#### O-613-21

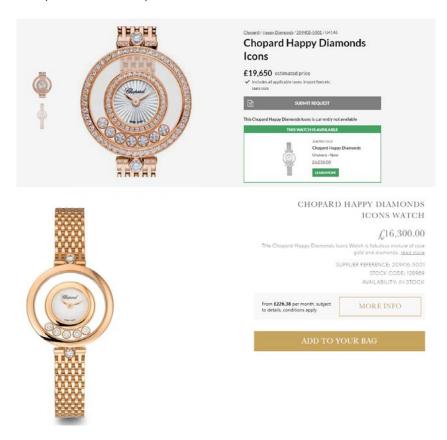
TRADE MARKS ACT 1994 & THE TRADE MARKS (INTERNATIONAL REGISTRATION)
ORDER 2008 (as amended)
IN THE MATTER OF INTERNATIONAL REGISTRATION WO000001482406
BY CHOPARD INTERNATIONAL SA
TO PROTECT THE FOLLOWING TRADE MARK IN CLASS 14:

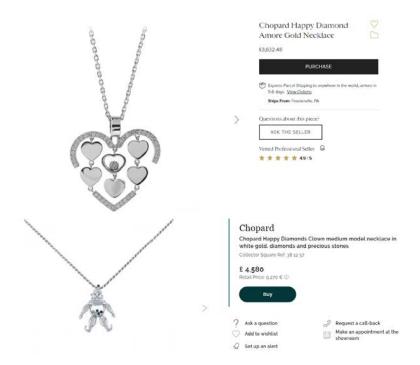


# **Background**

- 1. On 15 August 2019, Chopard International SA ('the Holder') requested protection in the United Kingdom under the provisions of the Madrid Protocol for the above trade mark, for the following goods:
  - Class 14: Products made of precious metals or coated therewith included in this class; jewelry; jewelry; all these goods in a form other than the registered form; precious metals and their alloys included in this class; precious stones.
- 2. On 30 August 2019, the Intellectual Property Office ('IPO') issued a provisional total refusal of protection in response to the designation. In that notification, an objection under section 3(1)(b) of the Trade Marks Act 1994 ('the Act') was raised.
- 3. The section 3(1)(b) objection was raised on the basis that the mark was considered to be devoid of any distinctive character, because it appeared to be a decoration that can be used on jewellery, or as jewellery. The examination report stated that whilst the mark is aesthetically pleasing, it is origin neutral rather than origin specific.
- 4. The examination report also raised a classification issue, indicating that part of the specification was so wide that there was doubt that the mark was being used, or intended to be used, on the following goods applied for:
  - Products made of precious metals or coated therewith included in this class; all these goods in a form other than the registered form.
- 5. On 28 October 2019, a Hearing was requested by Sipara Limited. A Hearing date was scheduled for 26 November 2019. Prior to the Hearing, the agent for the Holder submitted information pertaining to earlier UK registered trade mark rights of apparent watches/watch faces (UK00001571057; UK00003285958), the purpose being to establish comparators. In addition, the Holder submitted internet extracts showing watch faces adorned with diamonds.

- 6. On 26 November 2019, the Hearing was held between Mr Robert Furneaux of Sipara Limited representing the holder, and Mr Mark Jefferiss of the UK IPO. At the Hearing, Mr Furneaux stated that whilst the application was in respect of jewellery at large, the mark was primarily used in respect of watches. Mr Furneaux also advised that the mark as filed was intended to act as a movement mark, as the representation is essentially a watch face where diamonds float around. Mr Furneaux submitted that the sign is highly novel and departs significantly from the norm. In addition, Mr Furneaux submitted that the goods at issue are at the high end of the market, and the relevant consumer is therefore highly attentive.
- 7. On 27 November 2019, the Hearing Report was issued. In the report Mr Jefferiss stated that the sign does not contain any indication in the form of a description to indicate any type of movement, and therefore the sign will be considered as a 3-D mark. Mr Jefferiss accepted that whilst the goods may be high end, it is established in case law that goods and services cannot be separated on the basis of their cost, and can therefore cover the whole range of prices. Mr Jefferiss accepted that the average consumer of watches and jewellery have a relatively high level of attention. However, he went on to say that the purchase of such goods is based on look and style. Mr Jefferiss argued that whilst the concept of moving diamonds may be novel, this fact in and of itself did not necessarily equate to trade mark distinctivness. Mr Jefferiss was unconvinced that the mark had inherent distinctiveness, and invited the holder to submit evidence of acquired distinctiveness.
- 8. On 27 February 2020, evidence for the purposes of providing that distinctiveness had been acquired through use was submitted. The evidence contained the witness statement of Mr Robert Furneaux, a solicitor and registered trade mark attorney of Sipara Limited, and was accompanied by Annex 1-2. Annex 1 consisted of examples of 'Happy Diamonds' products being offered for sale in the UK, in websites such as chronext.co.uk, lumbers.co.uk, 1stdibs.co.uk as shown below:





Annex 2 consisted of examples from other businesses and media about the association between the concept of diamonds moving freely in jewellery and watches and the holder.

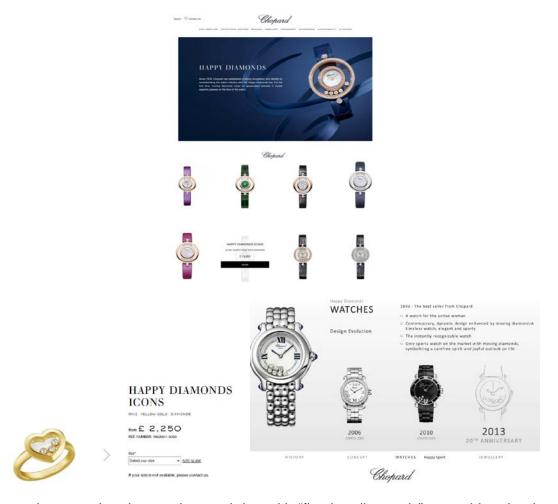
- 9. The evidence also contained the witness statement of Mr Serge Steininger, Director and Chief Financial Officer of Chopard International SA. The witness statement set out the history of the holder company Chopard, starting with the establishment of a highprecision watch manufacturer in Sonvilier in Switzlerand in 1860, continuing to the first Happy Diamonds watch being produced in 1976, which was inspired by Chopard designer Ronald Kurowksi being mesmerized by waterfall droplets reflecting the colours of the rainbow. The inspiration was incorporated into a watch using mobile diamonds sliding and spinning freely between two transparent sapphire crystals. This design led to Chopard winning the Goldene Rose of Baden-Baden Award. The witness statement explained that the idea of 'floating diamonds' on jewellery are part of the Happy Diamonds and Happy Sport watch range. The witness statement went on to explain that the floating diamonds idea has been developed over the years by Chopard, and has been used as a signature across not only its watches but its jewellery products also. The products which incorporate the 'Jewellery Face Device' (assumed to mean the sign) are sold under the trade mark Happy Diamonds Icons.
- 10. The witness statement explained that the holder Chopard produces in total 75,000 each of timepieces and items of jewellery every year. The witness statement included the following chart of turnover and sales of Happy Diamonds Watches in the UK:

Year	Approximate total turnover (Swiss Francs) of Chopard	Approximate sales in UK (in Swiss Francs) of Happy Diamonds Jewellery
2015	800M	425K
2016	800M	500K
2017	800M	525K
2018	800M	400K
2019	800M	475K

The witness statement also explained that Chopard undertakes a wide range of marketing activities to promote its products, including event sponsorship, and advertisements in both social media and published media, such as Elle UK, Harper's Bazaar UK, Tatler, The Daily Telegraph, Vogue, Vanity Fair UK and The Times. At paragraph 13 of the witness statement it is stated that the idea of diamonds moving freely was considered unique and highly innovative when it was first introduced by the holder, and that through its use as a trade mark the idea has become associated with Chopard in relation to jewellery and jewelled watches.

#### 11. The evidence included Annex 1 - 9.

Annex 1 contained extract's from Chopard's website, including images of watches and jewellery, e.g.:



It can be seen that the watches and ring with "floating diamonds" are sold under the banner Happy Diamonds, and include Chopard on the watch face or ring.

Annex 2 gives general information about Happy Diamonds products. The witness statement explains that the number of floating diamonds will "differ according to the size of the piece of jewellery in which the trademark applied is embedded". This would serve to suggest that the sign in the form as filed may not be identically replicated in all of the actual products shown.

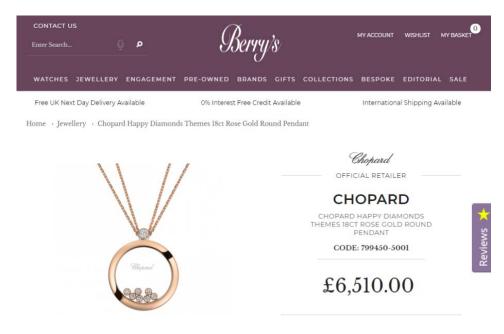


Annex 3 gives examples of invoices for Happy Diamonds products sold in the UK.



Each invoice is headed with Chopard, with the product described as Happy Diamonds.

Annex 4 includes examples of Happy Diamonds necklaces being offered for sale in the UK, e.g.:





On close inspection it can be seen that the jewellery has the term Chopard included, and they are sold under the terms Chopard and Happy Diamonds.

Annex 5 are examples of marketing activities. They include articles from websites which talk about Chopard jewellery, most notably how it featured in the film Princess Diana. It is apparent that the actress Naomi Watts wears Chopard jewellery in the film, however based on the stills provided it is neither possible to see if the character is actually wearing a watch or jewellery, nor if the supposed jewellery has "floating diamonds".

Annex 5 also includes extracts from Vogue, Bazaar, and Maybourne magazines, where it is assumed that a Chopard publication appears (although this is not clear). There are also articles appearing on websites jfwmagazine.com and monochroms-watches.com, although they tend to refer to Chopard serving as a sponsor for the Monaco Grand Prix, or having a trophy named Trophée Chopard for best actress at Cannes. This is considered to refer to the holder as opposed to indicating use of the sign as filed, as in the majority of the articles a piece of jewellery or watch face with diamonds does not appear.

Annex 6 relates to the advertising expenditure between 2015 and 2019.

Annex 7 includes screen prints of Chopard's online and social media presence, including Facebook, Instagram, Twitter and YouTube. Apparently the web pages showing the products sold under the trade mark applied for received around 37,000 page views from visitors in the UK in 2019. This must be disputed, however, as the goods displayed do not replicate the sign as designated. In addition, many of the posts are either in, or have been translated from, French, Spanish, Italian or German, which would suggest that the posts do not reflect the position of the UK consumer.

Further, and upon close inspection, it can be seen in many instances that the term Chopard appears on the products. I acknowledge that the term Chopard cannot clearly be seen on the smaller items of jewellery, nevertheless it is included in the social media terms #chopard and #happydiamonds.

Annex 8 contains examples of UK companies and media apparently referring to the recognition of Chopard for floating diamond jewellery and watches. For example, the overview of a yellow gold necklace on harrods.com explains:

Showcasing the iconic emblem of Chopard's Happy Diamonds Collection that's inspired by the sparkling drops of a waterfall – saphire crystal glass that encases a trio of gracefully swirling diamonds – this necklace is as original as it is timeless.

Such a reference would not appear to indicate reliance of the sign designated for the purposes of indicating trade origin, rather it associates the concept of "swirling diamonds" with Chopard's Happy Diamonds Collection. In my opinion, it is not clear that the sign has been used as a trade mark in this instance.

Annex 9 includes extracts intended to indicate the same recognition, but from non-UK companies and media references. Considering that distinctiveness has to be proven to have been acquired from use in the UK, the probative value of this exhibit is limited.

- 12. On 11 November 2020, Ms Linda Smith, who had replaced Mr Mark Jefferiss as the Hearing Officer for the case following his retirement, refused the application under Section 37(4) of the Trade Marks Act 1994 on the basis that the evidence was considered insufficient. Ms Smith considered that the goods are actually sold under Chopard or Happy Diamonds, and it is these terms which consumers would recognise as the trade origin of the goods. Ms Smith referred to the judgment Societe des Produits NestléSA v Cadbury UK Ltd [2014] 16 Ch ('Kit Kat'), and argued that the evidence did not prove the sign as filed had come to be relied upon as indicating trade origin. Ms Smith also reiterated Mr Jefferiss' position that as no description accompanies the sign, the mark can only be considered as filed, i.e. a 3-D figurative mark.
- 13. On 11 December 2020, the holder requested to be heard in relation to the finding that the evidence was insufficient.
- 14. On 15 December 2020, Ms Smith rescinded the refusal of 11 November 2020 in order to allow for the Hearing. The refusal had been issued prematurely in error, as a hearing in relation to the evidence should have been provided in the first instance.
- 15. On 20 January 2021, a Hearing was held between Mr Robert Furneaux of Sipara Limited representing the holder, and myself, Mr Dafydd Collins acting for the Registrar. Mr Furneaux submitted that although the sign had been recorded as a 3-D mark, it was essentially a movement mark and should be assessed accordingly. I replied that the sign must be assessed in the way it was designated, which is a 3-D watch face with 5 diamonds. Mr Furneaux argued that the shading on the mark was designed to indicate movement. I referred to the fact that this was not supported by a mark description.
- 16. Mr Furneaux submitted that the previously filed evidence showed that independent sellers identified diamonds as being a hallmark of the holder's brand, for example, the Jewellery Editor described features of the watches of the holder as possessing "...diamonds that dance around the dial of a Chopard Happy Diamonds jewellery...", and "The iconic moving diamonds dance freely in the openwork wings." I argued in response that it is the perception of the end consumer which is key, not necessarily the perception of a third party buying or advertising the goods. Mr Furneaux argued that there are two consumers in this particular purchase chain, with the first being the independent sellers who purchase the watches from the holder in order to sell on, and the second being the ultimate end consumer of the watches who purchases them for personal use. Mr Furneaux argued that the evidence from websites referring to the iconic diamonds had not been taken into account to a sufficient degree, despite the fact that the joined judgments C-108/97 and C-109/97 Windsurfing Chiemsee identified

trade recognition as a criteria for assessing the probative value of evidence of acquired distinctiveness. I informed Mr Furneaux that in my opinion there were two stand out issues in relation to the evidence. The first was that it showed a variety of different watches, with different watch faces, styles, additional elements, and varying numbers of diamonds from that of the designated sign. Also, the evidence portraying jewellery was often of a completely different design that a simple circle with 5 diamonds in it, e.g. a clown, or elephant or heart-shape. The second issue was that the vast majority of evidence, if not the entirety of the evidence, showed examples of watches and jewellery which contained the additional sign Chopard or Happy Diamonds. I identified the judgment C-353/03 Have A Break... to be of importance in relation to assessing evidence of acquired distinctiveness containing use of the sign applied for in conjunction with additional signs.

- 17. On 21 January 2021 I issued a Hearing Report. In the report I confirmed my opinion from the Hearing. In addition, I provided Mr Furneaux with further time to provide specific submissions in relation to the case law I cited as being of importance, i.e. C-353/03 *Have A Break...*. I also requested submissions in relation to [2017] EWCA Civ 358. which considers the difference between association and reliance.
- 18. On 22 March 2021, Mr Furneaux provided a response. Mr Furneaux argued that the buying decision in relation to the goods applied for considered the aesthetic and functional qualities of the goods. In fact, the appearance of the product was critical to the buyer as the product has both aesthetic and functional considerations. Mr Furneaux submitted that the buyer would inevitably see the trade mark before the purchasing decision was made (unlike in the 3-D *Kit Kat* decision [2017] EWCA Civ 358, where it was hidden in a wrapper). Mr Furneaux reiterated the submission that the trade mark was a 3-D sign showing diamonds moving around a watch face or within a necklace, and that the moving diamonds would have a trade mark function.
- 19. Mr Furneaux argued that the instances in the evidence where diamonds appear on different watch faces, watches of different styles, or different designs of jewellery still supports the application by showing that the holder uses floating diamonds as a trade mark. The fact that floating diamonds appear on a number of different watches and jewellery will inform the consumer that goods containing floating diamonds all come from the same origin. Mr Furneaux referred to the witness statement of Mr Serge Steininger and the accompanying evidence, which included statements such as "the iconic watch from Chopard", "Happy Diamonds watches ...and their variations", "Contemporary, dynamic design enlivened by moving diamonds", "Sparkling diamonds dance effortlessly around...dial of this Happy Diamonds Icons watch", and "The Happy Diamonds watch designed by Chopard and worn by Naomi Watts in the film Diana". Mr Furneaux argued that this demonstrates the trade mark is highly visible and fundamental in the marketing of the products (unlike in the 3-D Kit *Kat* decision where it was hidden in a wrapper).
- 20. Mr Furneaux continued that consumers had come to rely on the mark as filed as indicating trade origin. Mr Furneaux referred to the evidence which included extracts from companies and media outlets referring to the concept of freely moving diamonds as being unique to the holder, such as "Chopard's signature moving diamonds", "the unique concept of dancing diamonds", "the concept would become the brand's signature", "its signature free-floating diamond". Mr Furneaux also included extracts from independent reviewers, such as watchmaster.com "Its most striking characteristic is perhaps its moving diamonds", and ethoswatches.com "the Happy Sport stands out beautifully, with its floating diamonds above the hands of time". Additional references included articles from the websites shopstyle.co.uk, which

showed a search result for "floating diamond watch" headed by the term Chopard watches, and chrono24.co.uk, which showed a search for "Happy Diamonds" resulting in Chopard's Happy Diamonds. Mr Furneaux argued that the use and subsequent fame and recognition of floating diamonds in relation to the holder's products meant that the consumer has been educated to the sign applied for as an indicator of trade origin.

- 21. Mr Furneaux acknowledged that the evidence filed clearly shows the trade mark applied for being used with other trade marks, such as Happy Diamonds and Chopard. However, Mr Furneaux argued that this does not prevent a finding of acquired distinctiveness. Mr Furneaux argued that the first difference between the current designation and the instance in C-353/03 Have A Break... is that the different marks, being the floating diamonds and the word elements Chopard or Happy Diamonds, are not conjoined as the elements were in the Have A Break... case. The second difference in the current designation is that the moving diamonds have been recognised as unique to the holder by independent reviewers and distributors.
- 22. On 30 April 2021, I responded by refusing the application under Section 37(4) of the Trade Marks Act 1994. In doing so, I argued that the fact the supposed floating diamonds are purely an aesthetical consideration confirms that the sign is not inherently distinctive, as the element would be perceived as being merely decorative. I argued that if a trade mark is perceived as being purely aesthetically pleasing or purely decorative it does not serve to function as identifying trade origin. I reiterated that the sign cannot be considered to represent floating diamonds despite Mr Furneaux's insistence, because the mark had not been categorised as a movement mark it is categorised as Mark Type Standard, i.e. 3-D figurative, which is how it must be assessed.
- 23. I disagreed with Mr Furneaux's argument that the consumer had come to rely on the diamonds as indicating trade origin. I argued that if a consumer sees the sign applied for and states "That is a Chopard watch" or "That is a Happy Diamonds necklace", then this is association with a different trade mark rather than reliance on the sign as filed.
- 24. I referred to the joint judgments C-108/97 and C-109/97 *Windsurfing Chiemsee*, and the established criteria for assessing evidence of acquired distinctiveness. I pointed out that i) the market share had not been provided; ii) the evidence did not provide detailed information pertaining to the geographical scope of use throughout the UK; iii) without a market share it was difficult to establish the significance of £250,000 per year in advertising, which in any case was not specific to the rudimentary circle of jewellery applied for; iv) the proportion of relevant class of persons who identify the mark as emanating from the proprietor is unclear, because the consumer uses Chopard or Happy Diamonds to indicate trade origin; v) there was insufficient proof that trade professionals such as retailers or reviewers rely on the sign exclusively as filed as indicating trade origin, without immediately associating it with Chopard or Happy Diamonds. Further, I stated that it had not been established specifically how much had been earned through the sales of the products being designated.
- 25. On 3 June 2021, the Holder filed a Form TM5 requesting a statement of grounds. As such I am now asked under section 76 of the Trade Marks Act 1994 and rule 69 of the Trade Mark Rules 2008, to state in writing the grounds for my decision and the materials used in arriving at it.

#### **Decision**

- 26. The relevant parts of section 3 of the Act read as follows:
  - "3.-(1) The following shall not be registered -
  - (a) ...
  - (b) trade marks which are devoid of any distinctive character,
  - (c) ...
  - (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 relevant legal principles - Section 3(1)(b)

- 27. The Court of Justice of the European Union ('CJEU') has repeatedly emphasised the need to interpret the grounds of refusal of registration listed in Article 3(1) and Article 7(1), the equivalent provision in Council Regulation 40/94 of 20 December 1993 on the Community Trade Mark, in the light of the general interest underlying each of them (*Bio ID v OHIM*, C-37/03P paragraph 59 and the case law cited there and, more recently, *Celltech R&D Ltd v OHIM*, C-273/05P).
- 28. The general interest to be taken into account in each case must reflect different considerations according to the ground for refusal in question. In relation to section 3(1)(b) (and the equivalent provision referred to above) the Court has held that "...the public interest... is, manifestly, indissociable from the essential function of a trade mark", SAT.1 SatellitenFernsehen GmbH v OHIM, C-329/02P. The essential function thus referred to is that of guaranteeing the identity of the origin of the goods or services offered under the mark to the consumer or end-user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin (see paragraph 23 of the above-mentioned judgement). Marks which are devoid of distinctive character are incapable of fulfilling that essential function.
- 29. Section 3(1)(b) must include within its scope those marks which, whilst not designating a characteristic of the relevant goods and services (i.e. not being necessarily descriptive), will nonetheless fail to serve the essential function of a trade mark in that they will be incapable of designating origin. In terms of assessing distinctiveness under section 3(1)(b), the ECJ provided guidance in *Koninklijke KPN Nederland NV v Benelux-Merkenbureau* (Postkantoor) C-363/99) where, at paragraph 34, it stated:

A trade mark's distinctiveness within the meaning of Article 3(1)(b) of the Directive must be assessed, first, by reference to those goods or services and, second, by reference to the perception of the relevant public, which consists of average consumers of the goods or services in question, who are reasonably well informed and reasonably observant and circumspect (see inter alia Joined Cases C-53/01 to 55/01 Linde and Others [2003] ECR I- 3161, paragraph 41, and C-104/01 Libertel [2003] ECR I-3793, paragraphs 46 and 75).

30. One must also be aware that the test of distinctive character is one of immediacy or first impression, as confirmed by the European Court of First Instance (now the General Court) which, in its decision on *Sykes Enterprises v OHIM*, T-130/01(Real People Real Solutions), stated the following:

...a sign which fulfils functions other than that of a trade mark is only distinctive for the purposes of Article 7(1)(b) of Regulation No 40/94 if it may be perceived immediately as an indication of the commercial origin of the goods or services in question, so as to enable the relevant public to distinguish, without any possibility of confusion, the goods or services of the owner of the mark from those of a different commercial origin.

## Application of legal principles – Section 3(1)(b)

## The mark in the prima facie

- 31. On frequent occasions during the course of the proceedings, Mr Furneaux submitted both to myself and the previous Hearing Officers Mr Mark Jefferiss and Ms Linda Smith that the sign is a movement mark. Mr Furneaux has argued that the shading in the mark indicates that the diamonds move, and therefore it should be assessed as a movement mark. Both previous Hearing Officers and I have disputed the mark type, and have insisted it is figurative and therefore must be assessed as such. Whilst it may have been the holder's intention for the shading to represent movement (although there is no mark description accompanying the sign to explain this), the fact is that the sign was not applied for as a movement mark at WIPO. This may be because WIPO does not offer movement as a type of mark, unlike the UK IPO which can capture signs as movement marks. Considering the fact that the sign in these proceedings has been designated directly from the IR database, the mark type for the UK IPO's purposes must be exactly the same as the originating office, i.e. a 3-D figurative mark. Although the UK IPO can capture a movement mark type, this would be dependent on a fresh application direct to the UK IPO. The UK IPO cannot alter the mark type of the designating registration. Therefore, the analysis going forward shall be based on the fact that the sign is a 3-D figurative mark, and its inherent distinctiveness or lack thereof.
- 32. The specification of the designation is essentially jewellery and precious stones. The sign itself is understood to be a rudimentary piece of jewellery (it is clearly not a precious stone). It consists of a circle with 5 diamonds in the bottom hemisphere, with 2 on the left and 3 on the right. The essential function of a trade mark is to guarantee trade origin. Considering how basic the item of jewellery is, I do not find there to be any element which could distinguish the product from others which have another origin. This finding includes due consideration having been paid to the diamonds. Despite comments to the contrary, the diamonds are considered to be in a fixed position as their supposed movement has not been demonstrated. As previously commentated upon, the sign has not been filed as a movement mark, and there is no written description to explain any supposed movement. Diamonds are not uncommon in the jewellery trade, and therefore the concept of diamonds within a circle is not in and of itself sufficient to allow a consumer to distinguish the item of jewellery from similar items of other undertakings, which use diamonds to adorn their jewellery.
- 33. The diamonds do not form a functional purpose, and are purely decorative. In my opinion the fact that the diamonds are decorative cannot be in doubt, as the holder has frequently referred to their aesthetic nature. The fact that a trade mark may serve a

decorative or ornamental purpose is not automatically a reason to find the mark devoid of distinctive character (see T-139/08 "*Smiley*"). However, a sign which fulfils functions other than that of a trade mark in the traditional sense of the term, i.e. decorative, is only distinctive if it may be perceived immediately as an indication of the commercial origin of the goods or services in question (see T-130/01 *Real People, Real Solutions*). It is therefore necessary for a decorative sign to have a minimum degree of distinctive character (see T-139/08 "*Smiley*"). A decorative sign subsequently faces two considerations: first, the ability to be perceived immediately as indicating trade origin: second, to possess the minimum degree of distinctive character.

34. Referring to the second consideration, the notion of a minimum degree of distinctive character is one which is difficult to quantify. Whilst judgments make clear that a minimum degree is sufficient for a finding of distinctiveness (for example C-468/01 P to C-472/01 P *Procter & Gamble v OHIM*; and T-34/00 *Eurocool*) the CJEU has studiously avoided making such remarks, and has stated that it is unnecessary to rule on the possible dividing line between the concept of a total lack of distinctiveness and that of minimum distinctiveness (C-104/00 P DKV *COMPANYLINE* [2002] ECR I-7561 at [20]). Further, and as Ms Anna Carboni explained acting as the Appointed Person in *Feedback Matters* BL O/185/12, paragraph 41:

"Unfortunately, assessing distinctiveness is an art and not a science or a mathematical calculation; it has to be done by judging the mark, the goods/services and the relevant consumers in issue in a way which ensures that only those marks which "step up out of the morass of nondistinctive material" (as it is put by the authors of Kerly's Law of Trade Marks and Trade Names, 15th ed at para. 8-048) are accepted for registration".

35. As to the first consideration in the assessment of a decorative sign, the test of immediacy has frequently been considered in case law, most notably in Sykes Enterprises v OHIM (2002 ECT II-5179 Real People Real Solutions), at paragraph 20:

"...a sign which fulfils functions other than that of a trade mark is only distinctive for the purposes of Article 7(1)(b) of Regulation No 40/94 if it may be perceived immediately as an indication of the commercial origin of the goods or services in question, so as to enable the relevant public to distinguish, without any possibility of confusion, the goods or services of the owner of the mark from those of a different commercial origin."

Immediacy was also considered by Ms Anna Carboni in her *Feedback Matters* decision, at paragraph 29:

"Where an applicant does not rely on the proviso to section 3(1) concerning acquired distinctiveness, section 3(1)(b) precludes registration of marks that are not inherently distinctive. In other words, to get past the test, the mark must be capable of immediately enabling relevant consumers to distinguish the goods or services bearing the mark from the goods or services of competing undertakings: Case C-136/02 Mag Instrument at [50]. This is not about whether the relevant consumers have ever (or never) seen the mark before, or whether they will recognise the mark again, but is about whether they will see the mark as denoting the origin of the goods or services without the need to be educated. (See, for example, Yakult Honsha KK's Trade Mark Application [2001] RPC 39, p.756 at pp.758-759.)"

- 36. In order to be perceived immediately as a trade mark, the sign must possess an element which will allow it to denote trade origin. I do not consider diamonds on a circular piece of jewellery (most likely a *necklace* or *earing*) to be an element which is capable of doing so, especially considering the normality for diamonds to be used decoratively in the trade of jewellery. The inclusion of diamonds does not, to my mind, allow the sign to step out of the morass of non-distinctive material, considering the prevalence of decorative diamonds use in the trade. To borrow the words from paragraph 31 of T-139/08 "Smiley", there is "...no aspect of the trade mark at issue which may be easily and instantly memorised by an even relatively attentive relevant public and which would make it possible for it to be perceived immediately as an indication of the commercial origin of the goods in question".
- 37. An additional consideration as to the inherent distinctiveness of the designation is that consumers are not in the habit of making assumptions about the origin of products on the basis of their shape or the shape of their packaging, in the absence of any graphic or word element (see the decision of the CJEU C-136/02). Whilst the criteria for assessing the distinctive character of three-dimensional trade marks consisting of the appearance of the product itself are no different from those applicable to other categories of trade mark, account must be taken of the fact that the perception of the average consumer is not necessarily the same in relation to a three-dimensional mark consisting of the appearance of the product itself as it is in relation to a word or figurative mark consisting of a sign which is independent of the appearance of the products it denotes. This was identified in the decision of the CJEU C-144/06 P Henkel, which went on to specify the following:

37 In those circumstances, only a mark which departs significantly from the norm or customs of the sector and thereby fulfils its essential function of indicating origin is not devoid of any distinctive character for the purposes of Article 7(1)(b) of Regulation No 40/94.

38 That case-law, which was developed in relation to three-dimensional trade marks consisting of the appearance of the product itself, also applies where, as in the present case, the trade mark applied for is a figurative mark consisting of the two-dimensional representation of that product. In such a case, the mark likewise does not consist of a sign unrelated to the appearance of the products it covers (Storck v OHIM, paragraph 29).

As I identified above, I do not consider a basic circle with diamonds in it to depart significantly from the norms of the relevant trade. Further, the relevant consumer is unlikely to associate trade origin based solely on the shape of the goods, and would instead look for a distinctive graphic or word element for such purposes.

- 38. In coming to my finding that the sign does not possess inherent distinctiveness, I have taken into consideration the reality of the relevant trade of the goods applied for, as well as the likely perception of the relevant public. These considerations have been firmly established in several cases, including *Koninklijke KPN Nederland NV v Benelux-Merkenbureau* (Postkantoor) C-363/99. It is my opinion that diamonds used in the jewellery industry is quite normal, and the relevant public are very much aware of this, generally perceiving them to be mere decoration.
- 39. It is also worth considering that even if "floating diamonds" were novel and unique to the holder in the industry, this in and of itself would not necessarily prove sufficient for a finding of distinctiveness. As has been considered in many instances of case law, novelty and originally are not a relevant criteria in the assessment of whether a mark

has distinctive character (see the decision of the General Court T-336/08; T-390/14; and T-187/19). Therefore, differences that *may* exist (although I do not consider the designation to be particularly different) in relation to the norm or customs of the sector, or even the most common configurations, and are not sufficiently characteristic or memorable to confer on the mark applied for a minimum degree of distinctive character and will thus not be perceived as an indication of the commercial origin of the goods (see the decision of the General Court T-434/12).

40. In coming to my finding, I have kept in mind that being decorative is not a reason per se to object to an application. However, by fulfilling a function other than that of a trade mark in the traditional sense of the term, i.e. being decorative, the sign does have to overcome the hurdle of being perceived immediately as an indication of origin (see the decision of the General Court T-139/08 "Smiley). As indicated above, I do not think diamonds on a necklace or an earring are able to be instantly memorised and perceived immediately as indicating trade origin in a trade where it is an established norm to do so. I therefore find the mark to be devoid of distinctive character, and subsequently objectionable under Section 3(1)(b) of the Trade Marks Act 1994.

#### Legal principles of acquired distinctiveness

- 41. The holder has filed evidence throughout the proceedings for the purposes of indicating that distinctiveness has been acquired through use. The evidence was considered to be insufficient for the purposes of proving distinctiveness had been acquired by the Hearing Officer Ms Linda Smith on 11 November 2020, and again by myself on 30 April 2021. The previously filed evidence will, however, be revisited in this Statement of Grounds.
- 42. The CJEU provided guidance in *Windsurfing Chiemsee* (see judgment of 4 May 1999 in Joined cases C-108/97 and C-109/97) about the correct approach to the assessment of distinctive character acquired through use, setting out the relevant test in paragraph 55:
  - "...the first sentence of Article 3(3) of the First Directive 89/104/EEC is to be interpreted as meaning that:
  - A trade mark acquires distinctive character following the use which has been made of it where the mark has come to identify the product in respect of which registration is applied for as originating from a particular undertaking and thus to distinguish that product from goods of other undertakings;
  - In determining whether a trade mark has acquired distinctive character following the use which has been 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;
  - If the competent authority finds that a significant proportion of the relevant class of persons identify goods as originating from a particular undertaking because of the trade mark, it must hold the requirement for registering the mark to be satisfied:
  - Where the competent authority has particular difficulty in assessing the distinctive character of the mark in respect of which registration is applied for, Community law

does not preclude it from having recourse, under the conditions laid down by its national law, to an opinion poll as guidance for its judgment."

- 43. I am also mindful of the CJEU decision in Bovemj Verzekeringen NV v Benelux Merkenbureau (*Europolis*) C-108/05, where it was held that a trade mark may be registered on the basis of acquired distinctiveness "...only if it is proven that the trade mark has acquired distinctive character through use throughout the territory of a member state".
- 44. The proviso to section 3 based on acquired distinctiveness does not establish a separate right to have a trade mark registered. It allows an exception to, or derogation from, the grounds of refusal listed in section 3(1)(a) (d) and as such, its scope must be interpreted in light of those grounds of refusal see e.g. case T-359/12 Louis Vuitton Malletier v OHIM and case law referred to at para [83]. The established principles to consider when assessing a claim to distinctiveness acquired through use can be summarised as follows:
  - Mere evidence of use, even if substantial, does not make the case for acquired distinctiveness.
  - A significant proportion of the relevant consumers need to be educated that the sign has acquired distinctiveness.
  - If, to a real or hypothetical individual, a word or mark is ambiguous in the sense that it may be distinctive or descriptive then it cannot comply with the requirements of the Act for it will not provide the necessary distinction or guarantee.
  - It follows that, with regard to the acquisition of distinctive character through use, the identification by the relevant class of persons of the product or service as originating from a given undertaking must be as a result of the use of the mark as a trade mark. The expression 'use of the mark as a trade mark' in section 3 refers solely to use of the mark for the purposes of the identification, by the relevant class of person, of the product as originating from a given undertaking.
  - Acquired distinctiveness cannot be shown by reference only to general, abstract data such as predetermined percentages (see also *Windsurfing Chiemsee* (para [52]) case and others).
  - The mark must have acquired distinctiveness through use throughout the territory of the UK.
- 45. Also of relevance is the consideration that since a trade mark enjoys protection as of its filing date, and since the filing date of the application for registration determines the priority of one mark over another, a trade mark must be registrable on that date. Consequently, the applicant must prove that distinctive character has been acquired through use of the trade mark prior to the date of application for registration (judgments of 11/06/2009, C-542/07 P, Pure Digital, EU:C:2009:362, § 49, 51; and 07/09/2006, C-108/05, Europolis, EU:C:2006:530, § 22).

#### Application of the legal principles - acquired distinctiveness

46. Paragraph 51 of the joint judgments C-108/97 and 109/97 Windsurfing Chiemsee provided 5 criterion to be taken into account when assessing demonstration of

distinctive character: i) the market share held by the mark; ii) how intensive, geographically widespread and long-standing use of the mark has been; iii) the amount invested by the undertaking in promoting the mark; iv) the proportion of the relevant class of persons who, because of the mark, identify goods as originating from a particular undertaking; v) and statements from chambers of commerce and industry or other trade and professional associations. The evidence submitted will be assessed against each factor.

- i) The market share held by the mark has not been provided during the course of the proceedings. The lack of information pertaining to the market share was directly mentioned as a deficiency in the probative value of the evidence on 30 April 2021.
- ii) The evidence provided on 27 Feburary 2020 accompanying the witness statement of Mr Serge Steininger included at Annex 3 invoices of sales of "floating diamond" products. The invoices provided in Annex 3 either related to London, or did not specify a location. This does not satisfy the required scope as identified in C-108/05, *Europolis*. No other information in the evidence has referred to the geographic spread of the use of the mark in the United Kingdom.
- The medium of marketing and advertising provided in the evidence includes magazines, social media and websites. A sum of roughly £250,000 per annum has been spent on advertising and marketing. However, without additional information regarding extent and reach of exposure it is difficult to assess the significance of such a sum. In addition, the amount spent did not specify which particular style of jewellery the spend related to. It should be noted that in the majority of instances, if not all instances, where an item of jewellery has appeared in advertising it is not a representation of the sign as filed.
- iv) The information pertaining to the proportion of the relevant class of persons who, because of the mark, identify goods as originating from a particular undertaking is considered insufficient. For example, consumer commentary in relation to products by the holder refer to them by the term Chopard or #happydiamonds, for instance. This is not information indicating recognition of trade origin of a circular piece of jewellery with 5 diamonds.
- v) Statements from chambers of commerce have not been provided. If retailers purchasing the goods to sell on to a consumer are to be considered industry or trade professionals, which I am of the opinion they can be, the same deficiencies as those relating to iv) apply. References to Chopard do not support the position that a rudimentary, circular piece of jewellery with five diamonds has acquired distinctive character. In instances where a trade professional mentions "floating diamonds", it is my opinion that this is association with a concept rather than recognition of the sign as designated. A concept cannot be registered as a trade mark due to the restrictions of Section 3(1)(a). This is because a concept cannot be represented in a manner which enables the registrar and other competent authorities and the public to determine the *clear* and *precise* subject matter of the protection afforded to the proprietor. Further, an IP right is based on a precise expression rather than a vague concept which is open to interpretation.
- 47. The Windsurfing Chiemsee criterion are by no means a tick-box list of essential criteria, and an assessment of the probative value of evidence of acquired distinctiveness should not be restricted to them. However, in order to truly evaluate the probative value of the evidence it must be taken into account that the amount spent on advertising is

not specific to the sign applied for; there is ambiguity as to the geographical scope of use; only £475,000 worth of jewellery (not necessarily the type represented by the sign applied for) was sold in the UK in the calendar year 2019, which in my opinion is not a significant amount considering the particular industry of jewellery, and especially considering the overall annual revenue of Chopard is £800,000,000 worldwide. Further, the market share has not been provided. My analysis of the evidence has so far not found that a significant percentage of the relevant class of consumer has been educated to the fact that the sign applied for is an indicator of trade origin.

- 48. In the decision of 30 April 2021, in which the evidence deficiencies were identified, I could possibly have invited the holder to provide additional evidence, referring directly to the market share, or geographical spread or accurate marketing spend etc. At the same time, however, I was concerned as to the procedural economy. Having considered the comments of Richard Arnold in BL O/166/08 *Vibe Technologies*, para 15 and 16, I felt that sufficient opportunities had been provided:
  - As the Registrar's representative acknowledged at the hearing before me, it is evident that, in deciding to give the applicant a yet further opportunity to file evidence in support of the application, the hearing officer overlooked the comments of Jacob LJ in Bongrain SA's Trade Mark Application [2004] EWCA Civ 1690, [2005] RPC 14 at [31]:

The applicants also sought to support the application on the grounds of Art.3.3 – that the shape was distinctive in fact. The Registry gave them an overgenerous series of opportunities to do so. The applicants successively put forward one scrap of evidence after another, submitting each time that it was enough, and, when told it was not, asking for more time to improve matters. The Registry is entitled to be firmer with this sort of thing; it should have regard to the public interest in disposing of applications one way or another. One must never forget that a pending application for an intellectual property right hangs over the public at large. A pending application, even if ultimately refused, may act as a real commercial deterrent while it 'pends'. It is not fair on the public to allow the applicant to string things out.

- It is not obvious why an applicant should have more than one opportunity, or at most two opportunities, to file evidence of acquired distinctiveness in support of an application. By the time of the hearing the present application had been pending for over 18 months since the original application date and the applicant had already filed three rounds of evidence in support of it. In my judgment the course which the hearing officer should have adopted in the light of her conclusion that the evidence filed by the applicant did not demonstrate that the mark had acquired a distinctive character was to refuse the application.
- 49. In addition, and having an awareness of the pattern of previously filed evidence, I could not envisage the likelihood of further evidence being provided which did not refer either to Chopard or Happy Diamonds. Indeed, even the witness statement of Mr Serge Steininger confirmed that the products which incorporate the jewellery device with the "floating diamonds" are sold under the trade mark Happy Diamonds. In my opinion, the constant reference to these additional signs is a reason the evidence has failed to prove that distinctiveness has been acquired through use of the sign as filed.

- 50. The fact that the evidence submitted shows instances of a diamond-decorated circular piece of jewellery appearing with orsold under either or both of the terms Chopard and Happy Diamonds does not automatically render the evidence submitted as irrelevant or insufficient. The judgment of 7 July 2005, C-353/03 "Have a break..." made it clear that a sign can acquired distinctive character as a result of secondary use or through its use in conjunction with another sign:
  - In order for the latter condition, which is at issue in the dispute in the main proceedings, to be satisfied, the mark in respect of which registration is sought need not necessarily have been used independently.
  - In fact Article 3(3) of the directive contains no restriction in that regard, referring solely to the 'use which has been made' of the mark.
  - Yet, such identification, and thus acquisition of distinctive character, may be as a result both of the use, as part of a registered trade mark, of a component thereof and of the use of a separate mark in conjunction with a registered trade mark. In both cases it is sufficient that, in consequence of such use, the relevant class of persons actually perceive the product or service, designated exclusively by the mark applied for, as originating from a given undertaking [emphasis added].
  - In the final analysis, the reply to the question raised must be that the distinctive character of a mark referred to in Article 3(3) of the directive may be acquired in consequence of the use of that mark as part of or in conjunction with a registered trade mark.
- 51. A prime example of how I believe the jewellery is truly advertised and perceived by consumers was provided in Annex 2 of the witness statement of Mr Serge Steininger:

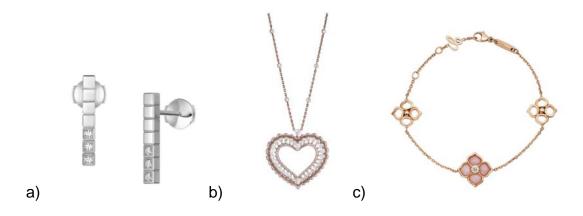


The image is one which can be easily found on the Chopard UK website, and is accompanied by the explanation of what Happy Diamonds are.

# HAPPY DIAMONDS

Happy Diamonds creations are as audacious as they are playful, with their iconic dancing diamonds gently moving and twirling between two sapphire crystals, symbolising an authentic touch of Joie de Vivre and a truly free spirit. Little diamonds do great things.

In my opinion, the consumer will be informed that the brand of watch is Chopard, as the name appears on the piece of jewellery. The consumer will also understand that Happy Diamonds is the range of jewellery offered by Chopard, as the accompanying description informs them of this fact. As to the inclusion of the diamonds, the consumer will simply understand that they are included in the Happy Diamonds range as mere decoration. This will be the perception of a consumer who is new to the holder's goods. As to the consumer who is particularly aware of Chopard's style of jewellery, they will already know that diamonds are used on most of their jewellery items, even those which do not have the term Diamond included in the range name. For example a) the Ice Cube earrings; b) the Precious Lace; and c) the Imperiale, all of which are decorated by diamonds:



- 52. In light of the wording of paragraph 30 of the judgment C-353/03 "Have a break...", I do not think it can be said that the relevant class of persons actually perceive the goods as originating from a given undertaking designated *exclusively* by the mark applied for, i.e. a circular item of jewellery adorned with 5 diamonds.
- 53. It may be the case that certain consumers see a necklace or ring etc. with five diamonds and associate it with the holder, however, this is insufficient for the purposes of acquired distinctiveness. The issue of association was addressed judgment of 17 May 2017, EWCA Civ 358. That judgment explored the difference between association, where the consumer associates a sign with an additional mark that designates trade origin, and reliance, whereby a consumer relies on a sign to designate trade origin. The difference is awkward and convoluted, as recognised by the Court in paragraph 77:
  - "...the CJEU has held that it is not sufficient for the applicant to show that a significant proportion of the relevant class of persons recognise and associate the mark with the applicant"s goods. However, to a non-trade mark lawyer, the distinction between, on the one hand, such recognition and association and, on

the other hand, a perception that the goods designated by the mark originate from a particular undertaking may be a rather elusive one."

54. If a consumer sees a necklace, for example, decorated with five diamonds as designated and says to themselves "That is a Chopard Happy Diamonds necklace", this is an example of association rather than reliance. The difference between association and reliance is fundamental, and was considered in paragraph 78 of the above cited judgment, when the Court had to consider if a four-finger chocolate bar served as an indicator of trade origin:

"We are concerned here with a mark, the three-dimensional shape of a chocolate product that has no inherent distinctiveness. A shape of this kind is not inherently [distinctive] such that members of the public are likely to take it as a badge of origin in the way they would a newly coined word or a fancy name. Now assume that products in that shape have been sold on a very large scale under and by reference to a brand name which is inherently highly distinctive. Assume too that the shape has in that way become very well-known. That does not necessarily mean that the public have come to perceive the shape as a badge of origin such that they would rely upon it alone to identify the product as coming from a particular source. They might simply regard the shape as a characteristic of products of that kind or they might find it brings to mind the product and brand name with which they have become familiar. These kinds of recognition and association do not amount to distinctiveness for trade mark purposes, as the CJEU has now confirmed in its decision in this case" [emphasis added]."

Essentially the UK Court identified that association is insufficient for the purposes of acquired distinctiveness. Any association which would exist between the designation and the sign Chopard or even Happy Diamonds is insufficient for providing acquired distinctiveness of the sign itself. This is because it is incumbent on the holder to prove reliance.

- 55. An additional consideration for the fact that the evidence rarely demonstrates the sign, or a different version of a piece of jewellery with diamonds, without the term Chopard or Happy Diamonds, is whether or not the holder has the confidence to rely solely on the use of diamonds as an indicator of trade origin. In the decision of James Mellor QC, acting as the Appointed Person in BL O/072/18, Mr Mellor posed a similar question:
  - 31. The third alleged error was that the Hearing Officer applied the wrong test for acquired distinctiveness because she required the Proprietor to show sales by reference to the sole device. It is asserted that the sole device is a subbrand, and based on the Hearing Officer's conclusion, no sub-brand could ever have acquired distinctiveness when sold in conjunction with a main brand. Here, the 'main brand' is the word mark Birkenstock. It is a common and well-recognised problem that it is difficult to show that part of the appearance of the goods conveys an origin message when the 'main brand' conventionally conveys a very clear origin message. However, one way to show that a sub-brand does convey an origin message is to show that the proprietor has the confidence to rely on the sub-brand to convey an origin message in its marketing. In other words, a possible approach is to ask: does the proprietor trust the sub-brand to convey an origin message and is this apparent in the proprietor's marketing?

It is my opinion that the holder does not trust the sub-brand of diamonds on jewellery, which is why it is usually used in conjunction with the 'main brand' Chopard or Happy Diamonds, without the sub-brand every being recognised exclusively as an indicator or trade origin (see C-353/03 "Have a break...")

- 56. It must be pointed out that on several occasions in both the witness statements of Mr Furneaux and Mr Steininger, the argument has been put forward that the consumer "associates" the concept of diamonds moving freely in jewellery with Chopard. This reaffirms my opinion that the consumer does not rely on the sign as filed to indicate trade origin, rather it associates it with a separate trade mark or company.
- 57. Taking the evidence as a whole, I am unable to conclude or infer that the holder has educated a significant proportion of the relevant consumers to believe that the mark applied for designation exclusively indicates trade origin.
- 58. For the avoidance of doubt, I hereby confirm that the specification as filed, which was originally queried but until now has not been resolved, contains unacceptable terms. Rule 8(2) of The Trade Marks Rules 2008 states:
  - (2) Every application shall specify -
  - (a) the class in the Nice Classification to which it relates; and
  - (b) the goods or services which are appropriate to the class and they shall be described with sufficient clarity and precision to enable the registrar and other competent authorities and economic operators, on that sole basis, to determine the extent of the protection sought and to allow them to be classified in the classes in the Nice Classification

This makes clear that clarity and precision are requirements for any specification. Further, Rule 9(3) of the Trade Marks Rules states:

(3) Where the application fails to satisfy the requirements of rule 8(2) before the expiry of the period specified under paragraph (2), the registrar must reject the application for registration, insofar as it relates to any goods or services which failed that requirement.

As indicated above, the specification was originally queried in the examination report issue on 30 August 2019. The report provided a period of 2 months for the issue to be clarified, however, a specific response has not ever been received. Therefore, in accordance with Rule 9(3), the queried terms have been deleted. The specification has subsequently been considered to consist only of the correctly worded terms *jewellery; precious stones*.

### Conclusion

59. Having given due care and attention to all of the arguments put forward during the proceedings, the application is refused under Section 3(1)(b) of the Trade Marks Act 1994 for all goods in Class 14.

Dated this 19th day of August 2021

Dafydd Collins For the Registrar Comptroller-General