

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION NO. 2011030 BY CORPORACION HABANOS S.A. TO REGISTER A TRADE MARK IN CLASS 34

Background

1. On 14th February 1995 Corporation Habanos S.A. of Havana, Cuba applied to register the trade mark HAVANA in respect of all goods included in Class 34.
2. Objection was taken to the mark under Section 3(1)(b) and (c) of the Act on the grounds that the mark consists of the geographical place “Havana”, being a word that other traders may legitimately wish to use on, for example, goods made in, or from produce emanating from, Havana.
3. Objection was also taken under Section 5(2) of the Act but waived following resolution by various means. A later objection followed under Section 3(3) on the grounds that the mark would be deceptive if the goods were not the produce of Havana. This objection was overcome by agreement to limit the specification by adding “all being the produce of Cuba”. I do not, therefore, need to say anything more about these objections.
4. In response to the Section 3(1) objection, Clifford Chance (then Trade Mark Attorneys for the applicant) filed evidence in an attempt to show that the mark had acquired a distinctive character through use. This evidence was not considered sufficient to overcome the objection.
5. The matter came before me on 16th May 2001 when the applicant was represented by Mr M Edenborough of Counsel, instructed by Frank B Dehn & Co, who had taken over as the applicant’s Trade Mark Attorneys by that time.

The Law

6. The relevant parts of Section 3(1) of the Act are as follows:-

“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)*

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.”

The Prima Facie Case for Registration

7. Havana is the capital city of Cuba with a population of over 2 million. In the Spanish speaking world it is known as La Habana. According to The New Oxford Dictionary of English (published 1998), the word Havana also means “a cigar made in Cuba or from Cuban tobacco”.

8. In the judgement of the European Court of Justice (ECJ) in conjoined cases C-108/97 and C-109/97 Windsurfing Chiemsee v Huber and Attenberger (1999 ETMR 585), the Court ruled:

“37. Article 3(1)(c) [of the First Council Directive 89/104/EEC, which is reproduced in Section 3(1)(c) of the Trade Marks Act 1994], is to be interpreted as meaning that:

— it does not prohibit the registration of geographical names as trade marks solely where the names designate places which are, in the mind of the relevant class of persons, currently associated with the category of goods in question; it also applies to geographical names which are liable to be used in future by the undertakings concerned as an indication of the geographical origin of that category of goods;

— where there is currently no association in the mind of the relevant class of persons between the geographical name and the category of goods in question, the competent authority must assess whether it is reasonable to assume that such a name is, in the mind of the relevant class of persons, capable of designating the geographical origin of that category of goods;

— in making that assessment, particular consideration should be given to the degree of familiarity amongst the relevant class of persons with the geographical name in question, with the characteristics of the place designated by that name, and with the category of goods concerned;

— it is not necessary for the goods to be manufactured in the geographical location in order for them to be associated with it.”

9. Havana is plainly a word that designates products made from Cuban tobacco, which has an established reputation in the UK. HAVANA is therefore capable of designating the geographical origin of tobacco products, or at least the geographical origin of the tobacco used in the manufacture of tobacco products. The word HAVANA is therefore a sign that may serve, in trade, to designate the geographical origin, kind and quality of tobacco products.

10. Mr Edenborough contended that the mark was both de jure and de facto distinctive of the applicant’s products. There is state control of the production and export of tobacco products from Cuba. It has been submitted, and I am prepared to assume for the purposes of this decision, that the applicant is the beneficiary of the state monopoly over the export of tobacco products from Cuba to the UK. The European Court of Justice in Canon Kabushiki Kaisha v

Metro-Goldwyn Mayer, Inc., No. C-39/97 (1999 RPC 117) referred to its earlier decision in case C-10-89 Hag and stated that:

“the essential function of the trade mark is to guarantee the identity of the origin of the marked product to the consumer or end-user by enabling him, without any possibility of confusion, to distinguish the product or services from others which have another origin. For the trade mark to be able to fulfil its essential role in the system of undistorted competition which the treaty seeks to establish, it must offer a guarantee that all the goods or services bearing it have originated under the control of a single undertaking which is responsible for their quality”.

11. Mr Edenborough submitted that the applicant’s mark meets this criteria and ought therefore to be registered as a trade mark.

12. The meaning of the words “in trade” in section 3(1)(c) of the Act is, in my view, wider than “producer” or “exporter”. Given its ordinary meaning it must include both importers and retailers. Even if it is the case that the applicant controls export from Cuba of HAVANA tobacco products, they are not able to control the trade within the UK in these goods. For example, there is no reason why a UK importer should not re-package cigars from Cuba under their own brand or import Cuban tobacco with the intention of manufacturing cigars in the UK. Use of HAVANA to describe the geographical origin, kind and quality of the importers goods in these circumstances would be use “in trade” in the UK outside the control of the applicant.

13. The fact that such use may be protected by section 11(2)(b) of the Act is not decisive because, according to the ECJ in the Windsurfing case, the limitations on the effect of a trade mark in Article 6 of Directive 104/89 (the origin of section 11(2)(b) of the Act) do not have a decisive bearing on the applicability of Article (section) 3(1)(c) of the Directive (Act).

14. Schedules 1 and 2 to the Act, set down specific provisions governing the registration of collective and certification marks and include provision whereby these types of marks may be registered even if they consist exclusively of designations of geographical origin. I have asked myself the question whether the state monopoly in Cuba places the applicant’s mark in an analogous position to a collective mark.

15. I have decided that it does not. Firstly, the essential function of a trade mark is different to that of a collective mark and certification mark, and this is why geographical designations may be able to discharge the essential functions of those categories of marks but nevertheless be unable to fulfill the essential function of a trade mark. Secondly, by making more relaxed provisions concerning the registration of geographical designations as collective and certification marks the legislature has 1) made exhaustive provision for the types of marks that it intended to benefit from this relaxation; and 2) specifically linked this relaxation to categories of marks that are fixed, i.e. a collective mark will always be a collective mark whereas state monopolies can be restructured or break down over time.

16. The applicant argues that *de facto* the mark serves to guarantee the trade source of the goods sold under it, but to the extent that the mark serves this purpose it does so merely

because of limited awareness in the UK of the existence of a state monopoly in the export of tobacco products from Cuba. Without that state monopoly (and conscious knowledge of it) the mark merely guarantees the geographical origin, kind and quality of the goods. There is therefore nothing about the inherent qualities of the mark itself which allows it to perform the essential function of a trade mark.

17. I have therefore reached the conclusion that the mark is excluded from registration by section 3(1)(c) of the Act. It follows that the mark is also devoid of any distinctive character and is debarred from registration under Section 3(1)(b).

The Case for Registration based on Acquired Distinctiveness

18. A trade mark which is deemed to lack the necessary inherent distinctive character may nonetheless acquire a distinctive character through its use as a trade mark. The European Court of Justice laid down the legal requirements in this respect in conjoined cases C-108/97 and C-109/97 Windsurfing Chiemsee v Huber and Windsurfing Chiemsee v Attenberger (1999 ETMR 585). The relevant parts of the court's decision are reproduced below:

“49. In determining whether a mark has acquired distinctive character following the use made of it, the competent authority must make an overall assessment of the evidence that the mark has come to identify the product concerned as originating from a particular undertaking, and thus to distinguish that product from goods of other undertakings.

50. In that connection, regard must be had in particular to the specific nature of the geographical name in question. Indeed, where a geographical name is very well known, it can acquire distinctive character under Article 3(3) of the Directive only if there has been long-standing and intensive use of the mark by the undertaking applying for registration. A fortiori, where a name is already familiar as an indication of geographical origin in relation to a certain category of goods, an undertaking applying for registration of the name in respect of goods in that category must show that the use of the mark - both long-standing and intensive - is particularly well established.

51. In assessing the distinctive character of a mark in respect of which registration has been applied for, the following may also be taken into account: the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant class of persons who, because of the mark, identify goods as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations.

52. If, on the basis of those factors, the competent authority finds that the relevant class of persons, or at least a significant proportion thereof, identify goods as originating from a particular undertaking because of the trade mark, it must hold that the requirement for registering the mark laid down in Article 3(3) of the Directive is satisfied. However, the circumstances in which that requirement may be regarded as

satisfied cannot be shown to exist solely by reference to general, abstract data such as predetermined percentages.”

19. Mr Edenborough accepted that this was the appropriate test.

20. The applicant relies on evidence which falls into five distinct groups, namely, 1) information from the Cuban government, 2) evidence from the applicant, 3) from the trade, 4) a survey and 5) evidence from the Trade Mark Attorney responsible for the application. The “evidence” in the last category is comprised of the legal arguments summarised above. I need not repeat them.

21. Hereinafter references to “the Cuban Companies” mean the applicant and its sister firm “Cubatabaco”.

The Cuban Government

22. The applicant filed a certificate, dated 25th October 1996, by Nicolas Ruiz, the Legal Director of the Ministry of Foreign Trade of the Cuban Republic. Mr Ruiz states that the applicant along with the company known as Cubatabaco are the only companies authorised to use the name HABANA in tobacco products exported from Cuba.

The Applicant’s Evidence

23. An affidavit, dated 25th March 1998, by Adargelio Garrido de la Grana, together with exhibits. Mr de la Grana has served the applicant in the capacity of Company Secretary and Legal Counsellor since 1994. He says that the Cuban Companies are the only producers of tobacco products authorised by the Cuban government to sell such goods under the trade mark. Exhibit AGG1 is a copy of a certificate issued in 1967 by the Cuban Industrial Property Office which grants exclusive rights to the Cuban Companies in the mark HABANA. Mr de la Grana says the trade mark has been used in respect of “Tobacco products, cigars and smokers’ articles”. He goes on to say that the trade mark has been used in the UK by his company in the form of HABANA or HABANOS each form having an identical meaning. Examples of the mark in use are shown in Exhibit AGG3.

24. Mr de la Grana says that due to the length of time his company has been selling goods under the Trade Mark it is not possible to provide the total turnover of goods up to the date of filing the application. However, turnover figures are given for the years 1990 to 1996 and range from “not less than” £4 million pounds in 1990 to “not less than” £13 million by 1996. Details of promotion of the mark are also provided. In 1994 “not less than” £350K was spent promoting the mark. Although Mr de la Grana does not claim that this sum was directed at promotion purely within the UK. Examples of promotional material and press coverage are provided at Exhibit AGG4.

25. Despite what Mr de la Grana claims, it is obvious from the exhibits to his declaration that the use referred to has been exclusively in respect of cigars and cigarillos. Accordingly, the most the applicant can hope to achieve is a registration for these goods.

26. It is well established that use does not necessarily equate with distinctiveness. As Morritt L.J. put it in Bach Flower Remedies Ltd v Healing Herbs Ltd (2000 RPC 513) -

".... use of a mark does not prove that the mark is distinctive. Increased use, of itself, does not do so either. The use and increased use must be in a distinctive sense to have materiality".

27. The evidence shows an impressive increase in turnover over the years, but the use shown in exhibit AGG3 does not appear to be as a trade mark. In fact the sign used on the labels for the goods is not HAVANA but the Spanish equivalent HABANA. The exhibit shows the sign HABANA on 17 different and mostly very complex labels, each of which carries its own prominent word mark. The word 'Habana' does not appear on these labels as the trade mark but in a secondary role consistent with its status as an indication of geographical origin. This lack of materiality is crucial in the consideration of whether the mark has acquired a distinctive character.

28. The promotional material in AGG4 includes the applicant's promotional brochure which is entitled HAVANAS. There is no evidence about the extent of the distribution of this booklet in the UK before the relevant date in these proceedings (14 February 1995). The booklet describes the history and method of production of HAVANA cigars and, on pages 13-15, describes 12 of the 17 marks in exhibit AGG3 as the "classic marques" under which the cigars are sold. This is the sort of promotional brochure I would expect to see from groups such as the makers of Bordeaux wines, promoting the highly regarded goods of the area rather than the goods of one undertaking.

29. The remainder of exhibit AGG4 consists of copies of press coverage of HAVANA cigars. Most of this is from countries outside the UK. One of the articles that did originate in a UK publication is an article that appeared in Off Licence News on 18 August 1994, some six months before the relevant date (see the document entitled "Publicity 3" within exhibit AGG4). Under the heading "Maker's marque" the article notes that "*With 12 major Havana houses and 42 shapes and sizes of cigar it can be a daunting prospect to try and choose an accurate and viable selection.*"

30. It appears to me from the evidence that although the Cuban tobacco industry was brought under the control of the state, the various marks that were in use prior to that time have continued to be used. Consequently, not only has the use of HAVANA by the applicant on labelling continued to be consistent with its status as a geographical designation, but its use with other signs of overtly trade mark character is likely to have served to perpetuate that perception amongst the relevant public.

The Trade Evidence

31. This evidence may conveniently be listed under two categories, namely statutory declarations from individuals in the trade, including retailers and from a trade organisation, the Imported Tobacco Products Advisory Council (ITPAC).

32. Edward Sahakian is the Chairman of Exiga (UK) Limited, trading as Davidoff. He has 18

years experience in the cigar retailing business. He describes his company as one of the UK's premier retailers of cigars. He states that:

“There has never been any doubt in my mind what cigars sold under the trade mark (HAVANA) should be. It is a cigar made in Cuba and made entirely of tobacco grown in Cuba. Only cigars which fit this description are entitled to be sold under the mark. As the applicant for registration is the only organisation which is entitled to export such cigars to the UK, the trade mark is in effect a mark which indicates the cigars as being goods sold by the applicant.”

33. Dennis Coster, Director of Coster & Son Limited with 52 years relevant experience. Mr Coster confirms that the applicant company and companies connected to that company are the only companies who can produce and distribute cigars bearing the trade mark for sale in the UK. He goes further. He says that, in his opinion, tobacconists and members of the cigar and tobacco industry would be aware that cigars sold under the trade mark could only be produced or originate from the Cuban companies.

34. Similar evidence is given by Thomas Assheton, a Director of Tomtom Ltd, specialist cigar merchants and Martin McGahey, sole proprietor of McGahey the tobacconist.

35. Roger Caulfield, Partner in the firm Taylors with 30 years relevant experience. His evidence goes further again. Mr Caulfield refers to the reputation that the mark enjoys amongst the cigar buying public in the UK and asserts that the sort of customer who purchases Cuban cigars is likely to be knowledgeable. He says that:

“such customers in the United Kingdom are likely to know that there is only one source or organisation which produces and distributes for sale under the trade mark (HAVANA) in the United Kingdom such cigars. As such I believe that the trade mark serves not only to indicate the quality of cigars sold in the United Kingdom under that mark but also to indicate the origin of those products, namely, the Cuban companies.”

36. Statutory declarations, expressing similar views were also filed from Simon Chase, the Marketing Director of Hunters & Frankau which markets cigars, Desmond Sautter, Managing Director of Desmond Sautter Limited, a specialist in Cuban cigars, James Barber, sole proprietor of the firm James Barber, specialist tobacconist and cigar merchant, David Simmonds, Partner in the firm of Harrison Simmonds, also specialist cigar merchants, Arthur Morris, Managing Director of Arthur Morris Tobacconist Ltd, Robert Beazley, Managing Director of Lands (Tobacconists) and Timothy Cox, Manager of a specialist tobacconist shop.

37. John Solomon, Secretary General of the Imported Tobacco Products Advisory Council (ITPAC) also gives evidence. Mr Solomon says ITPAC is a trade organisation representing the interests of importers of tobacco and tobacco products, including cigars, into the UK. He confirms that cigars bearing the trade mark have been sold in the UK for at least forty years and that the cigars have a substantial reputation amongst the experienced cigar-buying public. He emphasises that cigars bearing the trade mark are only produced under the aegis of the applicants or companies connected to them. His evidence is similar to that of Messrs Coster,

Assheton and McGahey in that he states that “*tobacconists, shop keepers stocking such cigars and other members of the tobacco and cigar trade*” would be aware that cigars sold under the trade mark originated from one company or organisation within Cuba. He concludes by saying he believes that the trade mark operates not only as badge of quality to guarantee the high quality of the cigars but also as an indicator of the source of those products to members of the cigar trade, namely that of the applicant.

38. The evidence from the trade is plainly intended to invite a finding that, whatever else one would have inferred from looking at the nature of the applicant’s use in isolation, the mark HAVANA has nevertheless come to identify the goods of one undertaking to 1) the relevant trade and 2) the average consumers of the goods in question.

39. Most of the trade witnesses appear to be aware of the political and commercial position in Cuba and it is not unexpected that they know that the export of tobacco products from that country is under the control of the state and therefore one the Cuban companies. The test to be applied is satisfied if “*.....the competent authority finds that the relevant class of persons, or at least a significant proportion thereof, identify goods as originating from a particular undertaking because of the trade mark.....*”(emphasis added). It appears to me that the trade witnesses recognition of the Cuban companies as the source of the cigars under the mark HAVANA is not “*because of the trade mark*”, but depends as much, if not more so, on their appreciation of the political situation in Cuba and the resulting state monopoly. I do not consider that an association between the mark HAVANA and the Cuban companies in these circumstances necessarily amounts to recognition of HAVANA as a trade mark.

40. The sort of association that arises from a monopoly situation does not necessarily mean that a mark has acquired the necessary distinctive character. In passing-off cases, such as Cellular Clothing 16 RPC 309, it has been said (per Lord Davey) that:

“ To succeed in such a case (the claimant) must demonstrate more than simply the sole use of the descriptive term. He must demonstrate that it has become so closely associated with his goods as to acquire the secondary meaning not simply of goods of that description but specifically of goods of which he and he alone is the source.”

41. It seems to me that the words I have emphasised from the guidance of the ECJ have the same effect in demanding more than the sort of association that arises simply from monopoly use of a description. That is all the applicant in this case can show. I do not therefore accept that the mark has acquired the necessary distinctive character, even amongst traders in cigars in the UK.

42. Even if I am wrong about that, I do not consider that the trade witnesses who have given evidence can speak for the general public in a case such as this. Indeed not all of them seek to do so. Of those that do, such as Mr Caulfield, the only reason given is that the sort of people who buy HAVANA cigars are knowledgeable people who would be aware of the political and commercial situation in Cuba in the same way as the cigar trade.

43. In assessing the strength of this point (and assuming that I am wrong in finding that it confuses sole use of a descriptive term with distinctiveness as a trade mark) it is necessary to

consider who are “the relevant class of persons.” Mr Edenborough said that the goods have a small target audience and it was slightly harsh to judge how the mark is considered by the wider population, 94% of whom do not smoke cigars. I accept that but equally it would be wrong to limit the enquiry to connoisseurs of fine cigars. In making this assessment regard must be had to reaction of all consumers of cigars and cigarillos: Dualit Ltd’s Application (1999 RPC 899 at lines 42-45), wherein Lloyd J said:

“...in terms of recognition required for the acquisition of distinctive character, it ought to be tested by reference to the market for domestic toasters generally, not just the market for extremely expensive toasters.”

44. Accordingly, I would hold that the trade witnesses evidence about the perception of consumers should, in any event, be given little weight because, at the very most, the evidence goes to their perception of the likely reaction to the trade mark of only a small subset of the relevant class of persons.

The Survey

45. Alan Wicken, a Survey Consultant, carried out a survey with the purpose to determine whether HAVANA could be said to be distinctive of the applicant amongst the general public in the UK. He states by way of a statutory declaration, that the survey was conducted between 11th and 15th November 1999 in 147 locations throughout the UK with interviewers questioning a balanced sample of 1994 adults. The interviewers showed interviewees the legend “HAVANA” and asked the following questions:

Q1: What, to your knowledge, is this a name for?

(if cigars were not mentioned the interviewer went to question 6)

Q2: Would you expect all cigars described as HAVANA cigars to come from the same organisation?

(if the answer was not “yes” the interviewer went to question 6)

Q3: Why is that?

(The interviewer was told to record the answer verbatim)

Q4: How sure could you be that any two cigars both described as HAVANA cigars could not have come from different organisations?

(If the interviewee was not “sure” or “quite sure” the interviewer was instructed to go to question 6)

Q5: Is that because there is only one organisation which has a right to use the word HAVANA as an indication of its own cigars?

Q6: Do you smoke cigars these days?

46. Tabular results of the survey are shown in Exhibit AJW2 to Mr Wicken’s statutory declaration and his detailed report is at Exhibit AJW3.

47. Mr Wicken summarises the findings in the survey and says it shows that 66% of the respondents recognised HAVANA as a name for cigars and this supports the conclusion that HAVANA has a strong reputation in the UK amongst the general public. He goes on to say that more significantly, 28% of the respondents expected all cigars called HAVANA to come

from the same organisation (and this 28% of respondents represents 43% of the original group of 66% who recognised HAVANA as a name for cigars).

48. However, that it is the headline figure and if one analyses the survey results in detail, a rather different picture emerges. For example, Table 3 (page 5 of Exhibit AJW2) breaks down the answers of the 381 people (out of the 1,994 sample) who said they would expect Havana cigars to come from the same organisation in answer to question 2. Although the interviewer was instructed to record the answers verbatim, I have not been shown the actual answers. I note that the individual answers amount to more than the number of people asked question 3 so some people must have given more than one answer.

49. When asked “why?” only 67 people said they thought Havana was a “*brand name*”, whereas almost as many (62) said they did not know why they had said that they thought that HAVANA cigars came from the same organisation in answer to question 2.

50. Mr Wicken’s analysis tells me that a further 49 people responded to question 3 by saying either “*made by same company*” or “*Only Havana make Havana Cigars.*” Surprisingly, 82 people said that they had responded positively to question 2 “*because Havana is a place in Cuba*” or “*Because they come from Havana.*” Only one person said it was because Cuba is a communist country run by the government (although a further 16 said either that “*name is copyrighted/no one can use the same name/name of specific cigar/have monopoly*”. Again, because I have not been shown the actual answers, I cannot tell how many of these 16 gave the last reason.

51. The true picture is shown by the answers to questions 4 & 5. The answers to the question “*How sure could you be that any two cigars both describe as HAVANA cigars could not have come from different organisations?*” is recorded at Table 4 on page 9 of exhibit AJW2. Of the 381 people who responded positively to question 2 just 15 said they were “*very sure*” that HAVANA cigars come from the same organisation; a further 46 were “*quite sure.*” 310 of the 381 were either “*not sure*” or “*didn’t know.*” Only 2% (61) of the 1306 people who recognised HAVANA as a name for cigars were “*very*” or “*quite sure*” that they come from the same organisation. And when asked question 5, “*is this was because there is only one organisation which has the right to use the word HAVANA as an indication of its own cigars*”, only 43 of these 61 responded positively.

52. I am left with the impression that the actual recognition amongst the UK public of HAVANA as a sign which denotes the cigars of one organisation, is less than 2%. This may not mean much if the survey is unrepresentative of the views of cigar smokers (the relevant class of persons) but it is clear from the answers to question 6 that cigar smokers responded to the first five questions in much the same way as the general public. Mr Wicken himself records that their answers were not significantly different.

53. I conclude that:

1. There has been no use of the mark HAVANA as a trade mark for cigars in the UK;
2. There is very little recognition of HAVANA as a mark that identifies the cigars of one undertaking;

3. Such recognition as there is does not arise because of the trade mark HAVANA, but is instead dependant upon knowledge amongst the relevant class of persons of the state monopoly in the export of tobacco products from Cuba..

54. The onus is on the applicant to satisfy me that the mark has acquired a distinctive character before the date of the application: Dualit Ltd's Application. The applicant has not discharged that burden and the application must be refused.

Conclusion

55. In this decision I have considered all the documents filed by the applicant and all the arguments submitted to me in relation to this application, and, for the reasons given, it is refused under the terms of Section 37(4) of the Act because it fails to qualify under Section 3(1)(b) and (c) of the Act and the evidence filed to substantiate the claim that the mark has acquired a distinctive character is not sufficient to satisfy the proviso to Section 3(1) of the Act.

Dated this 27 day of September 2001.

**Allan James
For the Registrar
the Comptroller General**