous on an international scale since that date. Articles of clothing were first sold by the applicants in the United Kingdom at least as early as 1981 and sales have been continuous in the United Kingdom since that date.

The applicants are said to be well known in all major countries of the world and sell clothing bearing the trade mark CERRUTI 1881, with or without additional indications of range, in its own retail outlets or through others. Turnover figures in recent years worldwide have been as follows:

YEARS	FF	£ (RATE 9.99)
1992	1,244,784,000	124,603,003
1993	1,190,056,000	119,124,724
1994	1,342,854,000	134,419,819
1995	1,479,164,000	148,064,464
1996	1,670,326,000	167,199,799

He comments as follows on the elements of the mark applied for that has given rise to these proceedings:-

"The word ARTE is the Italian word for "art" and as such was coined by the Applicant company to describe a particularly stylish range of women's clothing. I believe that

other fashion houses use the same or similar names to describe "artistic" ranges of fashion wear. In this connection the Applicant has had a common-law search carried out for references to the words ART or ARTE in connection with fashion and there is now attached and shown to me an exhibit marked "AGV1", being a copy of the print-out that resulted from such a search. I have noted in particular references to Art Knitwear, Arte Maglia, Art Fashions Limited, As' Art, Artflo, L.A. Artwear, Art Limited, D'Art, Pure Art, Total Art, Del 'Arte, Art of Silk, Bacale by Arte En Moda, Art Crestex and The Art of Ties among others.

In addition a search of the Register of Companies has revealed that use of the phonetically identical word ART as part of the company name in the relevant field is not uncommon. There is now produced and shown to me an exhibit marked "AGV2" being a list of names of Registered Companies among which I draw attention specifically to the Fine Art of Clothing Limited, Artmode Fashions Limited, The Arts and Fashion Co. Limited, and The Arti International Fashions Limited.

A search of the UK Trade Marks Register has revealed that the word ARTE or its phonetic equivalent ART has been accepted many times as part of registrations in Classes 24 or 25. There is now produced and shown to me an exhibit marked "AGV3" being the result of a Search of the UK Trade Marks Register.

In the light of the many examples of use of ART or ARTE in the United Kingdom in the field of fashion I believe that no one company can obtain a monopoly in use of that word."

In response to the opponents' evidence Mr Giorgini makes a number of observations which in summary are as follows:

- the opponents do not say how many of their outlets have been active at any one time and for how long

- the applicants' goods are available in their own shops and in a few exclusive department stores rather than high street shops

- he exhibits (AGV4) a selection of labels etc that are normally used and showing the applicants' name

- he says that the supporting declarations suggest that the enquirers/customers were aware that the applicants' trade mark is not ARTE but ARTE OF CERRUTI 1881 or ARTE CERRUTI

- he exhibits (AGV5) a selection of editorials and advertisements from glossy magazines that have appeared in a number of European countries including the United Kingdom.

Opponents' evidence in reply (Rule 13(7))

The opponents filed a further five statutory declarations as follows:

Ronald James Knight	12 August 1998
Ursula Margaret Geldard	26 August 1998
Anzita Veronica Foreman	26 August 1998
Richard Leo Harvey	14 July 1998
Achilleas Constantinou	11 August 1998

Mr Knight's declaration alone runs to some nine pages of detailed commentary on Mr Giorgini's evidence. It will be sufficient at this point to summarise the main points made though I have read and taken into account the full contents of the declaration. Mr Knight comments that

- no evidence has been provided to show that other fashion houses use ARTE for their "artistic ranges" of fashion wear

- the existence of company names incorporating the word ART has no bearing on trade mark rights. Moreover ART is not ARTE. He exhibits (RJK20) a company search showing that Arti International Fashion Ltd last filed returns in 1979

- he refers to a commercial investigation report by Richard Leo Harvey in relation to four companies which have the word ARTE in their title. Only one is said to be still in existence (Arte en Moda SA) but uses a different trade mark

- contrary to the applicants' assertions it is suggested that their use of their mark (with ARTE in a different typeface etc) will result in confusion. Reference is made to usages such as "by ARTE by Cerruti" or "by ARTE at Cerruti". The applicants' own evidence confirms that fashion articles use this form

- he denies that the surrounding circumstances will make it clear which company's goods are being offered for sale. He suggests that customers may be deterred from buying his company's goods thinking that the opponents now only sell very expensive clothes

- contrary to the applicants' view he says that the opponents' supporting declarations demonstrate that even when the CERRUTI element was present confusion still occurred

- CERRUTI have given no trading figures for clothing sold under the mark ARTE in the United Kingdom

- in response to the applicants' specific criticisms he gives details of the trading years of his company's stores and concession outlets.

Ms Geldard and Ms Foreman's declarations deal with further instances of actual confusion that have come to light. I do not need to record full details of these but I note that Ms Foreman, the Manageress at the South Moulton Street ARTE shop records an instance of a customer seeking a refund in respect of a dress which it transpired was purchased at Cerruti's. Another customer enquired why her shop was not displaying the clothing advertised in Vogue. This was taken to be a reference to a Cerruti advertisement.

Mr Harvey is an employee of Julian Hill Associates, an investigation agency. He was asked to undertake enquiries into a number of companies or brands. These appear to be companies thrown up by the applicants' database search incorporating Arte as an element of the name. He concludes that of the four companies on his original list three appeared not to exist any longer and the fourth was a Spanish company (Arte en Moda SA) whose goods are sold under the mark BACALE.

The final declaration comes from Mr Achilleas Constantinou who is the Chairman and director of Fashion Design Protection Associates Ltd (FDPA). He has been employed in the clothing industry since 1971 and lists other senior positions he has held. FDPA is an organisation which seeks to uphold the rights of originators of creative fashion designs. The opponents are members. He says that he was approached by Mr Norman Gold, Chairman of Jon Adam to see if he would be willing to give an opinion on the dispute that is now before me. He goes on to say

> "Soon after the initial telephone call with Norman Gold, but before I was approached by the Trade Mark Agents of Jon Adam, I happened to notice, in a fashion magazine, an advertisement which used the trade mark CERRUTI and ARTE in conjunction. I cannot remember the exact wording, but I think it was something like CERRUTI ARTE. When I saw the advertisement, my conversation with Norman Gold sprang to mind and I thought "He really has a problem here, this is not right", because the implication given to me by the advert was that Cerruti had taken over ARTE. I was not confused, because Norman Gold had mentioned to me on the telephone that the dispute involved Cerruti using the mark ARTE."

Referring to an advertisement showing clothing "by Arte by Cerruti" he says that if he had not been aware of the dispute he would have imagined that Cerruti had taken over ARTE or that a licensing deal existed. He refers to other circumstances where, if the marks were on public display in a store or magazine, he would assume that there was some kind of collaboration between the parties. He thinks that the public could easily be confused by such usage. Finally he says that apart from the parties to these proceedings he knows of no other person, firm or company using the trade mark ARTE.

That completes my review of the evidence.

The statement of grounds covers three separate objections under Section 3 of the Act as indicated at the start of this decision. Mr Bartlett indicated at the start of the hearing that these grounds were not being pursued. As there is no obvious basis on which they can be sustained I formally dismiss the Section 3 grounds.

The single ground before me, therefore, is the objection based on Section 5(4)(a). This reads as follows:

> " (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."

A helpful summary of the elements of an action for passing off can be found in Halsbury's Laws of England 4th Edition Vol 48 (1995 reissue) at paragraph 165. The guidance given with reference to the speeches in the House of Lords in Reckitt & Colman Products Ltd -v- Borden Inc [1990] RPC 341 and Erven Warnink BV -v- J Townend & Sons (Hull) Ltd [1979[ACT 731 is (with footnotes omitted) as follows:

> "The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:
>
> (1) that the plaintiff's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
>
> (2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the defendant are goods or services of the plaintiff; and
>
> (3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant's misrepresentation.
>
> The restatement of the elements of passing off in the form of this classical trinity has been preferred as providing greater assistance in analysis and decision than the formulation of the elements of the action previously expressed by the House. This latest statement, like the House's previous statement, should not, however, be treated as akin to a statutory definition or as if the words used by the House constitute an exhaustive literal definition of ‹passing off', and in particular should not be used to exclude from the ambit of the tort recognised forms of the action for passing off which were not under consideration on the facts before the House."

Further guidance is given in paragraphs 184 to 188 of the same volume with regard to establishing the likelihood of deception or confusion. In paragraph 184 it is noted (with footnotes omitted that:

> "To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:
>
> (1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and
>
> (2) that members of that class will mistakenly infer from the defendant's use of a name, mark or other feature which is the same or sufficiently similar that the defendant's goods or business are from the same source or are connected.
>
> While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.
>
> In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:
>
> (a) the nature and extent of the reputation relied upon;
>
> (b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;
>
> (c) the similarity of the mark, name etc used by the defendant to that of the plaintiff;
>
> (d) the manner in which the defendant makes use of the name, mark etc complained of and collateral factors; and
>
> (e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances."

I propose to consider the three main elements of goodwill, misrepresentation and damage in turn but not forgetting that, as indicated in the above extract from Halsbury, the issues overlap and "whether deception or confusion is likely is ultimately a single question of fact".

Reputation

I have recorded in my evidence summary the nature and extent of the opponents' use. The main points I take from this are that the use has been of some duration (since 1979); that it has been sustained at a reasonable level (albeit not large in the context of the clothing industry); and that it takes place through the opponents' own stores or concessions within large store

groups. The latter point is not without significance in bringing awareness of the brand to a wider audience. This use has been supplemented by advertising and promotional activity including running their own fashion shows and the fact that the flagship shop is favourably located in South Molton Street in the heart of London. I am also satisfied that the exhibits show use of the mark ARTE in the manner claimed that is to say in both upper and lower case and with an accent on the final letter.

However Mr Carr, for the applicants, took issue with the opponents' claims and commented extensively on the nature of their mark which he characterised as being a laudatory epithet and a natural way of praising the style of the goods. He referred me to a number of authorities in relation to the approach to be adopted to marks of this kind. His basic proposition was that ‹arte' is an Italian word meaning art as suggested in Mr Giorgini's declaration (and not, I think, disputed by the opponents). He took me first of all to AU PRINTEMPS Trade Mark 1990 RPC 518, a Registry decision where it was held that French words which translate as ‹in the spring' constituted a direct descriptive reference to clothing intended for wear in the spring. My attention was also drawn to the following extract from the Trade Mark Handbook (para 105.1.21) under the heading "Descriptive marks (in foreign languages)":

> "The 1994 Act contains a prohibition on registration of such marks (s 3(3)(c)) (sic). Foreign words may, if sufficiently well known in this country, fall within this prohibition as a consequence of having a meaning which is understood to the bulk of the United Kingdom population. The Registry has indicated that it will distinguish between foreign words in well-known languages such as French, German, Italian and Spanish and those in unusual languages where the population may not be expected to recognise the meaning."

I note in passing that the Registry's own Work Manual puts the matter somewhat differently as follows:

> "Goods
>
> Object if the words (in English) would be the subject of an objection under Section 3(1)(c) of the Act. Normally no need to object on the basis that the English equivalent would be devoid of any distinctive character without being descriptive e.g. TOUJOURS/ALWAYS."

A strict application of the Registry criteria might suggest that the word ARTE was prima facie eligible for registration but I would not want to make too much of this where a foreign language word is close to the English equivalent (unlike the TOUJOURS/ALWAYS example). In any case, whilst the above extracts are of general interest in considering the inherent characteristics of the word they cannot be conclusive in the context of the decision I need to reach on the evidence in relation to a Section 5(4)(a) case. In the latter context Mr Carr took me to the following extract from The Cellular Clothing Company v Maxton and Murray 1899 RPC 397 at page 408 line 39 et seq:

> "Lord DAVEY. - My Lords, I am under the impression that if the older decisions in England of the Court of Chancery were examined it would be found that descriptive

words, or common words expressive only of the quality of goods, would not have been by that Court considered entitled to any protection. But, my Lords, the facts and the law are frequently mixed up in the judgments of the Court of Chancery, and it may be that in the class of judgments to which I refer all that was pointed at was the extreme difficulty of proving that common or descriptive words have acquired a secondary sense and become significant of the Plaintiffs' goods. And, my Lords, I certainly cannot find that any such abstract principle has ever been adopted in the Courts of Scotland. Therefore, my Lords, I take the logical foundation of this branch of the law to be that which was stated by Lord Justice *Turner* in his judgment in *Burgess v. Burgess*, which has frequently been referred to, and the terms of which are present to your Lordships' minds. Shortly summed up it is that a man shall not by misrepresentation appropriate to himself business which belongs to his neighbour.

But, my Lords, there are two observations upon that which must be made. One is that, as has been more than once said, particularly by Lord Justice *Fry* (then I think a Judge of First Instance) in the case of *Siegert v. Findlater*, a man who takes upon himself to prove that words, which are merely descriptive or expressive of the quality of the goods, have acquired the secondary sense to which I have referred, assumes a much greater burden, and indeed a burden which it is not impossible, but at the same time extremely difficult to discharge - a much greater burden than that of a man who undertakes to prove the same thing of a word not significant and not descriptive, but what has been compendiously called a fancy word."

I also find some assistance in my approach to this matter in the following extract from The Law of Passing-Off by Christopher Wadlow (at 6.28) which distinguishes the circumstances in the Cellular Clothing case from the even earlier Reddaway v Banham Camel Hair Belting case:

"Although there are practical difficulties confronting the trader who chooses a descriptive word or phrase, there is no rule of law that marks which are descriptive in their literal meaning can be used with impunity by other traders. In *Reddaway v. Banham* Camel Hair Belting was held by the House of Lords to be distinctive of the plaintiffs, although the belting of both parties was predominantly composed of camel hair. The Court of Appeal had held that in those circumstances the defendant could not be restrained from using it, even in bad faith. Lord Hershell replied:

> "I think the fallacy lies in overlooking the fact that a word may acquire in a trade a secondary signification differing from its primary one, and that if it is used, to persons in the trade who will understand it, and be known and intended to understand it in its secondary sense, it will, none the less be a falsehood that in its primary sense it may be true. A man who uses language which will convey to persons reading or hearing it a particular idea which is false, and who knows and intends this to be the case, is surely not to be absolved from a charge of falsehood because in another sense, which will not be conveyed and is not intended to be conveyed, it is true. In the present case the jury have found ... that the words ‹*Camel Hair*' had in the trade acquired a secondary signification in connection with belting; that they did not convey to persons dealing in belting the idea that it was made of camel hair, but that it

> was belting manufactured by the plaintiffs. They have found that the effect of using the words in the manner in which they were used by the defendants would be to lead purchasers to believe that they were obtaining goods manufactured by the plaintiffs, and thus both to deceive them and to injure the plaintiffs."

> In the absence of proof that the term chosen by the plaintiff has become distinctive of him by acquiring a secondary meaning, there is no reason why the use of that or a similar term by another trader should involve any misrepresentation as to source. Thus Cellular was descriptive rather than distinctive in *Cellular Clothing Co. v Maxton & Murray*. In addition to the fact that it was prima facie descriptive of the plaintiffs' cloth, the plaintiffs had used it descriptively in advertisements and had very little trade in Scotland, which was the relevant market."

Mr Carr's case was that the opponents' mark had not acquired a secondary meaning that had displaced its primary meaning. Persuasively though he put his case I am far from being convinced that this is the case. Whilst I accept that the word ARTE (I will assume for present purposes that it is Italian) can be said to be not far removed from its English counterpart it is nevertheless visually and phonetically different. It should not be considered as if it were simply the word ‹art' though even the latter says little about the nature of the goods. At worst the English word might be said to carry some oblique laudatory connotation but it does not come close to the sort of considerations that were in play in the Cellular Clothing and Camel Hair Belting cases. However as indicated in The Law of Passing-Off (Wadlow) at 6.02:

> "Passing-off is relatively unconcerned with the distinction drawn in trade mark law between inherent capacity to distinguish and distinctiveness in fact. If factual distinctiveness exists, then it does not matter whether it was achieved with ease for a mark well adapted to distinguish or with difficulty for a mark of the opposite kind. If factual distinctiveness does not exist a traditional passing-off case must fail. Passing-off never has to deal with the common situation in trade mark law of deciding how readily a mark not yet in use may become distinctive: the question is always whether an existing mark is distinctive in fact. Because of this, and because there are few *a priori* restrictions on what may be considered distinctive, the supposed inherent capacity of a mark to distinguish is only one factor among many. If the plaintiff adopts a mark which is obviously descriptive or otherwise of low capacity to distinguish then the evidential burden on him becomes higher, but never impossible."

I do not consider that the (inherent) capacity of the mark ARTE to distinguish is as low as Mr Carr would have me accept but in any case I must consider its factual distinctiveness in the light of the use shown. I am satisfied in this respect that the opponents have established a reputation and goodwill in the mark, and that any primary meaning (if such can be said to exist) has been displaced and the mark has come to indicate the opponents. The searches carried out by the applicants aimed at showing that other fashion houses use the same or similar names (Exhibits AGV 1 to 3) do not lead me to think that I should come to a different view. AGV 1 contains a ten page listing of what I take to be the names or trading styles of firms featured in fashion or clothing magazines. Most of this material is in my view wholly irrelevant as the listings cover the letters a r t wherever they appear in words (thus the first

two entries are Roland Cartier and Quartz). More specifically it says nothing about how the names or marks are used or whether any common law or trade mark rights are claimed. The results of the company name search (AGV 2) and Trade Marks Register search (AGV 3) also do little to support the applicants' claims. The opponents have in any event criticised the material and instigated enquiries of their own which cast further doubt on the relevance of this aspect of the applicants' challenge to their position.

Misrepresentation

As indicated above it is part of the applicants' case that the opponents' case must be tested against the proposition that the mark that underpins the action is of low inherent distinctiveness. In these circumstances it is said that small differences will serve to differentiate. Mr Carr referred me to Office Cleaning Services Ltd v Westminster Window and General Cleaners Ltd 1946 RPC 39 and in particular the following passage from Lord Simonds' judgment on page 42 line 22 et seq:

> "Foremost I put the fact that the Appellants chose to adopt as part of their title the words "Office Cleaning" which are English words in common use, apt and more apt than any other words to describe the service that they render. This is a trade name, not a trade mark, case, but I would remind your Lordships of the close analogy between the two classes of case found by *Farwell, J.,* in *Aerators Limited v. Tollitt* ([1902] 2 Chancery 319) and by *Parker, J.* in the *Vacuum Cleaner* case (*ubi supra*). So it is that, just as in the case of a trade mark the use of descriptive words is jealously safeguarded, so in the case of trade names the Courts will not readily assume that the use by a trader as part of his trade name of descriptive words already used by another trader as part of his trade name is likely to cause confusion and will easily accept small differences as adequate to avoid it. It is otherwise where a fancy word has been chosen as part of the name. Then it is that fancy word which is discriminatory and upon which the attention is fixed, and if another trader takes that word as part of his trade name with only a slight variation or addition, he may well be said to invite confusion. For why else did he adopt it?"

A further consequence of the adoption of descriptive or such like words was in his submission likely to be that even if there was evidence of confusion it was not necessarily conclusive in an opponent or plaintiff's favour. The point is made in the following further extract from Lord Simonds' judgment in the Office Cleaning Services case at page 43 line 21 et seq:

> "So long as descriptive words are used by two traders as part of their respective trade names, it is possible that some members of the public will be confused whatever the differentiating words may be. I am ready to believe that in this case genuine mistakes were made. I think they ought not to have been made. In the *Vacuum Cleaner* case it appeared that ninety per cent. of its customers had addressed the Plaintiffs, the *British Vacuum Cleaner Coy., Ld.* as the "*Vacuum Cleaner Coy.*". In spite of this fact and of instances of actual confusion *Parker, J.* refused to grant an injunction to restrain the *New Vacuum Cleaner Coy., Ld.* from using the words "vacuum cleaner" in conjunction as part of its registered or other name. So in *Turton v. Turton* (42 Ch. D.128) the possibility of blunders by the public was held not to disentitle the defendant

from trading in his own name though the plaintiff had long traded in the same name. It comes in the end, I think, to no more than this, that where a trader adopts words in common use for his trade name, some risk of confusion is inevitable. But that risk must be run unless the first user is allowed unfairly to monopolise the words. The Court will accept comparatively small differences as sufficient to avert confusion. A greater degree of discrimination may fairly be expected from the public where a trade name consists wholly or in part of words descriptive of the articles to be sold or the services to be rendered."

I have already set out my views on the opponents' mark in the case before me. The circumstances of the Office Cleaning Services case were quite different. The first elements of the names at issue there were of course wholly descriptive of the services and the view was taken that the distinctive word in the appellants' title was "Services" and in the respondents' "Association". Nevertheless Mr Carr quite properly reminded me of the fact that his clients' mark was not ARTE but ARTE OF CERRUTI 1881. Had the additional words and numerals not been present it seems to me that misrepresentation would be an inescapable consequence and I would have so found without the need for further comment. I should also say at this point that it is accepted that CERRUTI is a brand of some repute and I understand the applicants to say that they regard ARTE as being used descriptively in association with their housemark. I find the latter a very difficult proposition to accept both in terms of the inherent characteristics of the word and the nature of the applicants' use as evidenced by Exhibits AGV 4 and 5. In my view ARTE is clearly being used, and would be seen, as a mark albeit perhaps a secondary mark used in conjunction with CERRUTI. I draw particular support for this view from the fact that on the swing tags and label (AGV 4) ARTE is represented in larger lettering, a different typeface and a different colour from CERRUTI 1881. Bearing in mind also the well established guidance in trade mark registration cases in relation to housemarks (see for instance BULOVA ACCUTRON 1969 RPC 102) I consider that there is a real likelihood of confusion and that the marks and circumstances here can be distinguished from those set out in the above passage from Office Cleaning Services.

This is a case, however, where the opponents have further bolstered their claim by filing evidence as to actual confusion and I, therefore, go on to consider this material. I referred briefly in the evidence summary to the nature of this material which comes from Directors of the opponents and Manageresses of various of their retail outlets who refer to enquiries from acquaintances and customers. Mr Carr made a number of criticisms, the main points of which can be summarised as being that:

- the customers/enquirers are not always identified and, where they are, separate declarations have not been obtained. Even if such hearsay evidence is not inadmissible it must affect the weight to be given it
- it is not clear whether the enquiries are focussed on the mark proposed for registration
- there is a lack of substantiating detail
- the confusion is ‹the wrong way round' and arises from CERRUTI's reputation

- **S** the evidence suggests that the customers had cause to wonder but this is not sufficient to found an action under Section 5(4)(a) as compared to a Section 11 action under the old law

- **S** the internal nature of the evidence must affect the weight to be given to it.

Some of these criticisms seem to me to be justified and must I think affect the weight to be given to some of the evidence. Against this it is unrealistic to expect that enquiries will arise and be recorded in a way that will avoid any possibility of criticism in proceedings of this kind.

I also bear in mind the number of instances of confusion that have been recorded. I am not persuaded, therefore, that Mr Carr's criticisms are sufficient to significantly undermine this aspect of the opponents' case. Some extracts from the declarations filed will serve to illustrate the position:-

> "At some time before Christmas 1996 (I cannot remember the exact date) a customer came into My Employer's Shop and asked if My Employer had taken over Cerruti or if Cerruti had taken over My Employer. I rang the Head Office of My Employer and asked whether this was true.
>
> At a later date, a different customer came into My Employer's Shop, and asked if the clothes were the same Arté as Cerruti's. The customer had seen Cerruti's Arté range in either a magazine or in an advertisement."
>
> Ms Geldard - Manageress, Edgeware

> "On two separate occasions in August 1996, friends of mine (Mrs. Bearman and Mrs. Rapperport) asked me whether anything was going on with My Company. They thought that My Company might have gone out of business, because they had seen "Arté by Cerruti" clothes in Vogue, and thought that we might have been taken over by Cerruti.
>
> On 22nd April 1997, I was helping out in My Company's store in South Molton Street, London. A customer came in and asked whether My Company was going out of business, because she had seen ARTE clothes in the Cerruti store in New Bond Street."
>
> Mrs Gold - Director of the opponents

> "At the beginning of the Autumn 1996 fashion season (that is, in early September 1996), a customer visited My Employer's Shop looking for a particular garment she had seen in a magazine under the name "Arté by Cerruti". She had made a special journey to buy this garment (there are not very many ARTE stores in the North East of England). Because the garment was not one which was sold from My Employer's Shop, I thought that she had been mistaken in the name."

Ms Dickson - Manageress, Metro Centre, Gateshead

"Whilst serving a customer on 15th April 1998, I noticed one of our junior members of staff becoming very upset with another customer who was demanding a refund for a dress. After completing the sale with my customer I went over to offer some assistance. The lady wanted us to give a refund of £495 for a black dress which apparently had been purchased for her by her husband from Arte at Cerruti. They had promised him that if the garment did not fit, a full refund would be given. Being an existing customer of ours, she had assumed that we were the same company. It took some time for me to convince her that we were not breaking our promise and that she would need to go to the Cerruti shop in Bond Street."

Ms Foreman - Manageress, South Molton Street

I draw a number of points from the above:

- the opponents' own employees were sufficiently uncertain of the position to contact Head Office for clarification when customers raised questions
- Ms Dickson's report of a special journey made by a customer to her store suggests actual confusion rather than a mere ‹cause to wonder'
- likewise Ms Foreman's report of a customer seeking a refund on a dress purchased from Arte at Cerruti suggests confusion of more than simply a momentary or inconsequential kind
- the declarations taken as a whole suggest that the problem is on a not insignificant scale. I do not attach any great weight to the suggestion that all these instances are the ‹wrong way round'. The applicants would be unlikely to bring forward instances of confusion arising in their business from customers wanting the opponents' goods.

In short I find that the declarations filed in support of the opponents' case confirm the view that I had reached namely that there is real likelihood of confusion and misrepresentation.

Damage

In the light of my findings on the issues of goodwill and misrepresentation it is difficult to see how the applicants can escape the charge that damage will result.

I bear in mind also Mr Bartlett's submissions on the basis of the following extract from Mecklermedia Corporation v D. C. Congress GmbH 1997 FSR 627:

"What about the third element of the trinity, damage? Miss Jones says none has been proved. Now in some cases one does indeed need separate proof of damage. This is particularly so, for example, if the fields of activity of the parties are wildly different (*e.g. Stringfellow v. McCain Foods (G.B.) Ltd* [1984] R.P.C. 501, CA, nightclub and

chips). But in other cases the court is entitled to infer damage, including particularly damage by way of dilution of the plaintiff's goodwill. Here I think the natural inference is that Mecklermedia's goodwill in England will be damaged by the use of the same name by DC. To a significant extent Mecklermedia's reputation in this country is in the hands of DC - people here will think there is a trading connection between the German and Austrian fairs and the Mecklermedia's fairs."

The evidence suggests that damage will manifest itself in a number of ways. At a broad level use of the applicants' mark will, I think, result in some dilution of the opponents' business. More specifically it is common ground that the parties operate in different areas of the clothing and fashion trade. Mr Knight suggests that the high prices of the applicants' goods will damage his company's reputation for what he calls good value clothing. There is therefore a risk of loss of trade. Furthermore the mark applied for, ARTE OF CERRUTI 1881 and the marks shown to be used such as ‹by ARTE by CERRUTI', ‹by ARTE at Cerruti' and ‹ARTE CERRUTI 1881' are all likely to give rise to speculation that the companies are connected or that one has taken over the other with attendant uncertainties for the opponents' business. At a customer level too there is evidence of irritation at the similar trading styles compounded by the fact that both parties have outlets close to one another in central London. I, therefore, accept that the opponents have also established this leg of the passing-off test. The opposition thus succeeds under Section 5(4)(a).

As the opponents have been successful they are entitled to a contribution towards their costs. Mr Bartlett reminded me that an earlier interlocutory hearing point had been decided in his client’s favour and asked for this to be taken into account. In all the circumstances I order the applicants to pay the opponents the sum of £1000.

Dated this 31 day of March 1999

M REYNOLDS
For the Registrar
the Comptroller-General