

Neutral Citation Number: [2006] EWHC 529 (Ch)

Case No: HC 04 C03273

**IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
INTELLECTUAL PROPERTY**

Royal Courts of Justice
Strand, London, WC2A 2LL
17 March 2006

Before:

THE HONOURABLE MR JUSTICE KITCHIN

Between:

**(1) JULIUS SÄMANN LTD
(2) JULIUS SÄMANN LTD
(3) H YOUNG (OPERATIONS) LIMITED** **Claimants**

- and -

TETROSYL LIMITED **Defendant**

**Mr Mark Platts-Mills QC and Ms Jessie Bowhill (instructed by Willoughby & Partners) for the Claimants
Mr Roger Wyand QC and Mr Simon Malynicz (instructed by Eversheds) for the Defendant
Hearing dates: 22-24 February, 27 February-1 March 2006**

HTML VERSION OF JUDGMENT

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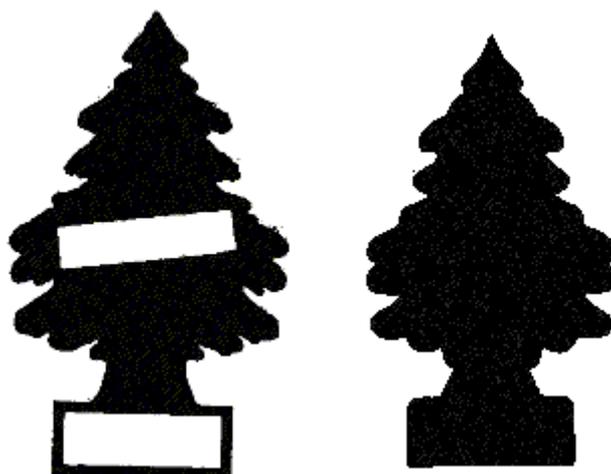
Mr Justice Kitchin:

Introduction

1. This is the trial of an action for trade mark infringement and passing off. There is a Part 20 claim for the revocation and declaration of invalidity of the trade marks in issue.
2. The first claimant is a company incorporated in Bermuda. The second claimant is a company incorporated in Switzerland. They are the proprietors, respectively, of the following trade marks:
 - a) United Kingdom trade mark number 833,966 ("966") registered in class 5 in respect of deodorants as of 1 May 1962;
 - b) Community trade mark number 91,991 ("991") registered in class 5 in respect of air fresheners as of 1 April 1996.

The third claimant ("Saxon") is the exclusive licensee or the exclusive sub-licensee under each of those trade marks.

3. Although they are slightly different, both registered marks comprise the outline of a stylised fir or pine tree on a base. Save where it is necessary to distinguish between them I will refer to them collectively as "the Tree" marks. They are depicted below:



966

991

4. The Tree marks were conceived in about 1952 by Julius Sämann, a Swiss Canadian businessman. Mr Sämann died in the late 1990s and the claimants derive title from him. As I will explain in more detail later in this judgment, the Tree marks (or variations of them) have been used continuously over very many years in relation to a range of air freshener products called the "Magic Tree" range. The major product in this range is an air freshener which has been made in the shape of the Tree marks. This product ("the Tree product") is made of cardboard which carries the scent which is used as the air freshener. The Tree product is often used and seen in motor cars and other vehicles, dangling from the rear view mirror.
5. The defendant ("Tetrosyl") was established in 1954 and makes a wide range of products, mainly for use in the car care sector. One of the brands under which it sells car care products is "CarPlan". In the autumn of 2003, Tetrosyl began to market an air freshener for cars and other vehicles in the shape of a fir tree, decked out festively with snow and with flashing lights that can be switched on and off ("the Christmas Tree product"). It bears the brand CarPlan on its base and is sold in a box which has an illustration of the product on the outside. It has primarily been sold in a counter display unit ("CDU") placed on a retailer's counter, with an example of the product (not in its box) attached to the CDU. It has also been supplied on a "clip strip". The Christmas Tree product is depicted below, together with a sample Tree product:



6. The claimants contend that the sale of the Christmas Tree product amounts to an infringement of the

Tree marks and passing off. Tetrosyl vigorously contests these allegations and, moreover, maintains that the Tree marks should be declared invalid and revoked.

The issues

7. The allegation of infringement is advanced on two bases:
 - i) First, the claimants contend there has been infringement of the 966 mark under s.10(2) of the Trade Marks Act 1994 ("the Act"), corresponding to Art.5(1)(b) of Council Directive 89/104 ("the Directive"), and of the 991 mark under Art.9(1)(b) of Council Regulation 40/94 ("the Regulation").
 - ii) Second, the claimants contend there has been infringement of the 966 mark under s.10(3) of the Act, corresponding to Art.5(2) of the Directive, and of the 991 mark under Art.9(1)(c) of the Regulation.
8. Tetrosyl disputes the allegations of infringement and argues that it has a defence under s.11(2)(b) of the Act, corresponding to Art.6(1)(b) of the Directive, and under Art.12(b) of the Regulation on the basis that the use of the Christmas tree constitutes the use of an indication concerning a quality of the product: it is a decoration shaped like a Christmas tree.
9. Tetrosyl also contends that the registrations should be declared invalid and ought to be revoked on the following grounds:
 - i) The Tree marks consist exclusively of the shape which gives substantial value to the goods (s.3(2)(c) of the Act, corresponding to Art.3(1)(e) of the Directive; Art. 7(1)(e)(iii) of the Regulation);
 - ii) The Tree marks consist exclusively of indications which may serve to designate the kind, quality or other characteristics of the goods and there has been no sufficient use of the marks to render them distinctive (s.3(1)(c) of the Act, corresponding to Art. 3(1)(c) of the Directive; Art.7(1)(c) of the Regulation);
 - iii) In consequence of the acts or inactivity of the claimants, the Tree marks have become the common name in the trade for the products in respect of which they are registered (s.46(1)(c) of the Act, corresponding to Art.12(2)(a) of the Directive; Art.50(1)(b) of the Regulation).
10. Finally, the claimants contend that Tetrosyl has passed off the Christmas Tree products as and for, or as being connected with, the Tree products of the claimants.

Background

Magic Tree

11. The Tree product has been sold in the United Kingdom since the early 1950s. Saxon has been responsible for distribution since 1991, when it took over from a company called Franklin Distribution Limited. Over the years other products have been introduced to make up the Magic Tree range.
12. Saxon distributes Magic Tree products to wholesalers and large retailers who in turn distribute them through multiple outlets. Saxon also sells directly to independent retailers. The wholesalers to whom Saxon supplies include Maccess, Brown Brothers and Convenience Distribution Group. Typically these wholesalers supply the product on to outlets such as petrol forecourt shops across the country. The large retailers to whom Saxon supplies directly include such well known names as Halfords, Asda, Wilkinsons and Tesco. Finally, Saxon also supplies to hundreds of independent retailers spread all over the country.

The Tree product

13. As I have indicated, the Tree product is a carded air freshener having the shape of the Tree marks. It is generally approximately 12 cm by 7 cm, although a larger, extra strength, Tree product is also made.

Saxon regards Tree products as falling into two categories. The first is identified by fragrance, such as "Spice", "Vanilla", "Peachy Peach" and "Pot Pourri". The second is identified by visual appeal, such as "Rainbow Rush", various flag designs and "Black Ice". As Saxon emphasises, the shape of the Tree product remains the same no matter what fragrance, colour or pattern it bears.

14. The markings on the Tree products vary. Some, such as Spice, bear no markings on their surface other than an ® and an artistic design which, in the case of Spice, appears to be berries and flowers against an orange background. Others, corresponding closely to the 966 Tree mark, carry the words "MAGIC TREE" in the band across the centre of the Tree product and some descriptive material identifying the nature of the fragrance in the band across the base. Yet others carry the words "CAR-FRESHNER" in the band across the centre. One of these is depicted at [5] above. There are over 40 different fragrances in the range. All these products are made in the United States and supplied to Saxon for packaging in the United Kingdom.
15. The Tree products are sold in a variety of different packs and displays. There is, however, a consistent theme. The packaging generally bears a representation of the 966 Tree mark with the words "MAGIC TREE" in the central panel and the words "MAKE INDOOR AIR OUTDOOR FRESH" in the base panel. It also bears a statement that "The Tree design and MAGIC TREE are registered trademarks of Julius Sämann Ltd" and that "Saxon Industries is the sole distributor of "MAGIC TREE" products in the U.K.". The Tree product is always visible through the packaging.
16. So, for example, products in the Pot Pourri collection are sold in packs which bear upon their front a roundel containing the words "MAGIC TREE", "Pot Pourri Collection" and "air freshener". The pack has a background pot pourri design. On the back of the pack the same roundel appears together with the statement of trade mark proprietorship to which I have referred. The back of the pack also bears a representation of the 966 mark with, in the central panel, the words "MAGIC TREE" and, in the panel across the base, the words "MAKE INDOOR AIR OUTDOOR FRESH".

Other products in the Magic Tree range

17. Since 2000 Saxon has distributed a vent mounted plastic air freshener called "Vent Clip". This is made in the shape of the Tree marks and is available in three different fragrances, each of which is represented by a different colour. The product itself bears no other marking. It is packaged in a blister pack which bears the mark Vent Clip and the 966 mark with the words "CAR-FRESHNER" in the band across the centre and the words "Little Tree" in the band across the base.
18. Since March 2003 Saxon has also distributed another vent mounted air freshener called "Jet Fresh". Again it comes in a variety of fragrances. The packaging bears the mark MAGIC TREE and the 991 mark. The mark is coloured green and bears no words across it.
19. Since 1993 Saxon has also distributed the "Pump Spray" air freshener. It carries the 966 mark with the words CAR-FRESHNER in barely discernable letters in the band across the centre.
20. Finally, in 2004 Saxon introduced two further products in the Magic Tree range. One is an aerosol called "Air Wash". It comes in three fragrances and prominently bears the 966 mark. The other is a fragranced screen wash which bears the Magic Tree brand name and the 991 mark, again with no other words across it.

Advertising, promotion and sales of Magic Tree

21. Magic Tree products and, in particular, the Tree products, have been advertised and promoted over the years through general sales aids which are handed out to customers, merchandising, point of sale materials, incentives, catalogues, editorial features in trade magazines and trade shows. Over the last four years Saxon has spent between £62,000 and £87,000 per annum on such advertising and promotion. This seems a rather modest amount, but it takes no account of the promotional effect achieved by the wide retail distribution of the Magic Tree products, the displays of Magic Tree products in stores and the visibility of the products in use. Samples of the advertising and promotional materials used by Saxon and its customers have been disclosed, together with pictures of in-store displays. They reveal extensive use of the mark MAGIC TREE, the Tree marks and, often, a statement that "The Tree design and "MAGIC TREE" are registered trademarks of Julius Sämann Ltd" and that "Saxon Industries is the sole distributor of "MAGIC TREE" products in the U.K."

22. An interesting consequence of the commercial success of the Tree products has been the extent to which third parties have wished to adopt them in connection with the promotion of their own products and services. So, for example, Volkswagen approached Saxon in 2002 and 2004 for approval to use the shape of the Tree products to promote the air conditioning aspects of the Golf range of motor cars. Advertisements appeared in national newspapers showing the Tree product hanging from the rear view mirror of a motor car. Indeed the image of the Tree product is the primary visual indication to the consumer of the purpose of the advertisement. Similarly, in 2004, Lloyds TSB Insurance adopted the image of a Tree product to promote their services with the slogan: "A refreshing way to give up £150". These are only some of the instances referred to in the evidence. There were a number of others. Further, on many occasions the Tree products have appeared in films and television programmes, some of which have been very successful, such as "Seven", "Ocean's Eleven" and "Meet the Fockers". So also, in September 2004, Saxon was approached by the TV company responsible for producing the BBC1 drama series "Hustle". It supplied 300 Tree products which were used in a scene to mask the smell from a fridge. The importance of all these instances is that they indicate that members of the public recognise the shape of the Tree marks as denoting a particular product, namely the Tree product of the claimants.
23. Tree products have also been the subject of editorial comment. Again many examples have been included in disclosure and referred to in evidence. The mark Magic Tree is usually referred to but images of the products are frequently included too, revealing their shape in the form of the Tree marks, irrespective of the particular fragrance they carry.
24. Sales of Magic Tree products have been substantial. Magic Tree is the market leader in the automotive air freshener market. Confidential sales figures have been provided in disclosure. Hundreds of thousands of Tree products are sold each month. Sales are generally growing year on year and are in the region of £9-10m per annum. They retail for something in the region of £0.70 to £2.00 and are bought as "impulse purchases".

Tetrosyl

25. Tetrosyl was established in 1954. It is a privately owned company and makes and sells products mainly into the car care sector. It is one of the market leaders in the sector as a whole, with some 47% of the market, although its share of the automotive freshener market is rather less at about 20% and about half that of Saxon. It sells its products under the CarPlan, Carlube and Wonder Wheels brands.
26. In about March 2003, Mr Nigel Hancox, then the Group Sourcing Manager, and who gave evidence before me, presented to the Chief Executive, Mr Schofield, an idea for a new product which became the Christmas Tree product. His inspiration was a tie pin with a small flashing Christmas tree which he saw at a trade fair in the spring of that year. He contacted a company based in the United States called Mega-Sound and asked them to produce a mock up. In the Spring of 2003 the mock up was sent over to show that a flashing freshener was technically possible. The mock up was in fact one of the Tree products (described as the "blue version") carrying the words "CAR-FRESHNER". It had a circuit board attached to the back of it to produce flashing lights. Mr Hancox told me, and I accept, that he did not ask Mega-Sound to copy or have copied the Tree product. He also explained that when he saw the mock up he realised that it was based upon a Tree product and that this would not be acceptable. This was not something he would have been prepared to sell. He therefore used the mock up only for the purposes of testing whether the flashing light concept worked. The actual design of the Christmas Tree product was, he said, made to look as different to the Tree product as possible. That design was something which would have been done in a matter of days.
27. One of the curious features of this design story is that some promotional material was produced based upon this mock up and sent to Brown Brothers, one of the major customers of Tetrosyl. Neither Mr Hancox nor Mr Martyn Sharp, the Commercial Director of Tetrosyl and who also gave evidence before me, had any explanation for how this advertising material came to be produced or sent to Brown Brothers although they both accepted that it must have been authorised by a director or other senior employee of the company.
28. Sales began in October 2003 and since that time the Christmas Tree product has been sold through a large number of outlets, such as garages and automotive accessory shops, throughout the United Kingdom. The Christmas Tree product is sold in a box which bears upon its front a picture of the product itself and above that the words "LUMBER JACK" and "Flashing air freshener". The word "Flashing" is the largest word on the box. It is fair to say the picture emphasises the flashing lights on the tree by making them appear as if they are glowing. Below the picture of the tree, the text reads

"LED LIGHTS CAN BE SWITCHED ON & OFF" and "Batteries Included" with an image of the batteries below the text.

29. As I have mentioned, the Christmas tree product is usually sold in CDUs. These are intended to be placed on the sales counter next to the till and contain twenty-four individual Christmas Tree products. A sample of the Christmas Tree product outside of its packaging is fixed to the top of the CDU and a battery pack attached to the back of the unit and connected to the sample allows the flashing lights to be switched on. The CarPlan logo appears on the unit to the left of the sample product and the words "Lumber Jack Flashing Air Freshener" appear below the logo. As with the box, the word "Flashing" is the largest and most prominent word.
30. In addition to the CDU, the Christmas Tree product has also been sold on a "clip strip" carrying twelve boxes. This is a long strip of plastic with clips from which the boxes containing the Christmas Tree product are suspended. It is intended for those customers who do not have room to display the CDU on the counter and is often used for short term promotions.
31. Mr Sharp explained that the Tetrosyl sales force has been instructed to promote the CDUs to customers and to advise them that this is the best way to achieve maximum sales. The sales force demonstrates to customers the flashing lights on the sample product fixed to the CDU and advises them to have the lights switched on so that their customers can see the product working. As a result of this sales push, the CDU has been much more successful than the clip strip.
32. It is important to note, however, that whatever may be the position at point of sale the customer is able to turn the flashing lights on and off and is specifically warned not to have the lights flashing while the vehicle is being driven. In actual use therefore the lights will often not be switched on.
33. The sales figures achieved by Tetrosyl are rather harder to determine. Mr Sharp produced a schedule suggesting that nearly 12,000 CDUs and some 67,000 further packets on strips have been sold in the period October 2003 to December 2005. He was cross examined as to the accuracy of the schedule and some discrepancies were revealed. Nevertheless I am satisfied that substantial quantities of CDUs have been sold over the last three years, mainly at Christmas time.
34. Once again, there was no dispute that the Christmas Tree products are impulse buys even though the retail price is rather higher than that of the Tree products at about £4.00. Customers do not spend more than a few moments deciding upon their purchase.

Other products on the market

35. I heard evidence as to products made by other manufacturers. Mr Sharp explained, and I accept, that there are many other products on the market and that most of them are presented in an attractive or eye-catching way and many have novelty or humorous shapes. He exhibited photographs of samples as MS11 and I was invited to conclude as a result that many such products are tree shaped or have other tree imagery and that customers do not use the shape of the product, and certainly not a tree shape, as any sort of identifier of trade origin. I will not address each of these products in this judgment because many of them bear no resemblance to the Tree product or the Christmas Tree product other than that they are attractive air fresheners designed to be hung from the rear view mirrors of motor vehicles. The following do, however, require particular consideration:
 - i) *Mighty Oak*: This is a product to which Tetrosyl attaches particular importance. It is a carded air freshener for the car or home and is made in the shape of an oak tree. It is sold in a variety of fragrances and colours. The brand name "Mighty Oak" appears prominently on the packaging and the product itself. The claimants began legal proceedings in respect of this product but discontinued them for reasons which were not disclosed. They accept that they are now unable to complain about it. It has been sold for a number of years in large supermarkets such as Asda, Safeway, Budgens, Sainsbury and Homebase. In my judgment this product has a rather different appearance to the Tree and Christmas Tree products. Although immediately recognisable as having a tree shape, it does not have the distinctive shape of a fir tree.
 - ii) *Lucky Clover*: This is a carded air freshener in the shape of a clover leaf. It is sold in a variety of fragrances and colours. It has been sold through Halfords since January 2005. To my eye it has a quite different appearance to the Tree and Christmas Tree products.

iii) *Classic Pine Forest*: This is a carded air freshener in the shape of a pine cone. It bears upon it a mountain scene with pine trees. It is recognisably distinct in appearance to the Tree and Christmas Tree products. There is no evidence as to the extent of its sales although it was available through Morrisons in April 2005.

iv) *Areon*: This is a carded air freshener in the shape of a pine tree. Enquiries revealed it was made in Bulgaria and there is no evidence of anything other than isolated sales in the United Kingdom.

v) *Ultra Norsk*: This is a carded air freshener in the shape of a maple leaf. It is sold in a variety of colours and fragrances. This is a similar product to *Lucky Clover* and, to my eye, has a quite different appearance to the Tree and Christmas Tree products.

vi) *Highland Fresh*: This is another important product upon which Tetrosyl places particular reliance. It is a carded air freshener of triangular shape which bears upon it a highland scene with fir trees. It has been on sale in the United Kingdom since about 1990 through outlets such as Halfords, Asda, Maccess and Motorworld. In my judgment this looks very different to the Tree and Christmas Tree products.

vii) *Happy Tree*: This is a carded air freshener in the shape of a fir tree which carries the name "Happy Tree". It was found by the claimants' solicitors in a leased car but they have been unable to track down its source. It appears to have been an isolated sale.

viii) *Pina Colada*: This is arguably a fir tree shaped carded air freshener. It was found by the claimants' solicitors at an un-named car wash operation but has not been seen since. An application to register this shape as a trade mark in the United Kingdom was opposed by the claimants and the application was treated as withdrawn.

ix) *Air Nature*: This carded air freshener is in the shape of a fir tree. It was found at a trade fair in Germany. There is no evidence of any sales in the United Kingdom.

x) *Natural*: This carded product has a general tree shape. It formed part of a valet kit sold as a "Fathers Day Special" by Tesco but there is no evidence it is still sold. It has also been seen at a trade fair in Germany.

xi) *Diamond Fresh*: This is a small gel type product in the shape of a fir tree. A sample was bought in Taiwan and there is some suggestion that it may be available on a web site although the claimants have been unable to find it.

xii) *Forest Fresh*: This is a carded freshener having a tree shape. It was found at a trade fair in Germany. There is no evidence of any sales in the United Kingdom.

xiii) *Nature* and *Four Seasons*: These two carded air fresheners were found in Italy. They have leaf shapes. There is no evidence of any sales in the United Kingdom.

xiv) *Pine* and *Poundland*: These two products are of some interest. They were described, rightly in my view, as counterfeit. The claimants commenced proceedings and Poundland submitted to a consent order including an undertaking not to sell the product.

xv) *Car-Torx*: This is another product of some interest. It is a carded air freshener in the shape of a fir tree which was found on the market in December 2005. The claimants complained and an undertaking to cease distribution was recently obtained.

xvi) *Holts Fruits and Forest*: This is a rather unusual product, looking like a cross between a mushroom and a tree. In my judgment it is very different in appearance to the Tree and Christmas Tree products.

xvii) *Pinaroma* and *Generatio 3*: These are tree shaped products but there is no evidence they are available in the United Kingdom.

xviii) *Tropics*: This carded product is in the shape of a palm tree and carries the mark

"Tropics". It is no longer available in the United Kingdom.

xix) *Outdoor* and *Air Flower*: This product is available through Tesco. It is a carded product having a pine shape and the claimants are currently in negotiations with Tesco with a view to having it withdrawn.

36. In the light of this summary I accept that tree imagery has been used by other suppliers of carded air fresheners. I also accept that fir trees have been used as part of the decorative background on some carded fresheners. However, it is notable that fir tree shapes have not been used in the United Kingdom by other suppliers as trade marks save on rare occasions and, where they have been so used, the claimants have taken action to prevent such use.

Distinctiveness of the Tree marks

37. The claimants contend that the Tree marks are not only inherently distinctive of their products but also enjoy an enhanced level of distinctiveness as a result of the use to which I have referred (and did so in 2003, the date of commencement of the activities complained of). Tetrosyl, on the other hand, contend that the Tree marks were and remain descriptive of air fresheners. This is an important contention which bears on the allegations of infringement and invalidity. A closely allied issue is whether, in 2003, the average purchaser or consumer of carded air fresheners for use in vehicles would recognise air fresheners having the shape of the Tree marks (that is to say Tree products) as being the products of the claimants.

38. In considering these issues it is important to have in mind the following general principles:

i) There is a public interest in ensuring that descriptive terms may be freely used by all (see, for example, Case C -191/01, *OHIM v Wrigley (Doublemint)* [2004] RPC 18 at [31]; Case C-53/01, *Linde AG v Deutsches Patent- und Markenamt* [2001] RPC 45 at [73]);

ii) A sign must be considered to be descriptive if at least one of its possible meanings designates a characteristic of the goods (see, for example, *Doublemint* at [32]);

iii) It is not necessary that the descriptive term is in use; it is sufficient if the term could be used to designate a characteristic of the goods ... see, for example, *Doublemint* at [32]);

iv) Where use is relied upon to establish distinctive character then that use must be use of the mark as a trade mark: Case C-299/99 *Philips Electronics v Remington Consumer Products* [2003] RPC 2 at [64];

v) Finally, consumers are not in the habit of making assumptions about the origins of products on the basis of their shape or the shape of their packaging (see, for example, Case C-136/02 *Mag Instrument Inc v OHIM* [2005] ETMR 46 at [29] to [32]).

39. The submissions of Tetrosyl may be summarised as follows. At registration the marks would have been perceived as depicting a pine or fir tree. In relation to the goods applied for (deodorants and air fresheners) a pine or fir tree is descriptive of the quality of being "pine-scented" or "forest-fresh". Further, the claimants have failed to establish any acquired distinctiveness since the date of registration. Merely to show use of the mark is not enough (see *British Sugar Plc v James Robertson & Sons Ltd* [1996] RPC 281). Such use that there has been of the marks has not been in the form as registered and has not been such as to educate the public that the marks are an indication of origin.

40. It is convenient to begin by considering the inherent distinctiveness of the Tree marks. This must be assessed by reference to the nature of the products for which registration has been secured and through the eyes of the average consumer. In my judgment when the Tree marks are used in a normal and fair way the average consumer would not see them as describing or designating a characteristic of the products. In this regard it is convenient to consider the use the claimants have made of the marks on the Jet Fresh product as an example of a reasonable use. To my mind this use does not tell the consumer what the fragrance of the product is. Rather the use is much more likely to be seen, as the claimants intend, as an indication of trade source. I feel reassured in this conclusion by the fact that Mummery J (as he then was) expressed the same view in successful opposition proceedings (No 18537) under the Trade Marks Act 1938 by Mr Julius Sämann to an application by a Spanish company, L&D SA, to register a tree device for a specification including air freshener products. The opposition

was based upon a number of registrations, including the 966 mark. On appeal from the decision of the Hearing Officer, L&D SA contended that the device the subject of the 966 mark was in the shape of a pine tree which was likely to be taken as descriptive of the nature or quality of the pine scented product and not its trade origin. Mummery J rejected that submission, holding that the fir tree device was not descriptive of the character or quality of the product or article to which the mark had been applied. In his view it was distinctive in its shape and form of the goods of Julius Sämann.

41. In considering the inherent distinctiveness of the Tree marks when used to define the shape of an air freshener I also consider it relevant that it cannot be said that the Tree marks resemble the shape that air fresheners for cars and other vehicles are likely to take. There is no normal shape for such fresheners. Such is evident from the range of products available on the market, many of which were produced during the course of the trial and are depicted in exhibit MS 11. Further, and save for those against which the claimants are taking action, they are different in appearance to the Tree products.
42. In any event, however, I am quite satisfied that the Tree marks have acquired distinctiveness. As I have explained, the Tree products have now been sold for very many years. Sales have been very substantial indeed. The Tree product range is the market leader. The packaging, advertising and promotional materials for the Tree products have carried the 966 mark with the words MAGIC TREE in the band across the centre. From a distance the words are barely readable and the feature which catches the eye is the shape of the Tree marks. On a closer inspection the words in the band are discernable, but then so also is the statement that "The Tree design and MAGIC TREE are registered trademarks of Julius Sämann Ltd". Further, the products themselves are visible through the packaging and have a consistent theme. No matter what the fragrance and whether or not they bear wording upon them they are always in the shape of the Tree marks. Many of them bear no wording or wording of no more than a descriptive nature, such as an indication of the nature of the fragrance; but in all cases (some 40 different fragrances) they bear an ® indicating that the shape is protected. More recently the claimants have sold the Vent Clip, Pump Spray and Jet Fresh products, again using the Tree marks on packaging, promotional and advertising material and, in the case of the Vent Clip, as the shape of the product itself. Again, the Tree marks are used irrespective of the nature of the fragrance.
43. All these matters, considered as a whole, are powerful evidence that the Tree marks are distinctive of the claimants when used in relation to and as the shape of air fresheners for cars and other vehicles. This is not a case where the claimants are simply relying upon sales to establish that the shape of an object has become distinctive, although the sales themselves are very impressive. In addition, it is the manner of use which has reinforced and enhanced the distinctiveness of the Tree marks. The consumer has been taught that the Tree marks when used upon or as the shape of air fresheners for vehicles denote the Magic Tree products of the claimants.
44. Two other matters support the conclusion I have reached. First, third parties, such as Volkswagen, have used air fresheners in the shape of the Tree marks to promote their own good and services. There were many examples in the evidence before me and I have referred to some of them earlier in this judgment. Some were carried out with the consent of the claimants and some without. But they all indicate an appreciation that members of the public recognise the shape of the Tree marks as denoting a particular air freshener with which they are familiar.
45. Secondly, Mr Hancox and Mr Sharp both gave evidence which confirmed that they recognised that the shape of the Tree products is distinctive of the claimants. Mr Hancox explained that when Tetrosyl designed the Christmas Tree product they took care to avoid the Magic Tree "look". He also explained in cross examination that when he saw the blue version of the mock up he immediately recognised it as a Magic Tree product both by its shape and because it had on it the words "Car-Freshner". This is why it was never launched. Mr Sharp explained that he considered the Pine/Poundland product depicted in MS11 as a counterfeit which he would not be prepared to sell because he would not want his company to be seen as a copier and seller of counterfeit products. He accepted that the public would think of the product as a Magic Tree product even though it does not bear the words Magic Tree upon it. The most striking feature of the product is that the air freshener is clearly visible and it has the shape of the Tree marks, although it is right to note that it bears an ®, the words "AIR FRESHNER" and the name of the fragrance (Pine) too.

Infringement

46. The action for infringement depends upon the application of the parallel provisions of the Act, the Directive and the Regulation.
The provisions of the Act must, so far as possible, be interpreted in accordance with those of the

Directive. The relevant provisions of the Directive conform to those of the Regulation. In this judgment I will therefore only refer to the relevant provisions of the Directive, save where it is necessary to refer also to the equivalent provisions of the Act or the Regulation.

Art 5(1)(b)

47. Article 5(1)(b) of the Directive (the Regulation is in the same terms) reads as follows:-

(1) The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

(a)

(b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.

48. Article 5 requires a comparison of mark for sign. The analysis must therefore begin with the identification of the sign used by Tetrosyl. This was the first area of dispute between the parties. The claimants contended that I should consider the sign to be the shape of the Christmas tree but discounting the words "CarPlan Air Care" which appear in the roundel on the tub. Tetrosyl contended that the sign was the whole tree including the tub and the roundel including the words "CarPlan Air Care". I have no doubt that Tetrosyl is correct. The matter must be considered from the perspective of the average consumer. The tree is fixed into the tub and the two are presented as a composite whole. Further, the roundel clearly has some trade mark significance. It cannot simply be disregarded as descriptive material which is not part of the sign.

49. The second issue concerns the nature of the use prohibited by Article 5. The European Court of Justice has explained the correct approach in Case C-245/02 *Anheuser-Busch v Budejovicky Budvar* [2005] ETMR 27:

"59 First, with respect to Directive 89/104, it follows from the Court's case law on the definition of use by a third party, for which provision is made in Art.5(1) of that directive, that the exclusive right conferred by a trade mark was intended to enable the trade mark proprietor to protect his specific interests as proprietor, that is, to ensure that the trade mark can fulfil its functions and that, therefore, the exercise of that right must be reserved to cases in which a third party's use of the sign affects or is liable to affect the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods (see Case C-206/01 *Arsenal Football Club* [2002] E.C.R. I-10273, [51] and [54]).

60. That is the case, in particular, where the use of that sign allegedly made by the third party is such as to create the impression that there is a material link in trade between the third party's goods and the undertaking from which those goods originate. It must be established whether the consumers targeted, including those who are confronted with the goods after they have left the third party's point of sale, are likely to interpret the sign, as it is used by the third party, as designating or tending to designate the undertaking from which the third party's goods originate (see, to that effect, *Arsenal Football Club*, cited above, [56] and [57]).

61. The national court must establish whether that is the case in the light of the specific circumstances of the use of the sign allegedly made by the third party in the main case, namely, in the present case, the labelling used by Budvar in Finland.

62. The national court must also confirm whether the use made in the present case is one "in the course of trade" and "in relation to goods" within the meaning of Art.5(1) of Directive 89/104 (see, *inter alia*, *Arsenal Football Club*, [40] and [41]).

63. Where those conditions are satisfied, it follows from the case law of the Court that, in

the event of identity of the sign and the trade mark and of the goods or services, the protection conferred by Art.5(1)(a) of Directive 89/104 is absolute, whereas, in the situation provided for in Art.5(1)(b), the proprietor, in order to enjoy protection, must also prove that there is a likelihood of confusion on the part of the public because the signs and trade marks and the designated goods or services are identical or similar (see, to that effect, Case C-292/00 Davidoff [2003] E.C.R. I-389, [28], and Case C-291/00 LTJ Diffusion [2003] E.C.R. I-2799, [48] and [49]).

64. However, where the examinations to be carried out by the national court, referred to in [60] of this judgment, show that the sign in question in the main case is used for purposes other than to distinguish the goods concerned-- for example, as a trade or company name--reference must, pursuant to Art.5(5) of Directive 89/104, be made to the legal order of the Member State concerned to determine the extent and nature, if any, of the protection afforded to the trade mark proprietor who claims to be suffering damage as a result of use of that sign as a trade name or company name (see Case C-23/01 Robelco [2002] E.C.R. I-10913, [31] and [34])."

50. To constitute infringement the offending use must therefore be such as to affect or be liable to affect the functions of the trade mark, and in particular its essential function of guaranteeing to consumers the origin of the goods. This will be the case, in particular, where the use complained of is such as to create the impression that there is a material link in the course of trade between the goods and the undertaking from which they originate. The question is whether consumers, including consumers confronted with the goods after they have left the point of sale, are likely to interpret the sign as designating or tending to designate the undertaking from which they originate.
51. In addition, to make good an allegation of infringement under Article 5(1)(b), the proprietor must show there is a likelihood of confusion. The basic principles that I must apply in assessing the likelihood of confusion are now well established and may be summarised as follows:
- i) The likelihood of confusion must be appreciated globally, taking account of all the relevant factors: *Sabel BV v Puma AG* [1997] ECR I-6191; [1998] R.P.C. 199 at [22] to [24];
 - ii) The matter must be judged through the eyes of the average consumer of the goods in issue, who is deemed to be reasonably well informed and reasonably observant and circumspect: *Sabel* at [22] to [24]; *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV* [1999] ECR I-3819; [2000] F.S.R. 77 at [26] to [27];
 - iii) In order to assess the degree of similarity between the marks concerned the court must determine the degree of visual, aural or conceptual similarity between them and, where appropriate, evaluate the importance to be attached to those different elements taking into account the nature of the goods in question and the circumstances in which they are marketed: *Lloyd* at [27] to [28];
 - iv) The visual, aural and conceptual similarities of the marks must therefore be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components. The perception of the marks in the mind of the average consumer plays a decisive role in the overall appreciation of the likelihood of confusion: *Sabel* at [22] to [24];
 - v) The average consumer normally perceives a mark as a whole and does not proceed to analyse its various details: *Sabel* at [22] to [24];
 - vi) There is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character, either *per se* or because of the use that has been made of it: *Sabel* at [22] to [24];
 - vii) The average consumer rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind; further the average consumer's level of attention is likely to vary according to the category of goods in question: *Lloyd* at [26] to [27];

viii) Appreciation of the likelihood of confusion depends upon the degree of similarity between the goods. A lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and *vice versa*: *Canon Kabushiki Kaisha v Metro Goldwyn Mayer Inc* [1999] R.P.C. 117 at [17] to [28];

ix) Mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient for the purposes of the assessment: *Sabel* at [26];

x) But the risk that the public might believe that the goods come from the same or economically linked undertakings does constitute a likelihood of confusion within the meaning of the section: *Canon* at [29] to [30].

52. There is one further general principle which is important to have in mind at the outset in considering infringement. The court must consider the likelihood of confusion arising from the use by the defendant of the offending sign, discounting added matter or circumstances. If the sign and the mark are confusingly similar then the defendant cannot escape by showing that by something outside the actual mark itself he has distinguished his goods from those of the proprietor. In the present case this is important. Looking at the box in which the Christmas Tree product is sold, the use of the words "Lumber Jack Flashing air freshener" must be ignored, as must the particular circumstance in which the product is sold. The comparison to be made is between, on the one hand, the Tree marks and, on the other, the Christmas Tree product itself, and the picture of it which appears on the box.
53. In this case the average consumer includes all members of the public. The evidence showed that vehicle air fresheners are bought by those who own or operate vehicles and by those who do not – perhaps as presents or at the request of those who do. Further they are inexpensive items and generally bought on impulse. They are not therefore products over which particular care is taken at the point of sale. Once bought they are hung in vehicles, usually from the rear view mirror, and can readily be seen by passengers and by members of the public passing by. It is also to be noted at the outset that the products are identical: Tetrosyl are using the sign complained of in relation to air fresheners.
54. I turn then to assess the similarities and differences between the marks and the sign. This is not a case where aural similarity can play a material part in the assessment. The case is concerned with graphic marks and the products to which they are applied are selected by purchasers from a shelf or display unit rather than by oral request. It is therefore the visual and conceptual similarities and differences which are particularly important.
55. Tetrosyl has emphasised the following differences:
- i) The Tree marks have rounded branches and would probably be perceived by the average consumer as being some sort of pine or fir, whereas the Christmas Tree product is clearly identifiable as a "Christmas tree";
 - ii) The Tree marks have more branches and are asymmetrical, whereas the Christmas Tree product has few branches that all point downwards and are symmetrical;
 - iii) The base of the Christmas Tree product is coloured red and contains trade mark material, CarPlan;
 - iv) There are no baubles on the Tree marks whereas there clearly are baubles (of different colours) on the Christmas Tree product;
 - v) There is "snow" on the branches of the Christmas Tree product whereas there is none on the Tree marks.
56. I accept all these differences. However I have been left with the overwhelming impression that there is a marked visual and conceptual similarity between the Tree marks and the sign when considered as a whole in that they all comprise as a distinctive and dominant component the device of a fir tree. I believe that the average consumer seeing the Christmas Tree product stripped of the distinguishing material on the box and CDU in which it is sold is likely to think that it is either the Tree product or a Christmas version of the Tree product. Further I think it unlikely that the average consumer would be disabused of that impression by the presence on the base of the Christmas Tree product of the sign CarPlan.

57. The risk of confusion is increased significantly by the fact that the Tree marks are, in my judgment, particularly distinctive as a result of the use which has been made of them over the years by the claimants. An average consumer seeing one of the Christmas Tree products hanging in a vehicle is likely to think that it is another product in the Magic Tree range. In other words, he is likely to take the shape and appearance of the Christmas Tree product as an indication of origin.
58. Against this impression I must also weigh in the balance the following matters. It is notable that despite two and half years of sales the claimants have been unable to produce a single witness of actual confusion. Further, the claimants have not produced evidence from any trader saying that he has experienced customer confusion or is not prepared to stock the Christmas Tree product. I have had no evidence from any trade witness called on behalf of the claimants explaining the circumstances of the trade from which a likelihood of confusion might be inferred. Indeed Mr White, Saxon's Marketing Director, explained that members of his sales team visit retailers regularly and report anything which threatens any of the claimants' brands. Yet they never reported the Christmas Tree product. I consider that the absence of such evidence is highly material. However, I do not consider it to be determinative. It may well be that consumers have been confused having seen the products in use but that such confusion has simply not come to light. After all, these are relatively low value items and there is no suggestion that they have suffered from faults or other problems which might have led to customer complaints or product returns. Secondly, the particular way that the Christmas Tree products have been sold may well have prevented confusion occurring at the point of sale. As Mr Sharp explained, the Christmas Tree and Magic Tree products are not usually displayed side by side in a shop. The Christmas Tree products have largely been sold over the Christmas period. In the vast majority of shops the Christmas Tree products are in their boxes placed in the CDU on the shop counter and the CDU is very different to anything used by the claimants. The Magic Tree air fresheners, on the other hand, may be displayed in any number of locations but will usually be found with all the other air fresheners on a display unit. Generally topical or seasonal products are placed on the counter whilst standard merchandise is held in the body of the store. In addition I must take into account the fact that the Christmas Tree products have generally been sold for about twice the price of the Tree products.
59. No doubt with a view to meeting the arguments advanced by Tetrosyl the claimants set about a witness gathering exercise which I must now consider. As a result of that exercise the claimants called 9 members of the public as witnesses and relied upon the signed witness statements of 8 others. Two of those 8 were not required by Tetrosyl to attend for cross examination.
60. The exercise was carried out in the following way. A total of 307 members of the public were interviewed by NOP in the street. They were interviewed in three locations: Chatham, Hertford, and Dartford. All responses have been disclosed. Of these, 216 knew of Magic Tree, and of those that knew of Magic Tree, 149 were prepared to speak to a solicitor. From these, 17 witness statements were prepared and tendered. Two sorts of interviews were carried out: "Eric A" and "Eric B".
61. **Eric A:** The respondents were first shown a board carrying the Christmas Tree product (Product X). They were asked to take a look at it and indicate when they were ready to continue. Then they were asked the following questions:
- Q.1 "Have you seen this product before?"
- Q.2: "Can you tell me where you have seen it?"
- They were then shown a board carrying a Tree product (Product B) and asked to indicate when they were ready to continue. They were then asked:
- Q.3: "Have you seen this product before?"
- If the respondents gave any answers indicating confusion these were recorded. If not, those that said yes to Q.3 were asked:
- Q.4: "Can you tell me where you have seen it?"
62. **Eric B.** Respondents were first shown Product X, as in the case of Eric A, and asked the same first two questions. They were then shown a board carrying 5 air fresheners, only one of which had a tree shape of any kind: the Tree product carrying the words Magic Tree in the band across the centre (product B). They were asked to take a look at it and indicate when they were ready to continue. Then they were

asked the following further questions:

Q.3: "Do you have any comments about any of these products?" If they gave any answer indicating confusion, this was recorded. If not, they were asked:

Q.4: "Have you seen any of these products before?" They were probed, if necessary: "which other ones?" Again, if they gave any answer indicating confusion, this was recorded. If not, those that said yes to product B at Q.4 were asked:

Q.5: "I'd now like you to think about product B. Can you tell me where you have seen it?" Again, if they gave any answer indicating confusion this was recorded. If not they were asked:

Q.6: "Do you think that any of the air fresheners on this board come from the same company that made this air freshener (point to product X)?"

Q.7 "Why do you say that?"

63. The representative of NOP then told each respondent that the survey was being undertaken for a legal action and asked if he or she would be prepared to discuss the answers given with a solicitor. Some of those that did were then interviewed by a solicitor of Willoughby & Partners, the claimants' solicitors, and made a statement.
64. Tetrosyl criticised this approach root and branch. First it was said that there was no evidence from anyone who conducted the survey and secondly, no attempt has been made to establish that the selected witnesses are representative of any larger section of the public and it would be unsafe to attempt any such wider extrapolation. As to the first submission, I consider that I do have evidence as to how the survey was conducted from the witnesses who came to give evidence. As to the second submission, the claimants' answer is that they were not attempting to rely upon the survey as such but rather as a witness gathering exercise. They relied not upon the survey but upon the evidence that the witnesses so identified actually gave in their witness statements and under cross examination. This is certainly a permissible approach and it is one that was followed in *United Biscuits v Asda Stores* [1997] RPC 513. Further, as was said in *Neutrogena v Golden* [1996] RPC 473 at 485 to 486, questionnaire evidence alone is seldom helpful and frequently unnecessarily elaborate and, I would add, very expensive. Unless the court has some real evidence, tested in cross examination, it is very difficult to determine what the respondents were actually thinking. However, it is also important that the court is given the full picture of any witness gathering exercise so that the court can assess whether the witnesses actually called truly reflect the views of the average consumer. In the present case I have not been given a complete picture because I have no evidence as to how the respondents or locations were selected. However, it is fair to say that all the questionnaires have been disclosed and I have been able to make an assessment of the respondents upon whom the claimants have chosen to rely from the cross examination.
65. As to the questionnaires themselves, Eric A was criticised as inviting the respondents to speculate. I do not think that there is much in this criticism. In my judgment the questions are not objectionable. Further, Tetrosyl had the opportunity to explore the suggestion that the respondents were being invited to speculate in cross examination. The Eric B questionnaire is, however, another matter. This was seriously flawed in questions 5 and 6. The respondents had their attention drawn to the Tree product by question 5 and then question 6, a leading question, specifically invited them to speculate about a possible connection with the Christmas Tree product. I would have no hesitation in rejecting any reliance placed upon answers to these questions. Wisely, the claimants did not attempt to do so. Instead they only relied upon the evidence that the witnesses actually gave and, in particular, upon the evidence they gave as to their reaction to Product X, and which I address below.
66. Before turning to the evidence I must mention two other matters. First the respondents that made statements were taken directly from the NOP survey to the solicitor, both being in the same hall. In some cases it seems that they may have been told the reason for the exercise between the survey questions and the making of the statement. Tetrosyl submitted that the helpful evidence which the witnesses gave may well have been the result of the solicitor asking leading questions or inviting the witnesses to speculate at this point. Tetrosyl submitted that this was supported by what happened in the case of Ms Tabiner. Her statement suggests that she was an Eric A witness. However, it became clear in cross examination that she was shown the second board from Eric B. I have carefully considered this submission, which is a serious one. I have not been given any assistance by any

solicitor involved in the survey. I have, however, had the opportunity to hear the cross examination of the respondents. In the light of this I am satisfied that on some occasions the respondents were told more about the nature of the dispute before they made their witness statements but I do not believe that this materially affected their impressions of the two products in issue.

67. Of the nine witnesses who gave evidence four were identified using Eric A: Mrs King, Mrs Woodland, Mrs Gearing and Mr Kierans. Five were identified using Eric B: Ms Boswell, Ms Lindsay, Ms Tabiner, Mr March and Ms Gawan.
68. Mrs King, Mrs Gearing and Mr Kierans all recognised product X and thought it was a Tree product or Magic Tree. They were, in my judgment, all cases of confusion. Mrs King was clear (Day 2, p.73):

"Q. You thought at that stage you had seen both of them?

A. No, actually. I was just saying that this sentence is like a little bit ambiguous. I have only looked at this again recently. When I am saying it is the same as the other, what I mean is that is what I thought it was, I thought it was Magic Tree. When it says, "I have seen them in the same place", because she said, "Where have you seen this product?", I said, "Well, in the same place as what I thought I had seen the other one", but I had not seen the two together.

Q. Yes. You had not seen the two together and in fact you had not seen the first one at all?

A. No, obviously not. No, I presumed it was Magic Tree.

Q. As soon as you saw the second one you realised that the first one was not the one you thought it was?

A. Yes. "

69. Mrs Woodland indicated in her questionnaire that she had not seen product X before. When she made her statement she thought that although she had not seen it, she thought it could have been a Christmas edition of the Tree product. She maintained this position under cross examination. Indeed she was rather firmer as to the impression it made on her (Day 2, p.79):

"Q. You did not actually think it was the Christmas edition?

A. Well, I did actually, or a Christmas edition of the first product -- the second product. I thought it was a Christmas edition of the second product. To me it looks like a Christmas edition of that product."

70. The respondents to Eric B must be treated with particular caution for the reasons I have given relating to the framing of questions 5 and 6. Nevertheless the cross examination again revealed that the respondents did associate the Christmas Tree product with Magic Tree.
71. So, for example, Ms Boswell explained that she did not immediately think that product X was a Magic Tree but that at a later point she associated it with Magic Tree and assumed it was the same brand, but "done for Christmas". Mrs Lindsay said she had not seen product X before but under cross examination explained that when she saw it she was unsure who had produced it. In re-examination she explained her thinking (Day 2, p.95):

"Q. What were you thinking, what were the options?

A. Is it a new product? Has it has been made by someone who is looking to bring something out for Christmas as a novelty Christmas item? I think it was October time, but I had been out Christmas shopping early, and it just looked like a Christmassy version of what was already available.

Q. "A Christmassy version of what was already available"?

A. Yes.

Q. Who did you have in mind as to what was already available?

A. The Magic Tree option that was -- that I knew from years ago."

72. Ms Tabiner explained that when she saw product X she thought it looked similar to and could have been made by the same manufacturer as Magic Tree. Later she elaborated this as follows (Day 2, p. 103):

"A. Yes, actually, because thinking back to this, this was in like October, but it is just because they are so -- they are so similar. It is a shape of a tree. I would have thought that they would have to have got like permission or something, or they would have been - - as I said to you before, they look like they are from the same company. You know, it might be like, I do not know, a side-line product or, you know, a similar, like I said before, really, seasonal product.

73. Similarly, Mr March explained (at Day 2, pp. 62-63):

"Q. You said at the time you thought it was a Magic Tree or Forest Fresh product?

A. That is correct.

Q. But you were not certain?

A. I saw it. I was asked what my first thoughts were. I believe what I said was it is Magic Tree and I believe it is a Forest Fresh scent.

Q. What about the CarPlan at the bottom?

A. I did not take no notice of that at first. I just sort of saw it and sort of assumed it was something in partnership with CarPlan maybe or some kind of promotion or something. That was my initial thoughts."

74. Finally, Ms Gawan was very similar to Mr March. She said (Day 3, pp235-236):

"Q. In the questionnaire, you were shown, first of all, the single air freshener, the CarPlan one.

A. Yes.

Q. You were asked whether you seen that and you said: "Yes, on mirrors and in petrol stations." Then, in your witness statement, you say: "When I was taken to question 1" -- this is by the solicitor afterwards -- "I said that I did not know whether I had got confused at the time." Were you asked some question? Were you asked whether you were confused when you said "yes"?

A. No, I was not asked if I was confused. I just thought that it was important to point out that, at the time I said I had seen the first image before, I had not seen the other images and when I saw the other images I realised that I had not and that I had been confusing it with the other images.

Q. I see. As soon as you saw the second lot, you realised that you had not seen the first one?

A. Exactly."

75. I have considered all of the evidence of the respondents who came to court. I must be cautious in drawing conclusions from them for all the reasons I have given. They were, however, all witnesses who gave their evidence carefully and fairly and do, in my judgment, give me some idea of the way that the

average consumer would perceive the products in issue. I believe they support my impression that there is a real likelihood that the average consumer would, on seeing the Christmas Tree product, think that it is another product in the Magic Tree range or a Christmas version of the Tree products with which he or she is familiar.

76. In all these circumstances I have come to the conclusion that the claimants have established that Tetrosyl has used in the course of trade a sign (the shape and appearance of the Christmas Tree product) where, because of its similarity to the Tree marks and because of the identity of goods covered by the marks and the sign, there exists a likelihood of confusion on the part of the public.

Art. 5(1)(c)

77. Art 5(1)(c) says:

Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

78. Art 9(1)(c) of the Regulation is in like terms save that it must be shown that the registered mark has a reputation in the Community. Despite their wording these provisions apply to all goods services: Case C-292/00 *Davidoff v Goffkid* [2003] ETMR 42 and Case C-408/01 *Adidas Salomon v Fitnessworld* [2004] ETMR 10.

79. As a result of these rulings the wording of s.10(3) of the 1994 Act has been revised with effect from 5 May 2004 by Regulation 7 of the Trade Marks (Proof of Use, etc.) Regulations 2004 (SI 2004 No. 946) in the following manner:

"A person infringes a registered trade mark if he uses in the course of trade in relation to goods or services, a sign which --

- (a) is identical with or similar to the trade mark, and
(b)

where the trade mark has a reputation in the United Kingdom and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark."

80. It is now established that protection is not limited to cases where the offending use is likely to cause confusion as to origin but it is necessary that the degree of similarity between the marks and the sign is such that the relevant section of the public establishes a link between the mark and the sign. This is to be appreciated globally taking into account all relevant circumstances: *Adidas* at [24] to [31] and [38] to [41]. Moreover, it is to be noted that the existence of detriment must be established on the evidence and must be shown to be a real as opposed to a theoretical possibility: see *Daimler Chrysler AG v. Alavi (t/a Merc)* [2001] R.P.C. 42 and *Mastercard International Inc v Hitachi Credit (UK) Plc* [2005] R.P.C. 21.
81. The claimants' principal case is as follows. The Tree marks have a reputation in the United Kingdom as a result of the use which has been made of them over the course of the last 50 years. The Tetrosyl use creates an impression that the Tree marks are not indicative of the goods of the claimants exclusively and thereby dilutes their distinctive character and repute.
82. Tetrosyl resists this case for reasons which are very similar to its case in relation to Art 5(1)(b). It says that the Tree marks have not been used as trade marks and so have not acquired any relevant reputation. Further, because of differences between the Tree marks and the Christmas Tree product, the public will not make a link between the marks and the sign. Finally, the use which has been made of the Christmas Tree product is not without due cause.
83. The findings that I have made earlier in this judgment are highly relevant to this part of the claim. The Tree marks do have a substantial reputation in the United Kingdom. There is a real probability that members of the public seeing the Christmas Tree product will think that it is another product in the

Magic Tree range or a Christmas version of the Tree products. In my judgment the evidence and comparison of the marks and sign establish that the average consumer will make a link between the sign and the Tree marks and that this will inevitably damage the distinctiveness of the Tree marks. Their capacity to denote the products of the claimants exclusively will be diminished.

84. The burden of establishing that the use complained of is "with due cause" falls on Tetrosyl. In my judgment it is not discharged. The only justification is that the Christmas Tree product is a novelty item and that anyone seeking to produce a Christmas novelty air freshener in the shape of a Christmas tree would infringe the trade marks. The meaning of without due cause was considered in *Premier Brands v Typhoon* [2000] FSR 767. There the court emphasised that regard must be had to the purpose of the provision which is to protect the value and goodwill of trade marks, particularly in cases where they are well known, from being unfairly taken advantage of or unfairly harmed. The fact that the sign complained of was innocently adopted is not sufficient to invoke the exception. The defendant must show not only that the use complained of is "with due cause" but also that the taking of unfair advantage or causing of detriment are not "without due cause". All of these matters point to a relatively stringent test. In my view Tetrosyl has not shown that the need to use the Christmas Tree product is such that the rights of the claimants must yield to it. Tetrosyl has no need to produce an air freshener in the shape of a fir tree, even at Christmas. Since the sale of such an air freshener causes detriment to the distinctive character and repute of the Tree marks I believe that the claimants justifiably complain of that use.

Art. 6(1)(b)

85. Tetrosyl rely upon Art. 6(1)(b) (and Art.12(b) of the Regulation) as providing a defence. This is in the following terms, so far as relevant:

"The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade,

a.

b. indications concerning the kind, qualityor other characteristics of goods ...;

c.

provided he uses them in accordance with honest practices in industrial or commercial matters."

86. Tetrosyl submits that the use of the shape of a Christmas tree as part of the get up of its product is an indication of the quality of its product because it indicates that it is a Christmas decoration. It also claims that the use is in accordance with honest practices.
87. The factors to be considered in assessing whether any use is in accordance with honest practices have been recently explained by the European Court of Justice in *Case C-228/03 Gillette v LA-Laboratories* [2005] FSR 37. The Court emphasised that the condition of honest use constitutes in substance the expression of a duty to act fairly in relation to the legitimate interests of the trade mark owner (at [41] and [49]). Use of a trade mark will not be in accordance with honest practices if, for example, it is done in such a manner as to give the impression that there is a commercial connection between the third party and the trade mark owner or if it affects the value of the trade mark by taking unfair advantage of its distinctive character or repute or if it entails the discrediting or denigration of that mark (at [49]).
88. This argument must fail on the findings I have made. In my judgment the use of the sign complained of does give the impression that there is a commercial connection between Tetrosyl and the claimants and is, without due cause, detrimental to the distinctive character or the repute of the Tree marks. It cannot be used in accordance with honest practices in industrial or commercial matters.

Validity

89. I must now consider the submission that the Tree marks ought to be declared invalid and revoked on the grounds :

- i) The Tree marks consist exclusively of the shape which gives substantial value to the goods;
- ii) The Tree marks consist exclusively of indications which may serve to designate the kind, quality or other characteristics of the goods and there has been no sufficient use of the marks to render them distinctive;
- iii) In consequence of the acts or inactivity of the claimants, the Tree marks have become the common name in the trade for the products in respect of which they are registered.

Art. 3(1)(e)

90. Article 3(1)(e) of the Directive (Art.7(1)(e) of the Regulation is in like terms) reads:

"3. (1) The following shall not be registered or if registered shall be liable to be declared invalid:

(e) signs which consist exclusively of:

- the shape which results from the nature of the goods themselves, or
- the shape of goods which is necessary to obtain a technical result, or
- the shape which gives substantial value to the goods;"

91. Specifically Tetrosyl rely upon Art.3 (1) (e), third indent, and contend that the Tree marks consist of shapes which give substantial value to the goods.

92. A number of points must be noted about this objection at the outset. First, it is an absolute ground of objection which, if made good, cannot be saved by evidence that the mark has become distinctive in fact.

93. Further, the objection cannot be disregarded because the Tree marks are graphic marks. In Case C299/99 *Koninklijke Philips Electronics NV v Remington Consumer Products Ltd* [2003] R.P.C. 2, the Court of Justice stated at [76]:

"If any one of the criteria listed in Art.3(1)(e) is satisfied, a sign consisting exclusively of the shape of the product or of a graphic representation of that shape cannot be registered as a trade mark".

94. Similarly, in *Philips* at first instance, [1998] R.P.C. 283, Jacob J (as he then was) said at 290:

"Even though it is only a picture which is formally the subject of the registration, both sides, in my judgment rightly, treated it as a registration covering also a three-dimensional shape. It would be quite artificial to regard a straight picture of a thing, and the thing itself, as significantly different under a law of trade marks which permits shapes to be registered"

95. In the present case there is no doubt that the claimants contend that the scope of the Tree marks extends to air fresheners made in the shape of the marks. They are graphic marks but, on the claimants' own case, they are also representations of the shape of air fresheners.

96. The various grounds for refusal of registration listed in Art 3 of the Directive must be construed in the light of the public interest underlying each of them. The public interest underlying the objection in Art 3 (1)(e), second indent, was explained by the Court of Justice in *Philips* by reference to that particular objection at [78] to [80]:

"78. The rationale of the grounds for refusal of registration laid down in Art.3(1)(e) of the Directive is to prevent trade mark protection from granting its proprietor a monopoly on technical solutions or functional characteristics of a product which a user is likely to seek

in the products of competitors. Art.3(1)(e) is thus intended to prevent the protection conferred by the trade mark right from being extended, beyond signs which serve to distinguish a product or service from those offered by competitors, so as to form an obstacle preventing competitors from freely offering for sale products incorporating such technical solutions or functional characteristics in competition with the proprietor of the trade mark.

79. As regards, in particular, signs consisting exclusively of the shape of the product necessary to obtain a technical result, listed in Art.3(1)(e), second indent, of the Directive, that provision is intended to preclude the registration of shapes whose essential characteristics perform a technical function, with the result that the exclusivity inherent in the trade mark right would limit the possibility of competitors supplying a product incorporating such a function or at least limit their freedom of choice in regard to the technical solution they wish to adopt in order to incorporate such a function in their product.

80. As Art.3(1)(e) of the Directive pursues an aim which is in the public interest, namely that a shape whose essential characteristics perform a technical function and were chosen to fulfil that function may be freely used by all, that provision prevents such signs and indications from being reserved to one undertaking alone because they have been registered as trade marks (see, to that effect, *Windsurfing Chiemsee*, paragraph 25)"

97. As applied to the third indent, I take from this that the Directive recognises that there is a public interest that marks consisting exclusively of shapes which add substantial value to the goods must be available for use by all.

98. In the same case Advocate General Ruiz-Carabo Colomer stated in his Opinion [2001] RPC 38 at [30]:

"30. The immediate purpose in barring registration of merely functional shapes or shapes which give substantial value to the goods is to prevent the exclusive and permanent right which a trade mark confers from serving to extend the life of other rights which the legislature has sought to make subject to limited periods. I refer, specifically, to the legislation on industrial patents and designs."

99. This is helpful guidance. However, many aspects of shape are protectable by a wide variety of design laws and accordingly regard must therefore be had to the express requirement that the shape must add *substantial* value. The importance of this was recognised by the Court of Appeal in *Philips* [1999] RPC 809 where Aldous LJ said at 822-833:

"The subsection is only concerned with shapes having 'substantial value'. That requires a conclusion as to whether the value is substantial, which in my view requires that a comparison has to be made between the shape sought to be registered and the shapes of equivalent articles. It is only if the shape sought to be registered has, in relative terms, substantial value that it will be excluded from registration.

In the present case, the shape registered by Philips has a substantial reputation built up by advertising and reliability and the like. That in my view is not relevant. What has to be considered is the shape as a shape. If that is done I do not believe that the evidence established that the registered shape has any more value than other shapes which were established to be as good as and as cheap as that which is registered... "

100. Two important points emerge from this passage. First, the mark may have a large goodwill associated with it derived from sales and advertising. This will no doubt have a substantial value. But it is not relevant. It is the shape itself which must add substantial value. Secondly, it is relevant to make a comparison with the shapes of equivalent articles. It is only if the shape in issue has a high value relative to such other shapes that it will be excluded from registration.

101. I have carefully considered all of the evidence before me and I am not persuaded that the shape of the Tree marks adds substantial value to the air fresheners sold by the claimants for all the following reasons. First, although I have found the Tree marks to be distinctive it is clear that value attributable to their source function must be disregarded.

102. Secondly, and once the source function is disregarded, it is my impression that there is nothing remarkable about the design of the Tree marks which might be said to be of particular artistic or aesthetic significance to the average consumer.
103. Thirdly, the price of the Tree products is relatively low at between £0.70 and £2.00 and there is no indication that this price is materially different to other carded automotive air fresheners. Against this Tetrosyl relies upon the evidence of Mr White that a piece of scented blank card would not sell very well unless priced at about £0.10. I did not, however, find this very persuasive. A piece of blank card would have no trade mark significance and no eye appeal at all. There are very few consumer products which are sold without any trade marks and without any regard to their appearance. But merely because consumer products are designed to have an attractive appearance does not mean that their shape adds *substantial* value to the goods.
104. Fourthly, purchasers are no doubt motivated to buy a particular Tree product for a number of reasons. One is that they recognise it as a product they have bought or seen before and know that it is a satisfactory product. Another is that they like the scent. A third is that they like the shape or design and are happy to have it hanging in their vehicle. The evidence pointed to all of these as being material factors in the decision to buy. However the evidence does not point to the fact that the shape as such provides *substantial* value. The shape of the Tree products has no greater inherent appeal than many other products on the market. In my judgment the substantial value attaching to the Tree marks is attributable to the fact that they have a substantial reputation.
105. For all these reasons I conclude that this attack on the validity of the Tree marks must fail.

Art. 3(1)(c)

106. Article 3(1)(c) of the Directive reads, so far as relevant:

"1. The following shall not be registered or if registered shall be liable to be declared invalid:

(c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, qualityor other characteristics of goods..."

107. Article 3(3) reads:

"A trade mark shall not be refused registration or be declared invalid in accordance with paragraph 1 (b), (c) or (d) if, before the date of application for registration and following the use which has been made of it, it has acquired a distinctive character. Any Member State may in addition provide that this provision shall also apply where the distinctive character was acquired after the date of application for registration or after the date of registration".

108. Sections 3(1)(c) and 47(1) of the 1994 Act give effect to these provisions. Art. 7(1)(c) and (2) of the Regulation is in like terms.
109. Tetrosyl contends that the Tree marks are inherently descriptive for the following reasons. They would have been perceived as depicting a pine or fir tree and, in relation to the goods applied for, a pine or fir tree is descriptive of the quality of being pine scented or forest fresh. This is a contention that I have already considered. For the reasons set out at [37] to [45] above I have reached the conclusion that the Tree marks were not descriptive at their respective dates of registration (1962 for 966 and 1996 for 991). Further, they were distinctive in fact by 2003.
110. This attack on the Tree marks therefore fails.

Art 12(2)(a)

111. Article 12 of the Directive (Art 51 of the Regulation is in like terms) reads, so far as relevant:

"2 A trade mark shall also be liable to revocation if, after the date on which it was registered,

(a) in consequence of acts or inactivity of the proprietor, it has become the common name in the trade for a product or service in respect of which it is registered;"

112. Tetrosyl recognised that this was not its strongest ground of attack on the Tree marks. Nevertheless it contends that as a result of the acts or inactivity of the claimants the Tree marks have become the common name in the trade for air fresheners. The argument runs as follows:

i) First, the fact that the language refers to "the" common name in the trade does not mean that it must be the only name, taking a purposive construction: *Hormel Foods Corp v Antilles Landscape Investments NV* [2005] R.P.C. 28;

ii) Secondly, the words "in the trade" do not confine the inquiry to professional traders. The perception of the public plays a decisive role: Case C371/02 *Bjornekulla Fruktindustrier AB v Procordia Food AB* [2004] R.P.C. 45;

iii) The language of Art. 12(2)(a) cannot have been intended to cover word marks only, notwithstanding reference to the "common name in the trade".

iv) A tree shape in the form sold by the claimants and variations thereof (i.e. the concept of a tree shape about two or three inches in height, that hangs from a rear view mirror) is generic. Such items are not seen as having trade mark significance but are seen in the same way as other ornaments that commonly hang from a rear view mirror, such as boxing gloves, furry dice, religious symbols and so on;

v) They are generic for the goods in issue, namely car deodorants and car air fresheners;

vi) The reason for this is in large part due to the inactivity of the claimants. While they have occasionally taken action against some third parties, they have allowed many others to remain unchecked over many years.

113. Although I accept the first two propositions, the argument must be rejected. First, there must be considerable doubt as to whether this provision could ever apply to device marks such as the Tree marks. They are not word marks and do not contain words. Nor are they marks which have come to be referred to by words which are common in the trade. On the contrary, the evidence showed that the products of the claimants are referred to, if anything, by the name Magic Tree and there is no suggestion that this has become common in the trade.

114. Secondly, and assuming the objection is available against device marks, the evidence fails to establish that carded air fresheners in the shape of fir trees or fir tree devices have become common in the trade. The only tree shaped product on the market for any length of time is the Mighty Oak. I have already concluded that this is visually distinct from the Tree marks but in any event it does not establish that tree shapes are generic. As to carded air freshener products having fir tree shapes, the claimants have taken vigorous steps over the years to prevent such use and have been successful in doing so. Further, and for the reasons I have given, far from being generic the Tree marks are distinctive of the claimants.

115. This attack on the Tree marks also fails.

Passing Off

116. The claimants contend that the activities of Tetrosyl amount to passing off. The essential elements of the tort were summarised by the House of Lords in *Reckitt & Colman v. Borden* [1990] RPC 341. Lord Oliver held a claimant must prove the following:

"First, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying "get-up" (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or

services of the plaintiff. Whether the public is aware of the plaintiff's identify as the manufacturer or supplier or the goods or services is immaterial, as long as they are identified with a particular source which is in fact the plaintiff. For example, if the public is accustomed to rely upon a particular brand name in purchasing goods of a particular description, it matters not at all that there is little or no public awareness of the identity of the proprietor of the brand name. Thirdly, he must demonstrate that he suffers or, in a *quia timet* action, that he is likely to suffer damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff" (at pg. 406, lines 25-42)

117. I have held that the claimants have established a reputation in connection with the Tree marks and that the public recognise the Tree marks as denoting the carded air fresheners of the claimants. It is in relation to the second element of the cause of action that I have greater concern. I must be satisfied that the activities of Tetrosyl have led or are likely to lead to members of the public buying the Christmas Tree product in the belief that it is a Tree product or another product in the Magic Tree range.
118. Importantly, all the circumstances of Tetrosyl's trade are to be considered. In particular, I must consider the fact that the Christmas Tree product is always sold in a box, and generally from a CDU on the counter away from other air fresheners and with the lights on the Tree product flashing. The CDU and the box have an appearance which, to my eye, is rather different to any packaging and sales material used by the claimants. Further, the Christmas Tree product is sold at a price which is significantly higher than the Tree products. I must also take into account the fact that traders have not had any concerns about selling the Christmas Tree product and Saxon's own sales staff have never reported it as causing a problem. I have no evidence of any actual confusion. In this regard it is important to note that the claimants have not carried out any witness gathering exercise using the Christmas Tree product in its box or when displayed in the CDU. I consider that the witness gathering exercise which was carried out therefore has less weight in considering passing off. Weighing all these matters together I have reached the conclusion that the claimants have failed to establish passing off.

Conclusion

119. My conclusions are as follows. The claimants have established trade mark infringement of the 966 and 991 marks. The attacks on the marks fail. The claim in passing off also fails.