

## **TRADE MARKS ACT 1994**

### **IN THE MATTER OF Application N<sup>o</sup>: 2018230 by Groupe Tequila to register a Trade Mark in Classes 16 and 35**

**and**

### **IN THE MATTER OF Opposition N<sup>o</sup>: 46348 by Tequila Cuervo SA de CV.**

1. Groupe Tequila (“the applicants”) of 60 rue Carnot, 92100 Boulogne, France applied to register the trade mark ‘TEQUILA’ on 21<sup>st</sup> April 1995. The application was accepted and published for:  
  
“Paper and cardboard for advertising; photographs; printed matter; printing blocks; billboards; but not including any such goods relating to tequila” in Class 16, and  
  
“Advertising, direct mail advertising, rental of publicity material; business assistance for commercial and industrial companies; business management and business organisation consultancy and assistance; statistical processing and data processing; accounting; document reproduction; employment agency services; rental of office machines and office equipment; advertising agency services” in Class 35.
2. On the 30<sup>th</sup> January 1997, the application was opposed by Tequila Cuervo SA de CV (“the opponents”) under a large number of absolute and relative grounds, most of which were dropped at the hearing. Those that remained were under s. 3(1) paragraphs (b) to (d)), under s. 3(3)(b) and s. 5(4)(a) of the Act. A counterstatement was provided by the applicants, denying the grounds of opposition. Both parties ask for costs to be awarded in their favour.
3. I heard the case on 5<sup>th</sup> March 2001 in London. The opponents were represented by Mr Morcom QC, instructed by the GSPC Partnership, and the applicants by Mr Wyand QC, instructed by Wildbore and Gibbons.
4. The evidence submitted by both parties, which I have studied in detail, had its points of interest; particularly that describing the history and production of tequila. However, the vast majority of it does not, in my view, have a great bearing on this case. I will refer to the more relevant sections as I proceed.
5. It was fundamental to Mr Morcom’s submissions that an association, or link, could be drawn between the mark applied for, and the drink tequila, and this had a number of implications under each of the grounds pleaded, both absolute and relative. In short, use of the name by the applicants could be deceptive, it could create a risk of legal action against those involved in the marketing and promotion of tequila spirit in the UK and could dilute its attractive force. The latter was cited as a head of damage under s 5(4)(a), and it is this ground I will consider first. But before that, as a background to Mr Morcom’s submissions, I will list the evidence he cited where, in his view, the applicants received an advantage from use of the name of the drink Tequila for their products and services.

6. I was referred to the declaration of Mr G Cicurel, the Chairman of Groupe Tequila, which gives evidence of the history of his company, use of the name TEQUILA, which was apparently coined as an anagram of the French word for “quality”, “qualité”. However, I was also referred to Exhibit GC1, which contains evidence of a number of allusions to the drink itself; there are a number of examples:

- 7.
- C Brochure entitled “Integrated Marketing”, page 1: “One of the questions we’re most often asked is ‘Why the name Tequila?’ Amazingly enough, it has nothing to do with its fiery Mexican namesake. In fact, it was coined by our French agency, and is actually an anagram of *qualité* - the French word for quality. Of course we like to think that everything we do at the agency is based on the single tenet of ‘*qualité*’, but just as importantly, we think this *refreshing rearrangement* of the word typifies a more original, less predictable approach to the art of producing successful integrated marketing campaigns” (emphasis mine).
  - C The presence of a cactus and ‘desert’ scene on the document. This is said to be an association with Tequila (the drink) as it is a general misconception that Tequila is derived from a cactus. Other references to a cactus can be found. From “Promotions and Incentive” dated May 1995, under a title ‘More pricks than kicks for Tequila’, it is stated referring to a photograph: ‘This bizarre, cactus-shaped sculpture is currently unnerving visitors to agency Tequila’s reception. The piece was created by cactus artist Paul Badham, who was patronised by Tequila chairman Tom Wass. “We wanted to support an entrepreneurial artist as well as capture the Tequila spirit,” he explains.’ A similar article appears in Incentive Today, May 1995, under the title “Little pricks”.
  - C In the document entitled ‘Institute of Sales Promotion 1996 Awards’ at page 49, the connection with the drink is again emphasised: under the title ‘marketing mixer’ appears: ‘Like many forward thinking agencies Tequila is keeping a close watch on new media opportunities and has set up an interactive division called .... wait for it .. Lime..’. Tequila is, of course, generally consumed with a piece of lime, and the cocktail the ‘Margarita’, based on tequila, contains lime juice.

I will now consider the relevance of this evidence to each of the grounds cited:

8. Turning now, to the passing off ground, s. 5(4)(a) states:

*(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 a unregistered trade mark or other sign used in the course of trade.*

9. The decision of Geoffrey Hobbs QC sitting as the Appointed Person in *Wild Child* [1998] 14 RPC 455 provides a summary of the law of passing off. Essentially, the opponents need to show that at the relevant date (the date of application: 21<sup>st</sup> April 1995): (i) they had acquired goodwill under their mark, (ii) that use of the mark would amount to a misrepresentation likely to lead to confusion as to the origin of their goods; and (iii) that such confusion is likely to cause real damage to their goodwill.

10. In this case, Mr Morcom referred me *Warnink v Townsend* (the *Advokaat* case) [1980] RPC 31, and said that a similar species of passing off, involving in particular the names of alcoholic drinks, had arisen here. He submitted in his skeleton arguments that:

“..the decision also confirmed that the tort of passing off is not confined to cases in which the parties’ goods or services are similar, and this view was also confirmed by the decision in the *Lego* case [1983] FSR 155. It is submitted that the use of the mark TEQUILA by Groupe Tequila, as demonstrated by the evidence, amounts to a misrepresentation to the effect that the goods and services provided under the mark are in some way associated with the famous beverage, of the same name. If that be so, it further submitted further that damage, by way of dilution or diminution of the reputation of the TEQUILA name, and by use of it for Groupe Tequila’s services outside the control of the, Mexican authorities responsible for the protection of the name, is inevitable.”

11. Much of the evidence of use of TEQUILA name submitted by the opponents refers mainly to the USA, and more generally, to Europe and ‘other countries’ (see Exhibits LAB.4 and LAB.7; Exhibits 1, 2 and 8 of the Declaration of Mr Scordato, dated 8<sup>th</sup> December 1997). There is some evidence of advertising in the UK (see Exhibit LAB.8), and Mr Scordato, who is a legal representative of the opponents based in the US, states:

“Upon information and belief, Tequila is available for sale in the United Kingdom and the word identifies, to the general public, an alcoholic beverage associated with Mexico. In addition, tequila is sold in the United Kingdom through liquor retail outlets, restaurants, bars, and hotels. My Client sells Tequila in the United Kingdom and elsewhere”.

12. The declaration of Martin John Lines, the opponents’ Marketing Director in the UK gives information on sales from 1997. He says: “My Company is actively engaged in the marketing and selling of the alcoholic drink called TEQUILA. TEQUILA has been sold in substantial quantities in the United Kingdom since at least 1975 and I believe that sales took place well before that date. The drink is very popular and well known”. However, there is no material evidence, before the relevant date, that supports Mr Lines assertions. Of course, there is evidence from dictionaries that confirm the meaning of the name and its association with Mexico, but this tells me little more than one might conclude after an exercise of judicial notice. The evidence of use in this country provided by the opponents is really rather thin.

13. It obvious that Tequila is a descriptive name of spirit drink from Mexico. To that extent there exists a goodwill. However, 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”. (*Halsbury’s Laws of England* 4th Edition Vol 48 (1995 reissue), paragraph 184).

14. As *Advokaat* shows, class actions in passing off can succeed, but never has it been shown in cases where the goods are so far apart. *LEGO* was very specific on its facts. LEGO is an invented name, has a massive reputation and the products at issue were both made of the same material. Though it is true, following the precedent established in this action, that lack of a 'common field of activity' in a passing off case does not imply automatic failure of a passing off action, it is still an important factor in determining reputation, as *Halsbury's* makes clear:

"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."

15. In my view the applicants' services in Class 35 are simply too far removed from alcoholic drinks for the relevant public - those seeking an advertising agency - to be in the least bit confused into thinking that the services would be connected in the course of trade with the producers of Tequila liquor. Certainly without evidence - similar to that produced in *LEGO* - to overturn this conclusion (and there is none), I do not believe that misrepresentation is possible. This ground consequently fails in Class 35, as of course it does for the goods in Class 16, where "any such goods relating to tequila" are specifically excluded in the specification.

16. I now move on to consider the absolute grounds under s. 3, taking s. 3(1) first. The relevant paragraphs state:

*3.-(1) The following shall not be registered*

*(a) .. ,*

*(b) trade marks which are devoid of any distinctive character,*

*(c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services,*

*(d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade:*

*Provided that, a trade mark shall not be refused registration by virtue of paragraph (b), (c) or (d) above if, before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it.*

17. Mr Morcom focussed his submissions on s. 3(1)(d), in particular I was directed to the following passage from *The Modern Law of Trade Marks* Butterworths 1999, 5.69:

‘Section 3(1)(d) is intended to enable applications, for signs which have become generic or have come into general use in the trade, to be refused. ... An important question is whether the words ‘of the trade’ qualify the words ‘which have become customary in the current language’, as well as ‘the *bona fide* and established practices’. The arrangement of the words suggests that they do not. Therefore where, as not infrequently happens with some well-known trade marks which were first adopted for a new product, a trade mark is ‘misused’ by members of the public in the sense of being used as the name of the product, it could well be found that such a mark is ‘customary in the current language’ for the purposes of s 3(1)(d). However in such cases evidence of distinctive character acquired through use will often suffice for the proviso to be applicable so that registration can be granted.’

18. My Wyand took issue with this interpretation, and so do I. He gave the example of NORTH POLE as used on bananas which, following the analysis above, would be unregistrable *prima facie* because NORTH POLE is customary in the current language, i.e. it exists in modern English usage. This seems a nonsense. *Sans* use all but invented words would be excluded by s. 3(1)(d). The section is concerned with distinctiveness and the power of a word to be an indicator of origin and there is no reason why NORTH POLE cannot perform this ‘essential function’ (*Canon Kabushiki v Metro-Goldwyn- Mayer Inc* [1999] ETMR 1) of a trade mark without evidence of use.
19. In the same manner, TEQUILA is not customary and current in the language of the trade for the goods or services specified by the applicants. There is no reason why it cannot perform the essential function of a trade mark.
20. Anyhow, even if Mr Morcom were right, the applicants’ mark would in my view pass muster. There is substantial use recorded in evidence well before the relevant date. See the statutory declaration of Mr Cicurel at paragraph 5, supported by his exhibit GC2. In any event, I merely speculate on the user position here, as it is clearly hypothetical, the application having been accepted in the *prima facie*.
21. Turning now to the final ground of objection, s. 3(3)(b), this states:

*A trade mark shall not be registered if it is*

*(a) .. ,*

*(b) of such a nature as to deceive the public (for instance as to the nature, quality or geographical origin of the goods or service).*

22. Mr Morcom submitted that the words “for instance” referring to “the nature, quality or geographical origin” of the goods or services means the list of ways in which a mark could be deceptive was not exhaustive, and said “In the present case the examples or allusions to spirits

and cacti ... are an indication of the propensity of the mark TEQUILA, in the hands of Groupe Tequila, to deceive consumers into believing that the services, and the goods sold in the course of such services, have some kind of connection with the tequila beverage and/or the place which gives it its name.” (emphasis added).

23. My emphasis (above) was also picked up by Mr Wyand in his submissions. And this is not surprising. It seems to me that the right question to ask is ‘exactly what sort of connection the applicants mean?’ And further, would this/these unspecified connection/s lead to consumers being deceived into making a tie-up between the producers of Tequila and the advertising group, or the promotional material produced by them? Mr Wyand puts the applicants various allusions to the spirit beverage of Tequila as “at its very highest an association, but an association in the sense that it calls to mind the product Tequila, but not in any way that is objectionable. It is a pun. It does not indicate any form of connection and to say that members of the public would be confused, deceived, led to believe that there is a connection, is without foundation and there is no evidence for it..” With this view, I can only completely concur.
24. Neither is there evidence to suggest that the public see Tequila as an indication of geographical origin and even if they did, how this would relate to the goods/services in question. I think it is stretching a point to expect the general consumer to necessarily know that Tequila is a geographical location and then to suggest that they would make a link between the place, the drink, to quite unrelated goods and services. The contention is improbable and certainly unsubstantiated by the evidence. The s.3(3)(b) ground therefore also fails.
25. It follows from this that the applicants have been successful and the opposition fails. They are consequently entitled to a contribution towards their costs. In assessing these costs, I have taken account of the excessive number of grounds pleaded by the opponents. Though Mr Morcom argued that they were advanced at a time when a genuine concern existed over the poor prospects for adding or amending them later in the proceedings, I do not think this can justify what Mr Wyand called a “shotgun” approach to their preparation. The majority of the grounds alleged really were quite hopeless, and this should have been obvious from the first. I order the opponents to pay the applicants £1200. 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 20<sup>th</sup> Day of July 2001.**

**Dr W J Trott  
Principal Hearing Officer  
For the Registrar, the Comptroller General**