L'Oreal SA and others v Bellure NV and others

CHANCERY DIVISION

[2006] EWHC 2355 (Ch), [2006] All ER (D) 39 (Oct), (Approved judgments)

HEARING-DATES: 4 OCTOBER 2006

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Henry Carr QC and Jacqueline Reid for the claimants.

Roger Wyand QC and Tom Moody-Stuart for the first, fourth and seventh defendants.

The remaining defendants did not appear and were not represented.

APPROVED JUDGMENT

I DIRECT THAT PURSUANT TO CPR PD 39A PARA 6.1 NO OFFICIAL SHORTHAND NOTE SHALL BE TAKEN OF THIS JUDGMENT AND THAT COPIES OF THIS VERSION AS HANDED DOWN MAY BE TREATED AS AUTHENTIC.

INTRODUCTION:

This is the first approved version handed down by the court. An edited official transcript or report will follow.

PANEL: LEWISON J

JUDGMENTBY-1: MR JUSTICE LEWISON

JUDGMENT-1:

MR JUSTICE LEWISON:

Introduction

1. The L’Oreal Group (of which all three claimants are members) is a manufacturer of high quality perfumes and other beauty products. Among its global brands are L’Oreal itself, Lancome and Garnier. Many of its products are aimed at the luxury perfume market. Its essential complaint in this action is that the defendants have been importing, distributing and selling copies of some of its luxury products. The majority of them are part of the Creation Lamis range of perfumes, and are

manufactured in Dubai. These are not imitations in the sense of being counterfeits. Rather, they are "smell-alikes" marketed in packaging which L'Oreal says takes unfair advantage of its own product names, packaging and brand image. It has marshalled its complaints under the headings of trade mark infringement, passing off and unfair competition.

2. L'Oreal has reached a settlement with some of the defendants. Those who remain active in this litigation are the First, Fourth and Seventh Defendants. The First Defendant, Bellure NV, is a Belgian corporation. It imported the Creation Lamis range into the United Kingdom. It says that it has now ceased trading. The Seventh Defendant, Starion International Ltd, distributed the Creation Lamis range within the United Kingdom to wholesalers. The Fourth Defendant, Malaika Investments Ltd, was one such wholesaler.

3. Mr Henry Carr QC and Ms Jacqueline Reid appeared for L'Oreal. Mr Roger Wyand QC and Mr Tom Moody-Stuart appeared for the First, Fourth and Seventh Defendants.

Market background

4. Fragrances in the UK market are broadly divided into four categories. The precise boundaries between these categories are not sharply defined; and do not matter for present purposes. The four categories are:

i) Fine fragrance brands. These are premium price brands, with selective distribution, expensive packaging and presentation. They are heavily advertised and strongly promoted and are produced by the leading cosmetic and fragrance houses.

ii) Volume prestige brands. These are brands with many of the characteristics of fine fragrances but with retail prices at the lower end of the fine fragrance range, and with a less restricted distribution.

iii) Mass-market brands. These have relatively low retail prices, and are sold quite widely in various retail outlets. They are usually sold on a self-service basis and with less emphasis on brand imagery.

iv) Replica fragrance brands. These are imitations, but not counterfeits, of fine fragrance brands and trade on their image. However, they are sold at retail prices well below those of the premium priced brands and are very competitive with similarly priced mass-market brands.

5. The market for fragrances is highly competitive. Within the UK L'Oreal has the largest share of the market (15 per cent in 2004), with Chanel and Est e Lauder not far behind. Over a hundred new female fragrances are launched every year, most of which have a life of two to three years. Of these, some 50 to 60 are major launches.

6. The cost of launching a new fine fragrance is substantial. In the case of L'Oreal the typical cost of the launch of a major new fragrance is as follows:

Preliminary market study and product positioning analysis
Preliminary market study and product positioning analysis and product positioning analysis £ 75k - £ 100k

Bottle and packaging	£ 50k - £ 100k
Bottle moulds	£ 150k - £ 500k
Advertising development	£ 50k - £ 100k
Models	£ 500k - £ 1.5m per annum
Fragrance	Based on royalty of sales
Trade mark registration	£ 150k - £ 500k
Market research and testing	£ 200k - £ 2m
Launch campaign	£ 50 m - £ 100m
Global costs	£ 60m - £ 120m

7. The process can take up to two years. In the case of L'Oreal much of the development of a new fine fragrance is dealt with at its headquarters in Paris.

Classification and creation of fragrances

8. The most important factor in the success of a fine fragrance is its smell. The development of a fragrance is complex. It is done by a skilled perfumer. In order to create a fragrance a skilled perfumer uses a "palette". A perfumer's palette consists of the range of ingredients he uses in the creation of a fragrance. These may be natural, synthetic, base or captive. A perfumer will use both common ingredients (available everywhere and used in most fragrances) and a personal palette which consists of his favourite ingredients. There are fewer than 100 natural ingredients in a perfumer's palette, and about 5,000 synthetic ones. Within the range of synthetic ingredients, there are about 100 that are commonly used, and a further 500 that are used for specific effects or olfactive direction. Bases are blends of ingredients that will reproduce the smell of flowers that are either impossible to extract (lilac or carnation), too expensive to extract commercially (jasmine) or too powerful (cassis). Captive ingredients are restricted or confidential ingredients used by the perfumers of a particular fragrance house. They will have been the subject of research; and are not sold on the market. The use of captive ingredients is a good safeguard against copying.

9. A blend of ingredients that confers an olfactive backbone to a fragrance is called an "accord". It is not a rigid group of ingredients, but an olfactive impression. The concept of the accord has given rise to a classification of fragrances into seven broad families: Hesperedic, Floral, Foug re, Chypre, Woody, Ambery and Leather. Perfumers classify fragrances either by reference to these families, or by reference to the genealogy of a fragrance. In 1984 the French Society of Perfumers created the "Classification des Parfums" which consists of some 900 fragrances. It is intended to be an official guide to fragrances, and is deliberately designed to preserve differences between those

fragrances which it will classify as "new". On the other hand a classification by genealogy will relate a new fragrance to one or more existing fragrances.

10. In analysing the smell of a fragrance, perfumers talk about the top, middle and bottom (or dry down) notes. The top note of a fragrance is the first olfactory impression a fragrance has on a consumer. It is what the user will remember of the fragrance; and is often the only smell that they will experience. It lasts for between fifteen minutes and an hour. The middle note will last for between one and three hours. It is what other people will smell. The bottom note will last for between six and eight hours. A consumer will be particularly sensitive to changes in the top note. The differences in the longevity of the top, middle and bottom notes mean that any comparison between fragrances must include examination of the fragrance at intervals.

11. When a brand owner wishes to launch a new fragrance it will issue a "perfume brief" to one or more fragrance houses. It will present the concept of the new fragrance and will usually indicate the family of fragrances to which the new fragrance should belong. The brand owner will usually identify an existing fragrance as a benchmark against which the new fragrance is to be tested. Typically this will be a product marketed by a competitor. The fragrance house will also try to identify existing fragrances that the brand owner both likes and dislikes, in order to speed up the process of developing a new fragrance. This also helps because the brand owner will typically not speak the same technical language as the skilled perfumer. In making these identifications those in the fragrance industry commonly use the proprietary names of other fragrances as "shorthand".

12. Fragrance houses analyse new entrants to the market. They do this to understand trends in accords, customer acceptance and to identify new ingredients (e.g. captive ingredients). In creating a new fragrance it is commercially risky to create a totally new smell; so new fragrances are often derivatives of existing ones. A skilled perfumer can analyse the differences and similarities between an existing fragrance and a new one.

13. There are other companies who deliberately mimic the smells of successful fragrances. They do so very accurately. It is common ground that it is not an infringement of copyright in the United Kingdom to manufacture a perfume that mimics the smell of a successful fragrance. Such a perfume is called a "smell-alike".

14. There are four points about smells that should be made. First, a smell can, in theory, be protected as a trade mark. Second, as mentioned, a smell is very difficult to define in words so that people in the trade often use the proprietary names of fragrances to describe them. Third, the skin of the wearer can alter the smell of a particular perfume. Fourth, the wearers of perfumes can recognise their own favourites by the smell alone, without sight of the bottle or packaging. Sometimes their family and close friends can do so too.

The fragrances in issue

Tresor

15. Tresor has been on the market since 1990, although its official launch in the UK took place in March 1991. The scent was created by Sophia Grojsman. The bottle in which it is sold was designed by Charles Boussiquet, well-known in this field. In 2000 and 2001 it was heavily advertised and achieved annual sales in the UK in excess of £ 3 million. Sales have since declined to about £ 2 million. It is marketed under the Lancome brand. Tresor eau de parfum retails at £ 62 for a 100ml bottle. Tresor was relaunched in 2001. There was no change to the scent itself, but the packaging

was slightly altered. It commands between 0.6 and 1 per cent of the market, selling in the order of 2,000,000 units a year in the European market. Additional products have been added to the Tresor range. These additional products are called "flankers". Tresor is associated with three trade marks:

i) A word and device mark (No 1440039) registered in 1992. The words are "Tresor Lancome Paris". The words are inscribed in a black square surrounded by a peach coloured rectangle. Exclusive rights to the words "Tresor" and "Paris" are disclaimed. The mark is "limited to the colours black, gold, pink, yellow, orange and mauve as shown on the representation" on the form of application. This mark is reproduced below.

ARTWORK 06D39OCT1

ii) A word and device mark (No 1426188), registered in 1991. This consists of a drawing of a bottle roughly in the shape of an inverted ziggurat, on which is inscribed "Tresor Lancome". "Tresor" is in a cursive script. The registration disclaims "the right to the exclusive use of the device of a container". This mark is reproduced below.

ARTWORK 06D39OCT2

iii) A stylised word mark (No 1382742). The word is "Tresor".

16. All three marks are registered in class 3 (which includes perfumes and toilet waters).

17. Tresor's image in the UK is that of a beautiful traditional fragrance with a classic elegant scent. It is particularly popular among customers aged more than 35 (whom Lancome classify as "older" customers). They like its packaging as well as its smell.

Miracle

18. Miracle has been on the market since 2000. The scent was created by Alberto Morillas and Harry Fremont of Firmenich, who are well-known in this field. The bottle in which it is sold was also designed by Charles Boussiquet. The advertising spend on Miracle in 2000 to 2002 exceeded £ 1 million per annum. At its peak in 2002 it achieved sales in the UK exceeding £ 5.5 million. Sales have declined since, but still exceed £ 3.5 million per annum. It is marketed under the Lancome brand. Miracle eau de parfum retails at £ 59.50 for a 100ml bottle. It commands between 1 and 1.5 per cent of the market, selling in the order of 2,000,000 units per year in the European market. Other products have been added to this range (for example, men's fragrances). Miracle is associated with three marks (all in class 3):

i) A community trade mark (No 1776970). This mark depicts a 3-D bottle device. The bottle is double-walled and has inscribed on it "miracle" and "Lancome". It is reproduced below.

ARTWORK 06D39OCT3

ii) An international trade mark (No 748499). This mark shows the words "Miracle" and "Lancome" on a pink background. The mark claims the colour pink pantone 226 metallis (according to the Pantone system of colour classification).

ARTWORK 06D39OCT4

iii) A community trade mark (No 1286897). This is a word mark for "Miracle".

19. Miracle has been internationally successful since its launch. Part of its success is attributable to its fashionable pink packaging and the pink colour of the scent itself. The brand concept focuses

on positive values and is underlined by the name and advertising of the product with modern and fresh imagery. It is popular among younger customers. In 2001 Miracle won the "FIFI" award for Women's Prestige Fragrance of the Year.

Anais Anais

20. Anais Anais was launched in 1978, as part of the Cacharel brand, in which it still plays a big part. It has an annual turnover in the UK of between £ 5 million and £ 7 million.

21. Anais Anais is registered as a word mark (No 1098105 and No 1257894) in class 3.

22. Anais Anais is regarded by consumers as a feminine and very French fragrance, if a bit old-fashioned.

Noa

23. Noa has been on the market since 1998. The bottle in which it is sold was designed by Annegret Beier, also well-known in this field. Between 2000 and 2002 it was heavily advertised (with an advertising spend exceeding £ 1 million in 2000) and at its peak in 2002 achieved sales in the UK exceeding £ 1.8 million. Sales have declined since then, but are still substantial. It is marketed under the Cacharel brand.

24. Noa is registered as a word mark (No 1416777) in class 3. The word "Noa" is also registered as a community trademark (No 002652170) in a stylised form: a black dot appears in the bottom right hand quadrant of the "O". This mark is reproduced below. This mark is also registered in class 3.

ARTWORK 06D39OCT5

25. The name Noa was conceived as a reference to pearls ("Noa Noa", apparently meaning "pearls" in Tahitian, was intended to be linked to the painter Paul Gaugin through his sojourn in Tahiti, although the allusion seems to have been lost on most consumers). Since its launch Noa has developed a loyal following in a core group of customers. The target market for Noa is women between their early 30s and late 40s. In order to maintain its market share, Noa is price promoted. This means that about 70 per cent of the product is sold at a discount of about 50 per cent to the recommended retail price.

Marketing

Lancome products

26. As I have said both Tresor and Miracle are part of the Lancome brand. They are both fine fragrances. Products marketed under this brand are sold in luxury fragrance stores or department stores. If a retailer wants to stock and sell Lancome products, he has to fulfil a range of qualitative criteria. As a result, Lancome products are sold in stores accounting for only 45 per cent of the total value of premium fragrances in the UK. The selective distribution policy means that, for example, Lancome products are not sold in stores like Superdrug and are only sold in those Boots stores where Lancome is able to have a dedicated Lancome counter. Where a store has been selected to sell Lancome products the retail staff receive training both about the products themselves and how to sell them. Lancome has a training team to do this.

Tresor

27. I was shown two forms of packaging for Tresor. The first consists of a bottle and a box. The bottle is a close implementation in 3-D of the bottle mark. It is a ridged bottle, inversely pyramidal in shape, with a clear facetted stopper surmounting a black ring. The glass is clear glass. It bears the words "Tresor" in cursive script and "Lancome Paris" on the first and second ridges. The box is multi-coloured, with a predominantly "peach" rag-rolled effect. The words "Tresor" in cursive script and "Lancome Paris" are inscribed in a black square on the front of the box. The second also consists of a bottle and a box. The bottle is rhomboid and squatter than the first bottle. The glass is also clear glass. Although it is also ridged, there are fewer ridges (four rather than six) and the ridges are heavier in appearance. The stopper is flatter than the stopper in the first bottle and although it too surmounts a black ring, the ring is more bulbous than in the first example. The bottle also bears the words "Tresor" in cursive script and "Lancome Paris", but they are on the flat top of the bottle rather than on the ridges. The box is more evenly coloured than the first box, and gives much less of the rag-rolled effect. The word "Tresor" in cursive script is inscribed in a black square on the front of the box, but the words "Lancome Paris" have been moved towards the bottom of the box and no longer appear in the black square. Because the bottle is squatter than the first, the box is squarer than the first.

Miracle

28. The packaging for Miracle consists of a bottle and a pink box. The bottle has a thick curved glass wall along its two sides and base. The stopper is metallic and frustroconical. It bears the words "Miracle" and "Lancome" on the front of the bottle. The liquid (or juice) of the perfume itself is also pink. The box is metallic pink. It, too, bears the words "miracle" and "Lancome" on the front. The precise shade of pink is important to its image. One reason for this is that there are a number of perfumes on the market that are packaged in pink. Ms Ohayon explained:

"You know, like the colour of the Miracle, we spend a lot of time choosing it. Actually what is quite interesting is that at the time I was working in an international team and I was working in the same corridor as the person who was developing Miracle. You cannot imagine the number of tests, like making sure that this is the right pink, that it has a slight pearlised effect. So, yes, you have a lot of pink fragrances, but when we choose a colour it is not just a random pink. There is a lot of effort put into it and a lot of test to make sure that it is the right colour. You have a baby pink that can evoke softness and you have a vibrant deep fuchsia pink that can evoke something else. It is also very, very important to make sure that the colour that we choose is perfect. So it is not only about just a pink."

29. The bottle features in advertisements for Miracle; and both the bottle and the pink box are displayed at sales outlets. Advertisements for Miracle often feature a pink cloudy background, often depicting a sunset (or sunrise).

Cacharel

30. Unlike Lancome, which is a very strong brand with a lot of associations, Cacharel is not a particularly strong brand. In consequence the packaging and advertising of Cacharel products assumes more importance. However, as Cacharel has a lower advertising budget, the packaging (especially the bottle) is of particular importance. Cacharel products are sold through stores with dedicated perfume departments; although they do not have a sales staff dedicated to Cacharel products, and they are more likely to be on open access shelves. Cacharel products are also sold in Boots.

Most Noa products are sold in Boots stores; and indeed, some 73 per cent of Noa's sales (in 2005) was in Boots stores.

Packaging of Anais Anais

31. The packing for Anais Anais consists of a container and a box. The container is not made of glass, but is partly ceramic and partly metallic in appearance. The ceramic portion of the container is mostly covered by a label. The label has a background of pink and grey flowers in pastel colours with a visible pistil (rather in the style of Georgia O'Keefe) and bears the name Anais Anais and Cacharel. The metallic top part of the container is covered by a translucent plastic cap.

32. The box is made of cardboard with a slightly roughened finish. It bears the words Anais Anais Eau de Toilette and Cacharel. "Anais Anais" is in an italic serif font. Cacharel is in lower case in a distinctive font. Between these two groups of words there is a background of pink and grey flowers which replicates the flowers on the label on the bottle itself.

Packaging of Noa

33. In the case of Noa the key visual icon is the pearl that floats within the bottle. Cacharel's marketing efforts focus on the bottle. The bottle is roughly spherical with a flattened base. The top portion of the bottle is covered by a pearl-like sheath. A white sphere, reminiscent of a pearl, floats inside the bottle. The Noa eau de toilette is packaged in a cream box with the "Noa" logo which features a silver pearl motif within the "O". The box is a cube. It opens outwards by pulling its four sides apart. The theme of the pearl is also carried through into other products within the Noa range.

The Defendants, their businesses and products

Bellure

34. Bellure is a Belgian company originally formed (under a different name) in 1995. Its business was the importation of low cost cosmetics and perfumes from the UK into Belgium. It sold its imports into the market through low budget shops and street markets. By 1995 it was buying products from France, Holland and the UK and was selling on to a variety of European markets (including Germany, Czechoslovakia, Holland and Belgium). Bellure realised that there was an increasing demand for low cost fragrances, both in western and in eastern Europe. The cost of the major fragrance brands was beyond the pocket of many consumers. In consequence the demand was for affordable perfumes in attractive bottles and packaging, with fragrances similar to those of popular designer brands. In 1996 Bellure launched its own range of products under the name Creation Lamis. The fragrances that made up the Creation Lamis range were manufactured by European Perfume Works ("EPW"), which was based in Dubai. At first EPW's role was to buy in the raw materials and to buy in bottles and caps, which they then filled and packed. However, in the late 1990s Bellure began to commission its own designs of bottles.

35. In 2001 Bellure launched the Dorall range, which was aimed at the lower cost end of the mass market. By 2003 the Creation Lamis range extended to some 60 women's fragrances and 30 men's. The range was sold in supermarkets and discount stores, which did not stock fine fragrances, as well as in street markets. Some of the fine fragrance houses took legal action against Bellure both in Belgium and in France. In many cases in Belgium Bellure was successful in defending claims made against it. However, it was less successful in France. As a result of a number of adverse judgments against it in France, Bellure wound down its business and sold off its stock. By January 2006 it had effectively ceased trading.

36. In commissioning products from EPW, Bellure deliberately aimed at copying the smell of successful perfumes. The aim was achieved, although there was some disagreement between the parties about the degree of success. This disagreement does not matter for present purposes, because Mr Wyand accepts that Bellure's products smell like the originals and Mr Carr accepts that there is nothing unlawful in this jurisdiction about imitating (or even faithfully reproducing) a smell. So far as the name and packaging of Bellure's products were concerned, Bellure's policy was different. It did not aim to reproduce faithfully the name or packaging of the original. Apart from anything else, it wanted to stay on the right side of the law. However, Ms Billiau, Bellure's sole representative to give evidence, accepted that the bottle and packaging of the original fragrance were chosen as a reference point; and that the bottle and packaging designed for Bellure was intended to give:

"a wink of an eye to existing branded product."

37. The purpose of doing this was to let those people who could recognise it know what the Creation Lamis range was intended to smell like. The commercial purpose behind this was:

"To make it sell easily for those who recognise it."

38. Some of the designs for packaging were put in evidence. Each design is identified by a series of characteristics (date; job number etc.). The most significant feature, however, for present purposes is that the name of a premium fine fragrance appears in a box headed "K/OFF"; which Ms Billiau confirmed stood for "knock off".

Starion International

39. Starion International distributes fragrance products for the lower end of the mass fragrance market. It has two full time employees: Ms Gaynor Osborne and Mr Ray Wood. It sells three main product ranges: Stitch (retailing at £ 1 or less), Dorall (retailing at £ 2 or less) and Creation Lamis (retailing at between £ 2.99 and £ 3.99). Its customers fall into two categories. First there are wholesalers who sell to their own retail customers: typically corner shop chemists, bargain shops, High Street gift shops and market traders. Second, there are discount retail chains. The ultimate consumer tends to be in demographic groups D and E. Stitch is the most popular range, with Creation Lamis in second place. The annual turnover of the Creation Lamis range is of the order of £ 450,000 per annum.

40. Until 2004 Starion sourced its supplies from Bellure, but since then it has sourced its products directly from Scion Cosmetic Products in Dubai. Starion does not play any part in the design of the products that it sells.

41. The Creation Lamis range is illustrated in a glossy coloured brochure. The brochure illustrates both the bottle and the packaging of each product. It does not illustrate any comparators. In addition to the brochure, Starion exhibits at a trade fair once a year. Apart from that it does not advertise the Creation Lamis range.

Honeypot

42. Honeypot is the trading name of Malaika Investments Ltd, which was started some thirty years ago by Mr Lalji. Its business is split between mail order customers and customers who come to its warehouse to buy. Most of Honeypot's customers have a shop, a unit in a mall or a market stall. It does not sell to supermarkets or pharmacies. Although it sells some designer fragrances, most of its business is the sale of mass market fragrances. It has sold products within the Creation Lamis range, although these are not among its best sellers.

The products complained of

Coffret d'Or

43. Coffret d'Or is part of the Dorrall range. It has a similar smell to Tresor. It is supplied in a waisted bottle and packaged in a coloured box. A photograph of its packaging is reproduced below.

ARTWORK 06D39OCT6

La Valeur

44. La Valeur is part of the Creation Lamis range. It, too, has a similar smell to Tresor. It is supplied in a hipped bottle. At one stage its packaging included a picture of a treasure chest; but following the commencement of this action its packaging has since been redesigned to eliminate that feature; although the overall shape and style of the package itself resembles a treasure chest.

ARTWORK 06D39OCT7

Old Packaging

ARTWORK 06D39OCT8

New Packaging

Pink Wonder

45. Pink Wonder is also part of the Creation Lamis range. It has a similar smell to Miracle. It has also come in two different forms of packaging, which are reproduced below.

ARTWORK 06D39OCT9

Old Packaging

ARTWORK 06D39OCT10

New Packaging

Sweet Pearls

46. Sweet Pearls is also part of the Creation Lamis range. It has a similar smell to Noa. Its packaging includes a theme of pearls. It is reproduced below.

ARTWORK 06D39OCT11

Nice Flower

47. Nice Flower is also part of the Creation Lamis range. It has a similar smell to Anais Anais. Its packaging has also changed over time. Both versions are reproduced below.

ARTWORK 06D39OCT12

Old Packaging

ARTWORK 06D39OCT13

New Packaging

Dealings in the products

48. Mr McManus, Starion's managing director, said that it was the company policy that comparison lists, indicating which of the Creation Lamis range smelled like which of the premium

brands, should not be sent out to customers, or used otherwise than for internal policy. However, if this was company policy it was plainly not effectively policed; and was widely ignored.

49. In June 2005 L'Oreal's solicitors instructed a security consultant, working under the alias of Terry Lee, to investigate dealings in the products complained of. He organised a small team of investigators (all working under aliases). I shall call them all by their assumed names. On 4 August he and Lee Simpson went to the premises of Shure Enterprises Ltd at Great Eastern Street in London. He explained that they were interested in buying perfumes from cheaper product ranges to sell at adult parties for women and on market stalls. He spoke to a number of people including Raj (Mr Rajesh Patel). Raj told him that the perfumes in the Creation Lamis range "smell like the originals". Raj supplied him with a list of Creation Lamis products. The list also listed the original premium brands alongside the relevant copy.

50. On the following day Mr Lee and Mr Simpson went to Honeypot's premises. They saw that the Creation Lamis range was labelled with signs which said "inspired by ...". Mr Lee thought (but was not sure) that the name of a premium brand followed the legend "inspired by ...". However, Mr Simpson agreed in cross-examination that it did not; and this is what appeared from the contemporaneous transcript of what the investigators summarised immediately after leaving the warehouse. I find that the names of the premium brands were not displayed at Honeypot's premises.

51. On 24 August 2005, following a couple of telephone calls with Starion, Mr Simpson received two brochures from Starion. The brochures included photographs of the products in the Creation Lamis range alongside their packaging.

52. On 12 October 2005 another of the team, Mr Robert Green, made a number of telephone calls to Starion. He spoke to Mr Ray Wood, and arranged to open an account. In the following month he placed an order. Mr Wood told him that he could not advertise the perfumes as smelling similar or the same as the premium brands, otherwise he would be in trouble with trading standards officers. However, Mr Wood advised him to advertise as "if you like X try Y", where "X" was the name of a well-known brand and "Y" was the name of a "smell-alike". On 28 November 2005 Mr Green received a package from Starion. The package contained an order form entitled "Creation Lamis range" with manuscript additions of premium brands alongside some of the Creation Lamis products. The same package also contained an order form for "Giftset Ranges" with similar manuscript annotations.

53. Mr Rajesh Patel of Shure described his business dealings with Starion, with whom he started trading in 2000. He was contacted by a Starion representative who showed him samples of each of the products in the Creation Lamis range. They were sold as "smell-alike" comparisons with designer fragrances, but not as copies. Mr Patel liked the products because the packaging was nice, and the price was good. Each product in the Creation Lamis range had individual bottles and individual packaging, whereas other "smell-alike" fragrances tended to be in the same bottles with different coloured boxes. He bought a box of each product to start with. Nice Flower and La Valeur were good sellers. From time to time customers would ask what the Creation Lamis products were copies of. Mr Patel therefore requested a comparison list in about 2000 or 2001. Starion provided such a list. Mr Patel says that he was given no instructions about the list; and he used it as a reference guide to answer customers' queries. Once a month a Starion representative would call on Mr Patel to show him new products or to take orders. When shown a new product, if Mr Patel could not tell what the new product was copying, he would ask the Starion representative. If the original was

not a good seller, there was little point in stocking the "smell-alike". He would then add the name of the original by hand to the comparison list.

54. The case papers also reveal a number of e-mails from Ms Osborne. These included an e-mail of 30 June 2005 sent to Mr Lalji at Honeypot, at his request, enclosing the then current list of the Creation Lamis range and "our comparison sheets". Subsequent e-mails from Mr Lalji to his own customers show that he used the comparison lists to identify which branded products the Creation Lamis range were supposed to smell like.

55. I conclude, contrary to the evidence of Mr McManus and Mr Lalji, that Starion sent out comparison lists on request, and on some occasions unsolicited; and that Honeypot made use of such lists in dealing with its own customers.

56. All the defendants sell their products to wholesalers or retailers. None sell directly to the public. Within the defendants' clientele the buyers know which of the Creation Lamis range is intended to smell like which branded original. Mr McManus accepted that the reason why his customers can tell straight away which fine fragrance a Creation Lamis product copies is because of similarities in the packaging, bottle and name. Mr Lalji said that if he described to his customers the packaging and bottle of the Creation Lamis product, that told them all they needed to know.

57. Creation Lamis products are advertised to consumers on the internet. Examples in the case papers are:

"FROM CREATION LAMIS BRAND NEW BOXED AND SEALED 100ML (3.3. FL. OZ.) SWEET PEARLS ("NOA" BY CACHEREL) SPRAY EAU DE PARFUM A DESIGNER FRAGRANCE FOR A FRACTION OF THE PRICE OF THE ORIGINAL" (e.bay)

"COFFRET D'OR Compares to TRESOR(r)" (jnsales.com)

"ALTERNATIVE TO TRESOR BY LANCOME COFFRET D'OR" (perfumes.com)

"ONLY YOUR WALLET SMELLS THE DIFFERENCE" (theunissen-trading.nl)

"The only difference is the price!

Tracey-ann will personally guarantee you will not be able to distinguish the original" (makeup4brides.co.uk)

"Fragrances 4 Less

Compares to the designers" (auctions.overstock.com)

58. It is not suggested that any of the Defendants is directly responsible for the placing of these advertisements.

59. Creation Lamis products are also sold in discount stores and on market stalls. I was shown photographs of some of these outlets. In one shop in Blackpool, for instance (Price Busters), Creation Lamis products were displayed with labels indicating that they were copies of named fine fragrances. On a market stall in Lewisham single packages of genuine fine fragrances were displayed at the back of the stall, with greater numbers of Creation Lamis products in the front. It was not clear whether the genuine fine fragrances were on sale or were there to serve as reference points. I think that the latter is more likely. It was suggested that the fine fragrances might have been acquired on the "grey market" but there was no evidence to support that. Since anyone can go into House of Fraser and buy a bottle, it is just as likely that a market trader might have bought a single

bottle legitimately. On a market stall in North Weald in Essex products were advertised by signs saying "If you like X try Y"; in the manner recommended by Mr Ray Wood. None of the photographs showed any of the products in issue in this action. This may well have been because with the exception of La Valeur all of them had been withdrawn from sale when this action began.

60. Although the Stitch range is Starion's best seller, the Creation Lamis range commands a higher price. Mr McManus attributed this to the higher level of fragrance in the Creation Lamis range, and also to its packaging. The custom packaging of the Creation Lamis range is undoubtedly superior to the basic packaging of the Stitch range, but I think that Mr McManus accepted that part of its appeal was that it "alluded to" the premium branded product. If he did not, then I find that this was part of the appeal. M. Robert (the Defendants' expert on perfumes) thought that this was obvious. He agreed that if you are marketing a product as a "smell-alike" it is advantageous to make the packaging, name and bottle look like the original product, because the "smell-alike" then sells because of the reputation of the original. Dr Curtis, the Defendants' expert on brands, agreed with this, but said that this was the same as a supermarket "own label" product. However, the essential point, for present purposes, is that he accepted that the Creation Lamis range benefits from the awareness of the class of products generated by the advertising of the premium brands and that they benefit from the reputation of the latter.

Interviews with members of the public

61. Interviews with some 24 members of the public were conducted by Mr Tony Quinn. He is a specialist in brand strategy, and in particular in how consumers relate to brands. He gave instructions to another company to select suitable subjects for interview. They had to be women between the ages of 30 and 50, in demographic groups A, B or C and engaged with fragrances in the sense that they bought fragrances at three-monthly intervals or so. Mr Quinn interviewed each of the subjects for somewhere between half an hour and an hour. Mr Quinn's technique is what he called "qualitative research". As he explained, in the case of qualitative research you form opinions and hypotheses, and use the interviews to test the hypotheses. A hypothesis developed in one interview is "played back" to a subsequent interviewee:

"I suspect, as I hope any thorough researcher would do, I probably carried over thinking ideas, hypotheses, from other interviews into this particular one, but again that is not an uncommon technique in any way whatsoever. As I say, the process of research is continual learning and understanding not treating every interview exactly the same, otherwise you just stagnate and you do not actually develop thinking."

62. Two of these interviewees gave evidence. One of them (Ms Nicola) regularly participated in interviews of this kind in order to supplement her income. She also had an LLB in intellectual property, and cannot, I think, be taken to be the average consumer. The other (Ms Cabran) had never encountered or heard of "smell-alike" perfumes before her interview. Mr Wyand was critical of the manner in which Mr Quinn conducted his interviews. He said that Mr Quinn fed the interviewees with incorrect facts (such as the statement that "smell-alikes" were a new phenomenon, whereas they had been on the market for over a decade); and posited hypotheses (such as Chavs hanging about outside McDonalds smelling of fine fragrances) which were not directed to the real issue which was the effect of the infringing sign, rather than a copy smell. He said that Mr Quinn pressed the interviewees with leading questions, and reinforced answers that were favourable to the conclusions that he wished to draw. These features were all present in the interviews. Whether they are valid criticisms depends on the use sought to be made of the interviews. Qualitative research, as

practised by Mr Quinn, is intended to develop hypotheses that are than tested by quantitative research. In that context, Mr Quinn's techniques may well be unobjectionable. But I do not consider that it is safe for me to rely on the results of interviews conducted in this way in order to draw conclusions about the likely reactions of consumers. To the extent that Mr Forbes (the Claimants' expert on brands) relied on snippets from these interviews, I think that he was wrong to do so.

63. In addition to this a less intensive questioning exercise was conducted on selected customers in department stores (House of Fraser and Debenhams, both in Oxford Street, London; and Bentalls in Kingston) and in Boots, High Street Kensington. 78 women were interviewed, although the effective sample size was 65. Their interviews were recorded and transcribed. A number of the interviewees gave evidence, some by witness statement alone. The interviewees were shown the Creation Lamis brochure and four of the products complained of.

64. The results of the survey were analysed by Mr Barter, a former chairman of National Opinion Polls and of the Market Research Society. He considered that a sample of 200 interviewees would have been adequate. Accordingly, the survey, based as it was on a sample of 78 women, had to be treated with some caution. In his view the questionnaire used for the interviews complied with best practice, but unfortunately the interviewer at House of Fraser did not follow the questionnaire on a number of occasions and identified herself as interviewing on behalf of Lancome and Cacharel on 11 occasions. This devalued the reliability of those 11 interviews. This may also have happened on one or two occasions in the case of the Boots interviews. Mr Barter considered the stimuli given to the interviewees to have been appropriate.

65. Mr Barter's overall conclusions from the transcripts of the interviews were that:

i) 24 out of the 65 interviewees said that the range shown in the Creation Lamis brochure reminded them of well known brands.

ii) Eight out of those 24 interviewees considered that a copy product aped or mimicked an original product. Of those eight, four mentioned packaging, three mentioned smell and one mentioned the bottle.

iii) With one exception none of the interviewees believed that the copy products and the original products came from the same source. The one exception is unreliable because the interviewee had been told at the start of the interview that she was being interviewed on behalf of Lancome.

iv) None of the interviewees considered that she herself would mistake a copy product for an original.

66. None of the interviewees at Debenhams specifically referred to any of the products in issue. There were three relevant interviewees at Bentalls. One (T152) said that "Nice Flower" smelled like Anais Anais. She did not mention the packaging. Another of the interviewees (T159), according to the transcript, said that the packaging of "Sweet Pearls" reminded her of Anais Anais. At the conclusion of the interview the interviewer (not the interviewee) said that it was in fact "Nice Flower" rather than "Sweet Pearls". A third (T160) said that "Night Flower" (sic) smelled like Anais Anais. None of the interviewees at Boots referred to any of the products in issue. One of the interviewees at House of Fraser (H052) said that "maybe" Nice Flower looks like Anais Anais, because of the flowers; but this was after she had been asked twice whether the products reminded her of anything. Another (H069) whose favourite perfume was Anais Anais said that Nice Flower smelled "a bit like" Anais Anais; but only after she had been told twice that she was being interviewed by Lan-

come for a dispute in court, and had been encouraged to go through the perfumes again. One (H072) said that Pink Wonder reminded her of Miracle, probably because of the packaging. A fourth (H074) commented on a number of the smells. She said that La Valeur smelled like Tresor "but when you spray it, it's too strong. It's different ..." Sweet Pearls was "just too much". Pink Wonder looked "a bit like Miracle, the bottle packaging". Its smell reminded her of Miracle at first "but when you spray it it's "Whoof, too much". Just too strong." Nice Flower's packaging looked like Anais Anais, although she also said that the packaging was "thoughtful, it's original". Again she thought that at first it smelled like Anais Anais, "and then the same thing when you spray it, doesn't do it. Too strong." I think that Mr Barter was justified in describing this interviewee as having an encyclopaedic knowledge of perfumes. She was not an average consumer.

67. In addition Mr Forbes, L'Oreal's expert on brands, considered and drew conclusions from the transcripts of the interviews. However, the conclusions that he drew related to a wide variety of brands; and as he emphasised, a brand is far more than just a trade mark. Nevertheless he concluded that "smell-alikes" might be bought by customers who were either unaware of the fine fragrances, or who could not afford them; and that they would not be bought by those who used and could afford fine fragrances. He also concluded that none of the interviewees suggested that she herself would be confused.

68. In my judgment the evidence of the surveys and the evidence of those of the interviewees who gave evidence is of limited value. None of them would herself have been confused about which product was the fine fragrance and which the mass market fragrance. Very few referred to the products in issue in this action. Evidence about the Creation Lamis range taken as a whole is not a reliable indicator of what an average consumer's reaction to the products in issue would have been, not least because other products in the Creation Lamis range alluded to far more distinctive bottles and packaging than are in issue here. There is very little evidence that the "wink of an eye" had its intended effect. To the extent that it is possible to draw conclusions from this evidence, the only real conclusion I can draw is that the likelihood of confusion is remote.

Identical mark: identical goods

The claim

69. The claim under this head is based on section 10 (1) of the Trade Marks Act 1994 which provides:

"(1) A person infringes a registered trade mark if he uses in the course of trade a sign which is identical with the trade mark in relation to goods or services which are identical with those for which it is registered."

70. The infringing acts relied on are the use of the names of the genuine fragrances on the comparative price lists. Bellure and Starion admit that the marks have been used on internal business papers and on documents supplied to Shure by Starion in November 2001. However, they say that they have a defence because the use of the mark was use in accordance with honest commercial practices.

Honest commercial practices

71. This defence arises under section 11 (2) (b) of the Trade Marks Act 1994. That section implements article 6 (b) of the Trade Marks Directive (Directive 89/104). Article 12 (b) of CTM Regulation 40/94 is in the same terms. Article 6 (b) of the Directive says:

"Limitation of the effects of a trade mark

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

...

(b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services ...

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

Similar sign: identical or similar goods

The claim

72. The claim under this head is based on section 10 (2) of the Trade Marks Act 1994 which provides:

"(2) A person infringes a registered trade mark if he uses in the course of trade a sign where because

...

(b) the sign is similar to the trade mark and is used in relation to goods or services identical with ... those for which the trade mark is registered,

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the trade mark."

73. Thus the twin requirements for present purposes are:

i) Similarity between the sign and the mark and

ii) The existence of a likelihood of confusion.

The defence

74. The defence to this claim is twofold. First, it is said that the mark and the sign are not sufficiently similar to satisfy the first of the two conditions. Second, it is said that L’Oreal have not proved a likelihood of confusion.

Similar sign taking unfair advantage

The claim

75. The claim under this head is based on section 10 (3) of the Trade Marks Act 1994 which says:

"(3) 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, ...

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."

76. There are three requirements under this head:

i) Similarity between the sign and the mark;

ii) The existence of a reputation of the mark; and

iii) Either the taking of unfair advantage of the distinctive character or repute of the mark; or detriment to the distinctive character or repute of the mark.

77. This head of claim does not require proof of a likelihood of confusion.

The defence

78. It is accepted that the word marks have a reputation within the United Kingdom. It is not accepted that the packaging marks have a reputation within the United Kingdom. However, the defence is also based first on lack of similarity (as with the defence to the claim under section 10 (2)) and secondly on the contention that no unfair advantage is being taken. The Defendants rely, in this regard, on the rules relating to lawful comparative advertising.

What do trade marks protect?

Trade marks and brands

79. Brand owners spend very large sums of money to promote and protect their brands. A brand, according to Mr Forbes, is "a collection of intangible values as perceived by a consumer which are attributed to a name, symbol or design used to identify a product or group of products or services". As he put it in cross-examination:

"A brand is a whole bunch of things that coordinate to express some kind of message to a customer. I do not think you can just say that there is the logo on the one hand and the intangible attributes on the other."

80. A brand is designed to convey differentiation to a customer; and this requires more than merely a difference in the logo. A number of elements go in to the construction of a brand in order to achieve differentiation. These can be summarised (in the jargon) as the seven P's: Product; Place; Physical Evidence; People, Price, Promotion and Process. As applied to the perfume market, Mr Forbes explained these as follows:

i) Product. The core of a fragrance brand is the smell itself. Although a fragrance may resemble another, ultimately the brand can be distinguished by the smell in its own right.

ii) Place. Sales location differentiates market position in broad terms. Fine fragrances are characterised by their selective distribution (department stores, duty free shops and so on). Mass fragrances can be found in many more outlets including supermarkets. The brand owners of fine fragrances invest in the internet (mainly in their own sites); but the internet is a threat for them, because they can lose control over marketing.

iii) Physical Evidence. This will include the brand name, the logo and the packaging. In the case of a fine fragrance the packaging can be quite complex; and the bottle in particular may be the iconic representation of the brand.

iv) People. As mentioned fine fragrances are often sold by specially trained staff.

v) Price. The price of a fragrance is a simple discriminator between fine fragrances and mass market products.

vi) Promotion. This is a key part of a fragrance brand. It includes not only advertising but also PR, gift promotions, sampling and price promotions.

vii) Process. The process element of the marketing mix is less important in the perfume market than for other goods and services.

81. It is plain, therefore, that a trade mark (or collection of trade marks) is only one part of the much broader concept of a brand. It seems to me to feature in only two of the seven P's (product and promotion). Dr Curtis largely agreed with Mr Forbes explanation of brands and the seven P's. The fact that Mr Forbes emphasised, no doubt quite correctly, that a brand was far more than merely a trade mark or collection of trade marks, meant that his report was not directed to the issues in the case. He ranged more broadly over the concepts of brand creation, brand protection and brand awareness, without focussing on the narrower issues that I have to decide. Accordingly, while I do not wish to cast any aspersions on Mr Forbes' expertise in the fields in which he practices, I did not find his evidence of real assistance in resolving the issues in this case.

The form of the registered mark

82. The form in which a trade mark is registered is important for a number of reasons. The trade mark as registered is a fixed point of reference by which infringement is to be judged. The registered mark must be considered in the precise form in which it is registered. As the CFI explained in Case T-147/03 Devinlec D veloppement Innovation Leclerc SA v OHIM:

"66 It is important to note that, under the provisions of Regulation No 40/94 governing examination of opposition to registration of a Community trade mark, the purpose of demonstrating genuine use of an earlier national mark is to provide a means for its proprietor, at the express request of the Community trade mark applicant, to furnish proof that during the period of five years preceding the date of publication of the Community trade mark application its mark has been put to actual and genuine use on the market. In accordance with Article 15(2) (a) and Article 43(2) and (3) of Regulation No 40/94, that proof also applies where the sign used differs from the earlier mark as it was registered in elements which do not alter the distinctive character of the mark. In the absence of such demonstration, in particular if the elements used alter the distinctive character of the earlier mark, or in the absence of demonstration of justifiable grounds for lack of use, the opposition must be dismissed. Accordingly, demonstration of genuine use of an earlier mark in connection with opposition proceedings has neither the aim nor the effect of granting its proprietor protection for a sign or elements of a sign which have not been registered. Accepting the opposite argument would lead to unlawful extension of the protection enjoyed by the proprietor of an earlier mark which is the basis of an opposition to registration of a Community trade mark.

67 In this case, since the applicant registered only the earlier mark as reproduced in paragraph 5 above, which is the basis of the opposition on which the Board of Appeal was asked to rule in the contested decision, only that mark enjoys the protection accorded to earlier registered trade marks."

83. This does not, of course, mean that an infringement must replicate the registered mark. Although protection is given to the registered mark alone, that protection generally extends not only to use of an identical sign, but also to similar signs. However, where a mark is registered subject to a limitation, the extent of the protection does not go this far.

Limitation and disclaimer

84. Section 13 of the Trade Marks Act 1994 says:

(1) An applicant for registration of a trade mark, or the proprietor of a registered trade mark, may -

(a) disclaim any right to the exclusive use of any specified element of the trade mark, or

(b) agree that the rights conferred by the registration shall be subject to a specified territorial or other limitation; and where the registration of a trade mark is subject to a disclaimer or limitation, the rights conferred by section 9 (rights conferred by registered trade mark) are restricted accordingly.

(2) Provision shall be made by rules as to the publication and entry in the register of a disclaimer or limitation."

85. An applicant may choose to register a mark with a limitation in order to overcome a challenge on the ground that the mark is non-distinctive. Frequently the limitation is a limitation to a particular colour or combination of colours. In Phones 4U Ltd v Phone4U.Co.Uk Ltd [2006] EWCA Civ 244 Jacob LJ said:

"If a man chooses to apply for his mark in colour to overcome an objection of non-distinctiveness, I do not see why he should not be stuck with a corresponding limitation of rights. It is true that he will have more limited rights than if there had been no limitation - but that is because he was not entitled to more at the time of his application. If, after use and proof that the non-distinctive part of his mark has become distinctive he can register a mark with wider rights, well and good. That is what a prudent trade mark owner would do."

86. Where a mark is registered subject to a limitation, the effect of the limitation was summarised by Mummery LJ in Nestl 's Application [2005] RPC 77 at [33]:

"An applicant who agrees that the rights conferred by registration shall be subject to a limitation is agreeing, in effect, that the use of the mark outside the limitation is not to be treated as an infringement of the mark notwithstanding that such use would, otherwise, fall within s.10 of the Act."

87. The effect of this, as I understand it, is that by agreeing to a limitation, the proprietor of the mark is agreeing that a similar (but not identical) sign outside the limitation will not count as an infringement even if (but for the limitation) it would have been regarded as confusingly similar to the registered mark. This is borne out by the decision in Phones4U itself where the Court of Appeal held that use of the phrase "Phones4U" would have been confusingly similar and would have amounted to infringement but for the limitation.

88. A disclaimer is different. The effect of a disclaimer is that the trade mark owner recognises that that which is disclaimed is not in itself distinctive of the origin of the goods or services in question. Accordingly, there will be no infringement of the trade mark where the only similarity between the mark and the sign consists of a similarity to those features that have been disclaimed. What counts as a disclaimer? Mr Wyand submits, by reference to a clich beloved by patent lawyers, that "what is not claimed is disclaimed". Thus he submits that if a trade mark "claims" a particular pantone colour, it implicitly disclaims all other colours. I do not consider that the analogy with patents is a good one. The purpose of a claim in a patent is to identify and set the boundaries of the claimed monopoly. Thus in order to infringe a patent, the alleged infringement must fall within the claim. If it does not, it does not infringe, even if it is very similar to the claim. Hence it makes sense in that context to say that what it not claimed is disclaimed. But a trade mark is different. A trade mark protects the trade mark owner not only against signs which are identical to his mark, but also

against signs which are similar (if the similarity has the right kind of effect). It does not, therefore, seem to me that one can say that simply because a registration claims a particular colour that it necessarily disclaims all other colours in the sense that the proprietor is giving up any right to object to a sign which does not fall exactly within the claim.

89. This conclusion coincides, as I understand it, with the view taken by the Registrar of Trade Marks. His views were set out in a letter to the Court of Appeal quoted extensively in Phones4U. The relevant parts of it, for present purposes, read:

"9. Recognising the greater effect that limitations of rights had under s.13 of the 1994 Act, the Trade Mark Rules were amended in 1998 so as to provide applicants with an alternative means of drawing attention to the fact that their mark was being registered in colour, without having to submit to a colour limitation. Rule 5(3) of the amended 1994 Rules introduced a filing requirement so that, where colour was to be regarded as a feature of the mark, the colours were to be stated. This is what Caudwell Holdings Ltd did when making application 2185824. The application was filed with the statement:

"The colours red, white and blue are claimed in respect of the first mark in the series"

10. This meant no more than that "The mark is in the colours red, white and blue". Following an objection from the examiner that the 'Phones 4u' element was non-distinctive, the applicant agreed to enter the colour limitation, which has at all relevant times appeared in the register."

90. The Registrar clearly distinguishes between "claiming" a colour and agreeing to a colour limitation. Jacob LJ makes the same point in para [70] of his judgment.

Transitional provisions

91. It will be recalled that the Tresor bottle mark was registered in 1991. It was therefore registered under the Trade Marks Act 1938 rather than under the Trade Marks Act 1994. It contains the disclaimer:

"Registration of this mark shall give no right to the exclusive use of the device of a container."

92. The reason for this disclaimer was that it was not possible under the old law to register the shape of goods (e.g. a Coca Cola bottle) as a trade mark. Thus under the old law the manufacture of a bottle in the shape of the bottle mark would not have amounted to infringement. Under the new law, however, section 103 (2) provides that references in the Act to "use" include "use otherwise than by means of a graphic representation." It is now possible to register the shape of goods as a trade mark; and the mere registration of a two-dimensional picture of a bottle will prevent the implementation of that picture in three-dimensional form. L’Oreal did not, however, re-register the mark under the new Act. Instead it relies on the transitional provisions. The relevant provisions are paragraphs 2 (1) and 3 (2) of Schedule 3 to the Trade Marks Act 1994 which provide:

"2 (1) Existing registered marks (whether registered in Part A or B of the register kept under the 1938 Act) shall be transferred on the commencement of this Act to the register kept under this Act and have effect, subject to the provisions of this Schedule, as if registered under this Act.

3 (2) A disclaimer or limitation entered on the former register in relation to an existing registered mark immediately before the commencement of this Act shall be transferred to the new register and have effect as if entered on the register in pursuance of section 13 of this Act."

93. Mr Carr argues that since the bottle mark has effect as if registered under the 1994 Act it follows that any three-dimensional implementation of the two-dimensional picture counts as infringement. Thus the scope of the monopoly has been broadened by the transitional provisions. Mr Wyand agrees that the registration has effect as if registered under the 1994 Act. But, he submits, the same principle applies to the disclaimer as a result of paragraph 3 (2). The disclaimer has effect as if entered on the register under the 1994 Act. If a disclaimer in those terms had been entered on the register under the 1994 Act it would have disclaimed the exclusive "use" of the device as a container. Since "use" includes a three-dimensional implementation of the picture, it follows that the manufacture of a bottle cannot be an infringement. The overall effect, therefore, is that the transfer from the old system to the new system has not enlarged the scope of the monopoly conferred by the registered mark. It remains what it has always been, which is what one would expect of transitional provisions.

94. The question of the effect of the transitional provisions arose in the Phones4U case, but the court did not need to discuss it.

95. In my judgment Mr Wyand is right. The whole of the registered mark (including the disclaimer) has effect as if registered under the 1994 Act. Since the effect is that prescribed by the 1994 Act there is no need to enquire what would have been the effect of a registration in the same terms under the 1938 Act. Where, as here, the trade mark owner relies on use by three-dimensional implementation as constituting infringement, there is no justification for limiting the meaning to be given to the word "use" in the disclaimer. To do otherwise would allow the trade mark owner to cherry-pick. If the trade mark owner wishes to enlarge the scope of the monopoly, his remedy is to apply to register the mark without the disclaimer.

96. In my judgment the manufacture of a bottle as an implementation of the Tresor bottle mark would not amount to an infringement if the shape of the bottle were the only similarity.

Trade origin and more

97. The traditional (and essential) function of a trade mark is to guarantee trade origin. In Arsenal Football Club v Reed [2003] RPC 39 Aldous LJ said:

"The ECJ looks at the function of a trade mark not whether the use is trade mark use. Unchecked use of the mark by a third party, which is not descriptive use, is likely to damage the function of the trade mark right because the registered trade mark can no longer guarantee origin, that being an essential function of a trade mark."

98. Similarly in R v. Johnstone [2003] 1 WLR 1736 Lord Walker of Gestingthorpe said:

""Trade mark use" is a convenient shorthand expression for use of a registered trade mark for its proper purpose (that is, identifying and guaranteeing the trade origin of the goods to which it is applied) rather than for some other purpose."

99. However, it is, I think, now recognised that a trade mark has legitimate functions apart from merely identifying and guaranteeing trade origin. The proprietor of a trade mark has a legitimate interest in protecting the image that the registered mark represents. This is illustrated by a number of decisions in Europe. First there is the decision of the ECJ in Case C-337 Parfums Christian Dior SA v Evora BV [1997] ECR I-1603. Dior owned registered trade marks for certain perfumes, which it sold at the top end of the market. Evora owned a chain of chemist's shops in which they sold Dior products. The products in question were parallel imports, but it was not suggested that they had

been unlawfully acquired. Evora advertised some of these products as part of a Christmas promotion. During the promotion it depicted in advertising leaflets the packaging and bottles of some of them. Each depiction of the packaging and bottles related clearly and directly to the goods offered for sale and the advertising was carried out in a manner customary to retailers in this market sector. Dior took exception to the form of advertising, because it did not conform to the luxurious and prestige image that Dior wanted to present; and brought proceedings for trade mark infringement. The ECJ held that this complaint was justified. What Dior was protecting was not the guarantee of trade origin (because the goods sold were the genuine goods) but its image. Protection of the image must, therefore, have been part of the rights conferred by registration of the mark.

100. In Case R 1127/2000-3 Elleni Holding BV v Sigla SA [2005] ETMR 7 at [40] the Third Board of Appeal of OHIM said:

"40 ... it has to be noted that the trade mark works not only as an indication of origin, but also serves as a communication tool which must be protected as well."

101. Likewise in Arsenal Football Club v. Reed [2003] Ch 454 Ruiz-Jarabo Colomer A-G said in paragraph 46 of his opinion:

"It seems to me to be simplistic reductionism to limit the function of the trade mark to an indication of trade origin."

The relevant comparison

Mark for sign

102. The orthodox view is that that the relevant comparison is mark for sign. This is shorthand for saying that the two comparators are, on the one hand, the registered trade mark and, on the other, the allegedly infringing sign, without recourse to any extraneous material. Thus, for example, it is an infringement of the Rolex trade mark to sell watches described as imitation Rolexes. The fact that they are described as imitations (thereby proclaiming that their origin is not the same as a genuine Rolex) does not prevent infringement: Rolex Internet Auction [2005] ETMR 25 (a decision of the Bundesgerichtshof).

103. However, the law has moved on. I discussed this question in my judgment in O2 Holdings v Hutchison 3G [2006] ETMR 55, and will not repeat that discussion. I would only add that in Reed Executive plc v Reed Business Information Ltd [2004] RPC 40 at [78] Jacob LJ appears to me to have approved the statement of Pumfrey J at first instance that:

"Under Art 5(1) (b) [section 10 (2)] the comparison is not a straightforward mark for sign comparison. On the contrary, it involves a global assessment of the likelihood of confusion as to origin of the goods or services concerned. This involves an assessment of the distinctiveness of the mark, and involves the assessment of many factors familiar in passing-off cases."

104. Mr Wyand submitted that each mark must be considered separately. In principle, I agree. Since each mark is capable of being used independently, it must stand or fall on its own two feet. That said, however, both the bottle marks and both the packaging marks include, as part of their features, the display of the word mark (Tresor and Miracle respectively). Each of the allegedly infringing bottles and packages also include words on the bottle and packaging respectively. As Jacob LJ explained in Reed the first thing to do is to identify the defendant's sign. When that is done one may see that, viewed as a whole, parts of the sign modify or qualify other parts. As he put it:

"Of importance here is the recognition that an addition in the defendant's sign to a registered mark may take the case outside one of "identity" (see para. 51). This is obviously sensible - one word can qualify another so as to change its impact, "Harry" qualifies "Potter" and vice versa, for instance. It is particularly in the recognition that additions can change identity that the ECJ has moved on from the rather rigid view taken under the old UK law."

105. So where the mark relied on is a depiction of a bottle bearing words, the defendant's equivalent sign may also be a bottle bearing words. In such a case, the impact of the words must not be left out of account in making the comparison between the mark and the sign. So a comparison of the bottle mark and the allegedly infringing sign will include, as part of the comparison, a comparison with the words appearing on the allegedly infringing product. The same goes for the packaging marks and the allegedly infringing boxes.

106. There are two particular points over which the parties are in dispute. The first is whether, in assessing similarity, I can (or should) take into account the fact that the products in issue in this case are part of a wider range. Mr Carr says that I should; and puts the point in two ways. In the first place he says that in selling the Creation Lamis range to the trade, the brochure contains pictures of all the products in the range. Thus the impact of those products which smell like the products in issue in this case is heightened by their inclusion in a range some of which has packaging that bears a more striking resemblance to highly distinctive packaging of well-known brands (e.g. Papaver/Opium or torso shaped bottles that resemble the very distinctive bottles used by Jean-Paul Gaultier). In the second place he says that when these products are displayed for sale to consumers, they are displayed en masse (either on market stalls or on internet sites) so that the ultimate consumers receive the same heightened impression.

107. I do not accept Mr Carr's submission. Although the law has moved on from the rigidity of a mark for sign comparison, it has only done so in the context of assessing similarity globally. This is really a question of identifying the sign and assessing it in context. Thus in O2 I held that an integrated audio-visual presentation should be assessed as a whole and not dissected into its component parts. But that was because the sign was the whole integrated audio-visual presentation. But that, as it seems to me, is quite different from what Mr Carr says I should do in this case. A buyer of a product in the Creation Lamis range may or may not be exposed to the sight of other products in the range. There is no inevitability about it. And after she has made her purchase, she will take away the bottle and the packaging of the individual product; not the entirety of the range. The relevant comparison is still mark for sign. To take into account, in comparing the two, other products and other marks would in my judgment go too far in reliance on what is traditionally called "extraneous matter".

108. The second point is whether, in assessing similarity, I should take into account similarity of smell. I do not think that I should. The smell is neither the mark nor the sign (although in theory, the smell could have been the subject of a trade mark). Although the smell is an important feature of the product itself, the product is not what is in issue in a case of trade mark infringement.

109. Accordingly, in my judgment the correct comparison is a contextual comparison between the mark and the sign, having first identified both the mark and the sign.

Similarity of sign and mark

A minimum threshold of similarity?

110. Both infringement under section 10 (2) and infringement under section 10 (3) require similarity between the sign and the mark. Mr Wyand submitted that there was a threshold degree of similarity which had to be crossed before the court would consider whether the extent of similarity could have either of the effects required by section 10 (2) and section 10 (3) respectively. I do not agree. In my judgment similarity is a relative concept. A sign can be more or less similar to a mark. For example, Tresor is packaged in a cardboard box. So is La Valeur. These forms of packaging are similar to each other when compared to the whole range of possible packaging (e.g. Perspex cases, tins etc.). Whether something is relevantly similar to another thing seems to me to depend on why you are asking the question. In the case of trade mark infringement the question is asked in order to determine whether the degree of similarity has had (or would have) a particular effect. In my judgment this is borne out by the ruling of the ECJ that a lower degree of similarity between the mark and the sign may be counterbalanced by a greater similarity between the goods to which the mark and the sign are respectively applied. Accordingly, in my judgment, there is no minimum threshold of the kind for which Mr Wyand contended. It is a question of degree in every case.

The three degrees

111. The degree of similarity required is not the same in respect of each kind of infringement. In Sabel BV v. Puma AG [1997] ECR I-6191 the ECJ identified three kinds of possible links between a mark and a sign. They were:

"(1) where the public confuses the sign and the mark in question (likelihood of direct confusion); (2) where the public makes a connection between the proprietors of the sign and those of the mark and confuses them (likelihood of indirect confusion or association); (3) where the public considers the sign to be similar to the mark and perception of the sign calls to mind the memory of the mark, although the two are not confused (likelihood of association in the strict sense)."

112. A link in either of the first two categories is a necessary condition for infringement under article 5 (1) (b) which corresponds to section 10 (2). A link falling within the third category is insufficient for infringement under that article. However, a link falling within the third category is sufficient for infringement under article 5 (2) which corresponds to section 10 (3). This was explained by the ECJ in Adidas-Salomon AG v Fitnessworld Trading Ltd [2004] Ch 120 as follows:

"28 The condition of similarity between the mark and the sign, referred to in article 5(2) of the Directive, requires the existence, in particular, of elements of visual, aural or conceptual similarity: see, in respect of article 5(1)(b) of the Directive, SABEL BV v Puma AG, Rudolf Dassler Sport (Case C-251/95) [1997] ECR I-6191, 6224 et seq, para 23 in fine, and Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV (Case C-342/97) [1999] ECR I-3819, 3841 et seq, paras 25 and 27 in fine.

29 The infringements referred to in article 5(2) of the Directive, where they occur, are the consequence of a certain degree of similarity between the mark and the sign, by virtue of which the relevant section of the public makes a connection between the sign and the mark, that is to say, establishes a link between them even though it does not confuse them: see, to that effect, General Motors Corpn v Yplon SA (Case C-375/97) [1999] ECR I-5421, 5445- 5446, para 23.

30 The existence of such a link must, just like a likelihood of confusion in the context of article 5(1)(b) of the Directive, be appreciated globally, taking into account all factors relevant to the circumstances of the case: see, in respect of the likelihood of confusion, SABEL, para 22, and Marca Mode, para 40.

31 The answer to question 2(a) must therefore be that the protection conferred by article 5(2) of the Directive is not conditional on a finding of a degree of similarity between the mark with a reputation and the sign such that there exists a likelihood of confusion between them on the part of the relevant section of the public. It is sufficient for the degree of similarity between the mark with a reputation and the sign to have the effect that the relevant section of the public establishes a link between the sign and the mark."

113. There are, however, two further conditions that must be satisfied. The first is that the link in question must affect the economic behaviour of the consumer. The second is that the mark must have a reputation.

Reputation

114. In General Motors Corp v Yplon SA [1999] ECR I-5421 the ECJ held that in order to have a reputation a trade mark had to satisfy a "knowledge threshold". They described this as follows:

"26 The degree of knowledge required must be considered to be reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that trade mark.

27 In examining whether this condition is fulfilled, the national court must take into consideration all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it."

115. It is accepted that the word marks "Tresor" and "Miracle" have a reputation which fulfils these criteria. It is not accepted that the bottle marks and the packaging marks have a reputation. However, the words of the word marks always appear both on the bottle and on the packaging. The advertisement of both Tresor and Miracle makes extensive use of the bottle; and the display of both products at the point of sale makes extensive use of the boxes in which they are packaged. I add to that that the bottles are carefully and individually designed and, indeed, are regarded as "collectibles". Once the product has been bought and the box discarded, the bottle will remain on the dressing table until the contents are used. Dr Curtis' evidence was quite clear on this point. I quote some extracts:

"Q. Can you explain why the packaging and, in particular, the bottle is often given star billing in marketing communications?

A. As has been rightfully said, it is the link between the marketing communication, which could be in Vogue, and then the consumer talking at the point of sale. If I can use the word, it provides a bridge, a visual clue, a visual bridge.

Q. So the appearance of the bottle and packaging reinforces the emotional responses of the consumer to the brand. Is that fair?

A. It is all part of the integrated mix in which all parts have their part to play, correct."

"Q. So this is fair, is it not, the way in which the packaging and bottle are advertised become part of the reputation of the prestige fine fragrance?

A. They become part of the integrated brand package, yes."

"Q. Interested consumers remember the packaging of their favourite fragrance, do they not?

A. Quite intimately.

Q. Because the bottle is not just some throwaway object?

A. They are, as you well know, collectible items.

Q. Indeed. It is a decorative item in itself and consumers will remember it and associate it with their perfume?

A. That is correct."

116. I find it impossible to divorce the reputation of the word marks from the bottle and the packaging. I find therefore that the bottle marks and the packaging marks for both "Tresor" and "Miracle" have a reputation. Accordingly there is the potential for infringement under section 10 (3) as well as under section 10 (2).

Similarity

The principles

117. The approach to the assessment of similarity causing a likelihood of confusion may be summarised as follows:

i) the likelihood of confusion must be appreciated globally, taking account of all relevant factors; Sabel BV v. Puma AG [1997] ECR I-6191, paragraph 22;

ii) the matter must be judged through the eyes of the average consumer of the respective goods and services; Sabel BV v. Puma AG, paragraph 23; who is deemed to be reasonably well informed and reasonably circumspect and observant - but who 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; Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen B.V. [1999] ECR I-3819 paragraph 27;

iii) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details; Sabel BV v. Puma AG, paragraph 23;

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; Sabel BV v. Puma AG, paragraph 23;

v) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods/services and vice versa; Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc [1998] ECR I-5507, paragraph 17;

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 BV v. Puma AG, paragraph 24

vii) mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient; Sabel BV v. Puma AG, paragraph 26;

viii) further, the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense; Marca Mode CV v. Adidas AG [2000] ECR I-4881, paragraph 41;

ix) but if the association between the marks causes the public to wrongly believe that the respective goods/services come from the same or economically linked undertakings, there is a likelihood of confusion; Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc, paragraph 29.

118. The process of assessing similarity causative of an association is much the same, although the likelihood of confusion does not need to be established: Adidas paragraph 30.

Tresor: Coffret D'Or

119. I begin by looking at the Tresor bottle mark and the Coffret D'Or bottle. The goods are identical, and this may compensate for a lesser degree of similarity. I have already decided that mere similarities between the shapes of the bottles cannot amount to infringement (see para 96 above). However, in case I am wrong, I must look at the mark and the Coffret D'Or bottle globally. Since the words Tresor and Lancome are depicted on the bottle mark, they are part of the mark, even on a straightforward "mark for sign" comparison. So the words on the Coffret D'Or bottle must also be brought into the comparison. In my judgment there is no relevant similarity between this bottle and the mark. The main differences are the following:

i) The mark is shaped like an inverted pyramid or ziggurat. The Coffret D'Or bottle has concave sides and a convex base. The width of the top of the bottle is the same as the width of the base.

ii) The mark has horizontal ridges running round the bottle. The Coffret D'Or bottle has none. It does, however, have a vertical elliptical protrusion on the front and the back of the bottle. But this only serves to distinguish it from the mark.

iii) The stopper of the mark has a flat top. The stopper of the Coffret D'Or bottle has a top shaped like a helmet, the upper part of which is roughened.

iv) The mark bears the words "Tresor" in cursive script and "Lancome" both in positive representation on the glass itself. The Coffret D'Or bottle bears the words "Coffret D'Or" in negative in the sense that they are cut out of a black diamond shape. Those words are in cursive script, but of a different style to the word "Tresor", and on a different part of the bottle. Obviously, the Coffret D'Or bottle does not bear the words "Tresor" or "Lancome" at all.

v) Although "Tresor" and "Coffret D'Or" rhyme if pronounced correctly in French, the first is bi-syllabic and the second is tri-syllabic. The first syllable of each word (sometimes considered to be the most significant syllable aurally) does not rhyme.

vi) There is some conceptual similarity between the idea of treasure (Tresor) and gold (or); but I doubt whether the average consumer (at least in England) would appreciate that one possible translation of the phrase "coffret d'or" is "treasure chest".

120. None of the interviewees pointed to any resemblance between Coffret D'Or and Tresor, even as actually bottled. None of the interviewees said that Coffret D'Or's bottle reminded them of Tresor. Looking at the mark as a whole, and the Coffret D'Or bottle as a whole, the latter does not even call the former to mind, let alone give rise to a likelihood of confusion.

121. I next consider the Tresor packaging mark and the Coffret D'Or box. The goods are identical, and this may compensate for a lesser degree of similarity between the two forms of packaging. The Tresor packaging mark is limited to the colours black, gold, pink, yellow, orange and mauve as shown in the representation on the form of application. This means that a similar box will not infringe unless it contains those colours. The Coffret D'Or box contains no pink or mauve. In addition

the Tresor packaging mark includes the word "Lancome". The Coffret D'Or box not only does not include this word; it bears the name "Dorrall Collections". I have already commented on the words Tresor and Coffret D'Or. None of the interviewees said that Coffret D'Or's box reminded them of Tresor. There is no relevant similarity between the Tresor packaging mark and this box.

122. I have already commented on the degree of similarity between the word mark and the sign. In my judgment the degree of similarity is neither such as is likely to cause confusion, nor such as is likely to establish a link between the two in the mind of the average consumer.

123. I conclude that no infringement has been established in relation to Coffret D'Or.

Tresor: La Valeur version 1

124. Again I begin by looking at the Tresor bottle mark and the La Valeur bottle. The goods are identical, and this may compensate for a lesser degree of similarity between the mark and the bottle. I have already made the point that mere similarities between the shapes of the bottles cannot amount to infringement. There is no visual similarity between the words Tresor and La Valeur. Not only are the words themselves different, Tresor appears on the bottle mark in cursive script, whereas La Valeur is in block. Apart from the fact that both words end in "r" there is no aural similarity. There is a tenuous conceptual link (in French) between treasure (Tresor) and value (valeur); but to say that that amounts to relevant similarity would stretch the notion of similarity too far. The mark includes the word "Lancome": the bottle does not.

125. In case I am wrong, I must also look at the bottle. There are some similarities between the La Valeur bottle and the mark:

i) The general shape of the bottle is roughly like an inverted pyramid, although it has concave swept sides;

ii) In the centre of the top part of the bottle there is a protruding shape, also in the shape of an inverted pyramid, which has four horizontal ridges on it;

iii) The stopper of the bottle terminates in a ring of a different colour to the glass (although it is gold rather than black);

iv) The stopper itself has the facetted look of the stopper depicted in the bottle mark.

126. I would not have been prepared to find that these similarities were such as to give rise to a likelihood of confusion. I would have been prepared to find that the similarities were sufficient to make a link between the bottle and the mark in the mind of the average consumer. However, because of the limitation attached to Tresor's bottle mark, this similarity cannot amount to trade mark infringement.

127. I turn now to the packaging mark and the La Valeur box. The goods are identical, and this may compensate for a lesser degree of similarity. Here, I think, the box does contain all the colours to which the packaging mark is limited. But Mr Wyand had another point. He said that the limitation to the specified colours "as shown in the representation on the form of the application" meant not only that all the colours had to be present in the sign, but that they had to have the same spatial arrangement as shown in the registered mark. If there was any difference between them, the limitation had effect and, even if the sign was confusingly similar, it would not infringe. I do not accept this submission. Although it may well be the case that to devise a sufficiently distinctive form of packaging to qualify for registration may be difficult (hence the colour limitation), I do not consider

that a reading of the colour limitation can confine it to the precise spatial arrangement shown on the mark. The mark, for instance, shows the words "Tresor" and "Lancome" in gold on a black square whose sides are parallel to the sides of the box. It would, in my judgment, be absurd to read the limitation as meaning that the trade mark owner was voluntarily giving up his right to object to a depiction of the same words, in the same fonts, in a black rectangle which was not a square, or in a square turned through 45 degrees.

128. So I must assess the similarity between the packaging mark and the La Valeur box.

i) The overall colour scheme is undoubtedly similar.

ii) The name La Valeur appears in block type on gold in a black square. Although Tresor on the mark is in cursive script, it is also in a black square. The black square on the La Valeur bottle does not contain the word "Lancome";

iii) The front of the La Valeur box bears a picture of a pearly casket-shaped jewel box overflowing with jewellery. The packaging mark does not. The depiction of the casket and jewellery has a conceptual allusion to treasure.

iv) I have already commented on the visual aural and conceptual similarities of the words themselves.

129. In my judgment the La Valeur box is not confusingly similar to the packaging mark; but it is sufficiently similar to cause an association or link in the mind of the average consumer.

Tresor: La Valeur version 2

130. As with version 1, I begin with the bottle mark and the La Valeur bottle. The goods are identical, and this may compensate for a lesser degree of similarity. I have already commented on the similarities between the words depicted on each. The overall shape of the second version of the La Valeur bottle is the same as the first version. There are, however, two differences:

i) The bottle is made of frosted glass. This makes the ridges more difficult to see, thus reducing the visual similarity;

ii) The name "La Valeur" is depicted in cursive script (albeit a different script from the script on the mark), thus increasing its similarity.

131. I would not have been prepared to find that these similarities were such as to give rise to a likelihood of confusion. I would have been prepared to find that the similarities were sufficient to make a link between the bottle and the mark in the mind of the average consumer. However, because of the limitation attached to Tresor's bottle mark, this similarity cannot amount to trade mark infringement.

132. The new version of the packaging of the La Valeur box is shaped like a casket with a vaulted or domed top. Its predominant colours are red and gold. The gold on the top of the box is in a lattice shape against what has the appearance of beaten gold. A red diamond in the centre of the lattice bears the words "La Valeur" and "Creation Lamis" in gold cursive script. The box is designed so that the bottle within it is presented horizontally rather than vertically. To my eye there is no similarity between this box and the mark, quite apart from the fact that the predominance of the colour red takes it outside the limitation of the mark.

133. This box neither causes confusion, nor gives rise to a link between the box and the mark in the mind of the average consumer.

Miracle: Pink Wonder version 1

134. The goods are identical, and this may compensate for a lesser degree of similarity. In my judgment there are similarities between the Pink Wonder bottle and the Miracle bottle mark:

i) The overall shape of the bottle (squareish in elevation, with a thick glass wall along the sides and base) is similar to the mark. There are some differences: for example the Pink Wonder bottle has slightly tapered shoulders, whereas the mark does not, and the inside of the glass wall at the base is convex, whereas the mark is not. However, these differences are minor;

ii) The shape of the stopper is frustroconical, as is the shape of the stopper depicted in the mark;

iii) The mark bears the words "miracle" and "Lancome" whereas the bottle does not. It bears the words "pink wonder". There is no visual or aural similarity between "Miracle" and "Pink Wonder", although there is a conceptual similarity between "miracle" and "wonder". The "pink" is an allusion to the image of Miracle as a pink perfume, but not to the mark itself.

135. In my judgment the similarities are not such as to give rise to the likelihood of confusion, but are sufficient to establish a link in the mind of the average consumer.

136. I turn to the packaging mark. I have already decided that although the packaging mark claims pink pantone 226 C metallic, that is not to be read as a disclaimer. The Pink Wonder box is not that colour. Although it is a metallic colour, it is much more purple than the claimed colour. Description of colour is notoriously difficult, but I would not call it pink at all. Unlike the mark, which is of a uniform colour, the box depicts a cloudy sky against the purple background. Although this is an allusion to the way in which Miracle is advertised, it does not allude to the packaging mark itself. The box bears the legend "pink wonder for women" in a lower case silver font placed horizontally but offset from the centre of the box. The mark bears the legend "miracle" also in a lower case silver font, but centrally placed. The box has, in addition, the legend "pink wonder" in a larger fancy font running vertically up the edge of the front of the box. The box does not bear the legend "Lancome" at all.

137. In my judgment the similarities are not such as to give rise to the likelihood of confusion. Nor are they sufficient to establish a link in the mind of the average consumer between the box and the mark.

138. I have already described the similarities and differences between "pink wonder" and "miracle". There is no visual or aural similarity between the names, and only a conceptual similarity between the word mark "Miracle" and part of the sign "Pink Wonder". In my judgment that conceptual similarity between the mark and part of the sign is not sufficient to give rise to a likelihood of confusion; nor to establish a link in the mind of the average consumer.

Miracle: Pink Wonder version 2

139. The overall shape of the bottle has not changed. However, the stopper has been redesigned. Instead of being frustroconical, it is now heavier and more T-shaped, and terminates in a flat flanged top. The portion of the bottle which bears the legend "pink wonder" runs vertically, and is frosted. These changes considerably diminish the extent of the similarities between the bottle and the mark.

140. In my judgment the similarities are not such as to give rise to the likelihood of confusion. Nor are they sufficient to establish a link in the mind of the average consumer between the bottle and the mark.

141. The only relevant change to the box is the addition of the words "Creation Lamis" in silver cursive script to the front of the box. This addition diminishes the similarity. In my judgment the similarities are not such as to give rise to the likelihood of confusion. Nor are they sufficient to establish a link in the mind of the average consumer between the box and the mark.

Unfair advantage or detriment

Unfair advantage

142. The First Board of Appeal of OHIM described unfair advantage in Case R 308/2003-1 Mango Sport System Srl Socio Unico Mangone Antonio Vincenzo v Diknak [2005] ETMR 5 at [19]:

"As to unfair advantage, which is in issue here since that was the condition for the rejection of the mark applied for, that is taken when another undertaking exploits the distinctive character or repute of the earlier mark to the benefit of its own marketing efforts. In that situation that undertaking effectively uses the renowned mark as a vehicle for generating consumer interest in its own products. The advantage for the third party arises in the substantial saving on investment in promotion and publicity for its own goods, since it is able to "free ride" on that already undertaken by the earlier reputed mark. It is unfair since the reward for the costs of promoting, maintaining and enhancing a particular trade mark should belong to the owner of the earlier trade mark in question."

143. The notion of taking unfair advantage in this sense is that the third party is unfairly using the registered mark to enhance his own business. Thus in the Mango case itself the Board considered that the registration of the trade mark "Mango" for crash helmets might take unfair advantage of the registered mark "Mango" in relation to ladies clothing aimed at fashionable young women. The mischief clearly was that the manufacturer of crash helmets would increase his sales by feeding on the reputation acquired by the manufacturer of clothing. In other words, the one mark supports (or would support) the other.

144. There is one other point I should make. The mere fact that one product has a free ride on another does not necessarily found liability. A supermarket cola may sell because of the taste for cola engendered by the promotion of Coca-Cola and Pepsi-Cola. Likewise a supermarket packet of corn flakes may sell because of the promotion of cornflakes by Kellogg. But if the respective marks and signs do not have the necessary degree of similarity, that kind of free riding is legally permissible. Thus it is the similarity between sign and mark, not similarity between products, which is the key.

Detriment

145. Third Board of Appeal of OHIM described detriment in Case R 1127/2000-3 Elleni Holding BV v Sigla SA [2005] ETMR 7 at [41]:

"41 The message incorporated into the trade mark, whether it is informative or symbolic, may refer to the product's qualities, or indeed to intangible values such as luxury, lifestyle, exclusivity, adventure, youth, etc. It may result from the qualities of the product or service for which it is used, but also from its proprietor's reputation or other elements based on the particular presentation of the product or service or on the exclusivity of sales networks...

42 Hence, once an image associated with a trade mark which has a reputation has been shown to exist, the fact that the contested sign is detrimental to this image, must still be demonstrated.

43 It must, therefore, be shown that the trade mark is sullied or debased by its association with something unseemly. This may happen when the applied for trade mark, to which the mark with reputation may be associated, is used, on the one hand, in an unpleasant, obscene or degrading context or, on the other hand, in a context which is not inherently unpleasant but which proves to be incompatible with the trade mark's image. In all cases, there is a comparison which is injurious to the trademark's image and what is known in English as dilution by tarnishment."

146. In Adidas Jacobs A-G described it (para. 38) as:

"the concept of detriment to the repute of a trade mark, often referred to as degradation or tarnishment of the mark, describes the situation where ...the goods for which the infringing sign is used appeal to the public's senses in such a way that the trade mark's power of attraction is affected."

147. Another type of detriment is called "blurring". This is where the mark (or the similar sign) is applied to a wide range of goods and services, such that its distinctiveness is eroded: Premier Brands UK Ltd v Typhoon Europe Ltd [2000] ETMR 1071, 1093.

148. Both tarnishing and blurring take place where the offending sign is placed on goods in inappropriate circumstances. In other words, there must, in my judgment, be a causative link between the application of the sign and the tarnishing or blurring of the mark complained of.

Application to the facts

149. I have held that the La Valeur box (first version) and the Pink Wonder bottle (first version) are sufficiently similar to the respective marks as to give rise to an association in the mind of the average consumer. I have also decided that the marks in question enjoy a reputation. It is necessary, therefore, to consider whether these signs take unfair advantage of or cause detriment to the character or reputation of the registered marks.

150. I have already set out the relevant facts. Mr Wyand submitted that no one buying a "smell-alike" for £ 5 or less believes that what she is getting is something of the same or similar quality to the Claimants' fine fragrances. The only relevant similarity is the smell, and that is not protected. Hence, Mr Wyand submitted, the Defendants' signs are not taking unfair advantage of the Claimants' marks. I do not accept this submission. It seems to me to be a submission that is essentially directed towards the question of confusion rather than taking unfair advantage. Likelihood of confusion is not a necessary ingredient of infringement under section 10 (3).

151. I can state my conclusions shortly. Essentially for the reasons given by Mr Carr I conclude that these signs do take unfair advantage of the character or reputation of the registered marks. Since my conclusions apply to the way in which the entirety of the Creation Lamis range is manufactured and sold, these conclusions will be equally applicable to other products in the range if I am wrong in my assessment of the degree of similarity of the particular products in issue. In short:

i) The extent of the similarity is deliberate. It "winks at" the packaging of the premium brand. Although I accept that Bellure attempted to make the wink unobtrusive enough to avoid trade mark infringement they were (to change the metaphor) sailing close to the wind, and it is not surprising that on occasions they capsized.

ii) The two fragrances chosen as comparators (Tresor and Miracle) were well promoted brands, extensively advertised. Had they not been good sellers they would not have been selected.

iii) The degree of similarity in packaging enables Bellure and Starion to charge more for the Creation Lamis range than for the equivalent Stitch range.

iv) As Dr Curtis accepted the Creation Lamis range benefits from the advertising and promotion of the fine fragrances.

v) M. Robert agreed that if the packaging, name and bottle of a "smell-alike" looks like the original product, then the "smell-alike" sells because of the reputation of the original.

152. Accordingly, this is, in my judgment, a case in which part of "the reward for the costs of promoting, maintaining and enhancing a particular trade mark" has been received by Bellure, Honeypot and Starion. That amounts to "free riding" and thus to the taking of an unfair advantage. These same considerations also dispose of Mr Wyand's argument that the use of the signs was not "without due cause". Deliberate free riding cannot in my judgment amount to "due cause". I conclude that infringement under section 10 (3) has been established in relation to these two signs.

153. It is common ground that the prestige of the fine fragrances can be damaged if the goods bearing the registered marks are widely sold in "downmarket" outlets, such as market stalls. Prestige is part of the reputation of the marks. It is also common ground that similar damage can be caused if cheap "smell-alikes" are sold in the same outlets as fine fragrances. At the moment the sales of the Creation Lamis range are far too small to have any discernible effect on sales of Tresor or Miracle. They are, however, increasing. I do not, however, rest my decision on this. As Mr Wyand submitted, this kind of damage (if established) is nothing to do with the signs used by the Defendants. The damage is caused by the Claimants' own products being displayed (or possibly sold) outside the exclusive and prestigious outlets with which they are associated. This damage would be done whether they were displayed with the products complained of in this action, other products in the Creation Lamis range in respect of which no complaint is made, the Stitch range or other cheap perfume products, whether smell alike products or not. The tarnishing is neither caused, nor contributed to, by the signs used by the Defendants.

Identical mark: identical sign

154. It is admitted that Bellure and Starion have used identical signs to the registered word marks on comparison lists. Although this was not accepted in relation to Honeypot, I find it to have been proved.

155. The defence is based on section 10 (6) and 11 (2) of the 1994 Act. In O2 Holdings v Hutchison 3G [2006] ETMR 55 I held that the defence under section 10 (6) was the same as the defence under the Comparative Advertising Directive. Under the Directive, comparative advertising is only permitted where a number of conditions are satisfied. These include the condition that:

"[The advertisement] does not take unfair advantage of the reputation of a trade mark, trade name or other distinguishing marks of a competitor or of the designation of origin of competing products."

156. Section 11 (2) provides:

"A registered trade mark is not infringed by-

(a) the use by a person of his own name or address,

(b) the use of indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services, or

(c) the use of the trade mark where it is necessary to indicate the intended purpose of a product or service (in particular, as accessories or spare parts),

provided the use is in accordance with honest practices in industrial or commercial matters."

157. The argument is that since smells are difficult to describe in words, a comparison which uses the name of one perfume to describe the smell of another (Pink Wonder smells like Miracle) is an indication concerning a characteristic of the goods (Pink Wonder). This may well be right. However, in addition, the use must be use in accordance with honest practices in industrial or commercial matters.

158. The ECJ have considered the meaning to be given to this phrase in Gillette Co v L-A Laboratories Oy [2005] FSR 37. They said:

[41] ... the Court of Justice has consistently held that the condition of "honest use" within the meaning of Art.6(1) of Directive 89/104 constitutes in substance the expression of a duty to act fairly in relation to the legitimate interests of the trade mark owner (BMW, [61]; Gerolsteiner Brunnen, [24]). Such an obligation is similar to that imposed on the reseller where he uses another's trade mark to advertise the resale of products covered by that mark (Case C-337/95 Parfums Christian Dior [1997] E.C.R. I-6013, [45]; BMW, [61]).

42 In that regard, use of the trade mark will not comply with honest practices in industrial or commercial matters where, first, it is done in such a manner that it may give the impression that there is a commercial connection between the reseller and the trade mark proprietor (BMW, [51]).

43 Nor may such use affect the value of the trade mark by taking unfair advantage of its distinctive character or repute (BMW, [52]).

44 In addition, as the United Kingdom Government and the Commission have rightly pointed out in their observations, use of the trade mark will not be in accordance with Art.6(1)(c) of Directive 89/104 if it discredits or denigrates that mark.

45 Finally, where the third party presents its product as an imitation or replica of the product bearing the trade mark of which it is not the owner, such use of that mark does not comply with honest practices within the meaning of Art.6(1)(c)."

159. These criteria are plainly drawn from the Comparative Advertising Directive. In effect, therefore, honest practices are those which comply with that Directive. As I read this, use of an identical sign cannot be in accordance with honest practices if it takes unfair advantage of the distinctive character or repute of a registered trade mark. This is an independent test that must be satisfied. Nor can use of a trade mark fall within section 10 (6) unless it passes the same test. In view of my findings about the way in which the Creation Lamis range has a "free ride" on the back of the fine fragrances, it seems to me to be the inevitable conclusion that use of the word marks of the fine fragrances on comparison lists or in response to customers' queries fails this test. It follows that infringement has been established.

Conclusions on trade mark infringement

160. For the reasons I have given I conclude that:

i) No infringement has been established in relation to Coffret D'Or;

ii) No infringement has been established in relation to the Tresor bottle mark;

iii) Infringement under section 10 (3) has been established in relation to the Tresor packaging mark. But the only infringing item is the original version of the La Valeur box; not the current version;

iv) Infringement under section 10 (3) has been established in relation to the Miracle bottle mark. But the only infringing item is the original version of the Pink Wonder bottle; not the current one.

v) No infringement has been established in relation to the Miracle packaging mark.

vi) Infringement has been established under section 10 (1) in relation to the use of the word marks on comparison lists and in response to customers' queries, including use by Honeypot.

Passing off

The traditional ingredients

161. The ingredients of passing off are laid down in two decisions of the House of Lords. First, in Erven Warnink BV v J Townshend & Sons (Hull) Ltd [1980] RPC 31 (the Advocaat case) Lord Diplock identified:

"five characteristics which must be present in order to create a valid cause of action for passing off: (1) a misrepresentation (2) made by a trader in the course of trade, (3) to prospective customers of his or ultimate consumers of goods or services supplied by him, (4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence) and (5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a quia timet action) will probably do so."

162. Second, in Reckitt & Colman Products Ltd v Borden Inc (No 3) [1990] 1 WLR 491 (the Jif Lemon case) Lord Oliver of Aylmerton said:

"The law of passing off can be summarised in one short general proposition -- no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. 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 identity as the manufacturer or supplier of 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."

163. These three elements have come to be known as the "classical trinity". Whether passing off is to be regarded as requiring the satisfaction of five conditions or three conditions, one thing is clear: the conditions include the necessity of establishing a deception or misrepresentation. If it were not so, competition would be stifled.

164. I should record that it was not argued that the smell of a "smell-alike" could itself be regarded as a misrepresentation of the trade origin of the "smell-alike". Mr Carr did, however, suggest that the smell of a particular perfume was part of the goodwill of that brand. This submission seemed to me to sit uncomfortably with his acceptance that in the United Kingdom there was nothing unlawful about merely reproducing the smell of a particular perfume. If that acceptance is right (and I have no reason to suppose that it is not) then it must follow that the smell of a perfume is not capable of being protected by the law of passing off. In other words, the smell does not form part of protectable goodwill. I note that in Yves St Laurent Parfums v Louden Cosmetics Ltd (1997) 39 IPR 11 (to which Mr Carr referred on the question of misrepresentation) Anderson J said at page 19, in the context of a claim in passing off, that there was nothing unlawful about one perfumer reproducing the olfactive qualities of the product of another perfumer. Had the smell of a fine fragrance been part of the goodwill protected by the tort of passing off, that observation could not have been made. In my judgment as the law stands, the smell of a fine fragrance is not protected by the tort of passing off. Moreover the smell of a perfume is part of the characteristics of the product itself. As Laddie J said in Irvine v Talksport Ltd [2002] FSR 943, 954 the law of passing off is not designed to protect a trader against others selling the same goods or copied goods. The passing off claim must therefore concentrate on the names and packaging of the offending products.

A broader concept?

165. Mr Carr submitted that whatever the traditional boundaries of passing off might have been, it was no longer necessary to prove any misrepresentation. It was sufficient to prove unfair competition, looked at in a broad way. In support of this submission Mr Carr relied on the observations of Aldous LJ in Arsenal Football Club v Reid [2003] RPC 39. At first instance, Laddie J had held that there had been no passing off. There was no appeal against his decision, and no argument on the point in the Court of Appeal. Nevertheless, Aldous LJ thought that the judge might have been wrong. He said:

"[70] I realise that there was no appeal on the conclusion reached by the judge on the cause of action traditionally called passing off, perhaps best referred to as unfair competition. However I am not convinced that his reasoning was correct. The traditional form of passing off as enunciated in such cases as Reddaway v Banham [1896] A.C. 199 is no longer definitive of the ambit of the cause of action.

[71] As Cross J. said in Vine Products Ltd v Mackenzie & Co Ltd [1969] R.P.C. 1 of the decision in the Spanish Champagne cases (Bollinger J. v Costa Brava Wine Coy. Ltd [1960] R.P.C. 16 and [1961] R.P.C. 116):

"A man who does not know where Champagne comes from can have not the slightest reason for thinking that a bottle labelled 'Spanish Champagne' contains a wine produced in France. But what he may very well think is that he is buying the genuine article--real Champagne-and that, I have no doubt, was the sort of deception which the judge had in mind. He thought, as I read his judgment, that if people were allowed to call sparkling wine not produced in Champagne 'Champagne,' even though preceded by an adjective denoting the country of origin, the distinction between genuine

Champagne and 'champagne type wines produced elsewhere would become blurred; that the word 'Champagne' would come gradually to mean no more than 'sparkling wine;' and that the part of the plaintiff's goodwill which consisted in the name would be diluted and gradually destroyed. If I may say so without impertinence I agree entirely with the decision in the Spanish Champagne case--but as I see it uncovered a piece of common law or equity which had till then escaped notice--for in such a case there is not, in any ordinary sense, any representation that the goods of the defendant are the goods of the plaintiffs, and evidence that no-one has been confused or deceived in that way is quite beside the mark. In truth the decision went beyond the well-trodden paths of passing-off into the unmapped area of 'unfair trading' or ' unlawful competition'.""

166. I do not consider that these observations support Mr Carr's submission that no deception or misrepresentation is necessary. First, they are obiter and were not the subject of any argument. Second, I do not see how the Court of Appeal can overrule the House of Lords. Third, the passage from the judgment of Cross J does not, as I read it, eliminate the need to establish some kind of misrepresentation or deception. Cross J refers explicitly to the consumer thinking that he was buying "the genuine article", when in fact he was not; and that that was the kind of deception that the judge had in mind. It is true that there was no representation that the goods of the defendant were the goods of the claimant and that the consumer had not been deceived "in that way". However, he was deceived: he was just deceived in a different way. If Aldous LJ meant no more than that the deception in question is not limited to a deception that the defendant's goods are those of the claimant, then he may well be right. But if, as Mr Carr submits he meant that no deception or misrepresentation is necessary at all, then I cannot regard that as accurately stating the law. In my judgment a misrepresentation or deception is still a necessary requirement of the tort of passing off. I consider that the law is still as stated by Jacob J in Hodgkinson & Corby Ltd v Wards Mobility Services Ltd [1994] 1 WLR 1564:

"At the heart of passing off lies deception or its likelihood, deception of the ultimate consumer in particular. Over the years passing off has developed from the classic case of the defendant selling his goods as and for those of the plaintiff to cover other kinds of deception, e.g. that the defendant's goods are the same as those of the plaintiff when they are not, e.g. Combe International Ltd v. Scholl (UK) Ltd [1980] R.P.C. 1; or that the defendant's goods are the same as goods sold by a class of persons of which the plaintiff is a member when they are not, e.g. Warnink (Erven) Besloten Vennootschap v. J. Townend Sons Ltd [1980] R.P.C. 29. Never has the tort shown even a slight tendency to stray beyond cases of deception. Were it to do so it would enter the field of honest competition, declared unlawful for some reason other than deceptiveness. Why there should be any such reason I cannot imagine. It would serve only to stifle competition."

167. For this reason I do not derive assistance from decisions in other countries where the cause of action appears to have been based on a more general idea of unfair competition than represents the law in this jurisdiction.

Instrument of fraud or deception

168. Mr Carr relied on the decision of the Court of Appeal in British Telecommunications plc v One in A Million Ltd [1991] 1 WLR 903. The defendant had registered a large number of internet domain names comprising the names or trade marks of well known enterprises without their consent. None were in use as active sites. The defendants claimed that they registered the domain names with a view to making a profit either by selling them to the owners of the goodwill, using the blocking effect of the registration to obtain a reasonable price or, in some cases, selling them to col-

lectors or to other persons who could have a legitimate reason for using them. The defendants argued that the names were not true instruments of fraud because use by a trader was not bound to cause passing off. The name could be used for a legitimate purpose and it was submitted that the jurisdiction depended upon the plaintiff establishing that the name was of such a character that the trader would be a joint tortfeasor when carrying out the threatened use or that the trader would be identified as the person who had performed the passing off. After reviewing the authorities Aldous LJ concluded:

"In my view there can be discerned from the cases a jurisdiction to grant injunctive relief where a defendant is equipped with or is intending to equip another with an instrument of fraud. Whether any name is an instrument of fraud will depend upon all the circumstances. A name which will, by reason of its similarity to the name of another, inherently lead to passing off is such an instrument. If it would not inherently lead to passing off, it does not follow that it is not an instrument of fraud. The court should consider the similarity of the names, the intention of the defendant, the type of trade and all the surrounding circumstances. If it be the intention of the defendant to appropriate the goodwill of another or enable others to do so, I can see no reason why the court should not infer that it will happen, even if there is a possibility that such an appropriation would not take place. If, taking all the circumstances into account the court should conclude that the name was produced to enable passing off, is adapted to be used for passing off and, if used, is likely to be fraudulently used, an injunction will be appropriate.

It follows that a court will intervene by way of injunction in passing off cases in three types of case. First, where there is passing off established or it is threatened. Second, where the defendant is a joint tortfeasor with another in passing off either actual or threatened. Third, where the defendant has equipped himself with or intends to equip another with an instrument of fraud. This third type is probably a mere quia timet action."

169. In the course of his review Aldous LJ referred to two cases which bear on the present action. The first was Singer Manufacturing Co. v. Loog (1882) LR 8 App Cas 15. In that case the plaintiffs established that the name "Singer" denoted their machines. The defendants, wholesalers, imported from Germany sewing machines which they sold using documents which referred to the machines as using the Singer system. All the retailers who purchased the machines from the defendants knew that they were not made by the plaintiffs. The main issue in the House of Lords was whether an injunction should be granted. Lord Selborne L.C. said, at pp. 21-22:

"It was contended, that the acts of the defendant enabled his wholesale customers to show these documents to their own retail customers, for the purpose of passing off the goods bought from the defendant as the plaintiffs' manufacture. The answer is, that, unless the documents were fabricated with a view to such a fraudulent use of them, or unless they were in themselves of such a nature as to suggest, or readily and easily lend themselves to, such a fraud, (which in my opinion they were not), the supposed consequence is too remote, speculative, and improbable to be imputed to the defendant, or to be a ground for the interference of a court of justice with the course of the defendant's business. There is no evidence that, in point of fact, any such use was ever made of them. The 'directions for use' spoke unmistakably of 'Frister and Rossmann's shuttle sewing machine;' and no one, however careless, could read, in that document, the words 'on Singer's improved system' without seeing and understanding their context."

170. The second was a decision of Chitty J in Lever v. Goodwin (1887) 4 R.P.C. 492. After quoting from the judgment of Chitty J Aldous LJ said:

"I believe, when Chitty J. referred to the "means of deceiving the ultimate purchaser," he had in mind a name or a get-up which made a false representation. That was the instrument of fraud. He could not have contemplated that a manufacturer of goods which did not themselves make a false representation was liable for the fraud of a retailer. For example a wine producer cannot be liable for passing off if a waiter covers a bottle with a cloth and serves it as champagne when it is not. In any case, the suggestion that a manufacturer of goods, which did not by their get-up make a false representation, would be liable for the passing off was rejected in Payton & Co. Ltd. v. Snelling, Lampard & Co. Ltd. [1901] A.C. 308 and in subsequent cases."

171. Where, therefore, in his general summary Aldous LJ refers to "instruments of deception", he must, as I see it, have been confining himself to goods that themselves made a false representation (usually by their name or packaging); and, by extension, to intangibles (such as domain names) which did the same thing. Accordingly, I accept Mr Wyand's submission that an "instrument of deception" for the purposes of passing off is an article or product which is so inherently deceptive that its existence on the market place constitutes an actionable passing off. In effect an instrument of deception is a misrepresentation waiting to happen which only needs exposure to the eyes, ears (or in this case nose) of the ultimate consumer to complete the tort.

Anais Anais

172. The first claim in passing off applies to Anais Anais. Nice Flower is the alleged culprit. Having regard to the longevity and turnover of Anais Anais I have no hesitation in holding that it has goodwill in the United Kingdom. I turn to the question of misrepresentation.

173. There is no claim about the smell of Nice Flower in the packaging in which it is sold. However, some sellers claim that Nice Flower "smells like" Anais Anais. But a statement that Nice Flower "smells like" Anais Anais is true. It does not, in my judgment, amount to a deception or misrepresentation.

174. There is no direct evidence that any consumer has been deceived into thinking either that Nice Flower is the same as Anais Anais, or that they are manufactured by linked enterprises. On the contrary the evidence of the surveys is strongly suggestive of the conclusion that the interviewees themselves would not have been deceived.

175. I turn to a comparison between the packaging of Anais Anais on the one hand, and Nice Flower on the other. First, the old packaging. I begin with the box. I have already described the Anais Anais box. The Nice Flower box is shorter and squarer than the Anais Anais box. It bears the words "Nice Flower" all in upper case in a slightly italicised font. The box also carries a background of flowers and leaves in pink and green. As with the Anais Anais packaging the pistils of the flowers are clearly visible. The inside flap of the box carries the words "Creation Lamis" repeated many times. There is some similarity in the general design of the two boxes. The old bottle on the other hand bears no real resemblance to the bottle of Anais Anais. Although it is made of white ceramic, it is spherical rather than cylindrical in shape and the surface of the sphere carries embossed representations of stylised leaves and flowers. It bears no words at all. The stopper is in the shape of a rose, rather than the plastic translucent dome used for Anais Anais.

176. The new packaging of Nice Flower is radically different from the old. First, the box is made of generally frosted (and rather flimsy) plastic as opposed to cardboard. The front of the box bears the words "Nice Flower" and "Creation Lamis". Parts of the box have been left clear of frosting; and those parts give an image of flowers. However, the image is colourless and transparent; and

the flowers are very stylised, with no visible pistils at all. The overall impression is thus very different from the flowers on the Anais Anais box. The Nice Flower bottle is cylindrical, like the Anais Anais bottle. However, it is made of pink plastic rather than white ceramic. It is covered by a domed cover, also made of pink plastic, carrying embossed flowers. This cover envelops the whole of the bottle, as opposed to the upper third of it. The upper part of the bottle is a grey gunmetal colour as opposed to the chrome upper portion of the Anais Anais bottle.

177. I do not consider that the name or packaging of Nice Flower is such as to amount to a misrepresentation or deception or that it is inherently likely to cause confusion in the mind of a consumer. No consumer would think that Nice Flower was Anais Anais.

178. The last ingredient I should consider is damage. At the moment the sales of Nice Flower are too insignificant to cause any damage to sales of Anais Anais. It is possible that they will grow; but that is speculation.

Noa

179. The second claim in passing off relates to Noa. The alleged culprit is Sweet Pearls. Again I have no hesitation in holding that Noa has goodwill within the United Kingdom. I turn to the question of misrepresentation.

180. It is, in my judgment, highly unlikely that any consumer would associate the name "Sweet Pearls" with "Noa". The elliptical allusion to Gaugin's sojourn in Tahiti would have no impact at all. Noa has very distinctive packaging which Sweet Pearls does not seriously attempt to emulate. Whereas the Noa box is a cube, the Sweet Pearls box is much taller than its width or depth. It bears the name "Sweet Pearls" prominently on its front. It is accompanied by a realistic depiction of shells and pearls. The only allusion to pearls on the Noa box is a small silver dot within the "O" of "Noa" which many consumers would not appreciate. On the other hand, the cream colour of the Sweet Pearls box is very similar to the colour of the Noa box; although the colour itself is not, to my eye, particularly unusual or distinctive. The Sweet Pearls bottle is an entirely different shape to that of Noa. However, it does contain within it a small floating white sphere, which is reminiscent of the much larger floating sphere within the Noa bottle. But the Noa bottle bears no writing; whereas the Sweet Pearls bottle has "Sweet Pearls" prominently displayed on it.

181. I do not consider that the name or packaging of Sweet Pearls is such as to amount to a misrepresentation or deception or that it is inherently likely to cause confusion in the mind of a consumer. No consumer would think that Sweet Pearls was Noa.

182. As in the case of Nice Flower, sales of Sweet Pearls are too insignificant to have any impact on sales of Noa.

Tresor and Miracle

183. My findings on the question of trade mark infringement dispose of the allegation of passing off in relation to these two fragrances. In fact I did not understand Mr Carr to argue that the passing off case in relation to these two fragrances added significantly to his case on trade mark infringement.

The internet sites

184. Mr Carr relied strongly on the advertising on the internet is support of his submission that the products complained of were instruments of deception. Although he accepted that the advertis-

ing on the internet was carried out by third parties, he nevertheless said that these third party representations are enabled by the deliberate similarities in the Defendants products. In each case, they have taken famous fragrances, identified the important elements in the names, concepts, advertising, bottles, packaging and smell and in doing so have appropriated and enabled others to appropriate the goodwill of the Claimants. The third party representations are a natural and foreseeable consequence of selling cheap fragrances as smell-alikes with similar getup and fragrance. Whilst for many customers comparison lists are unnecessary, Starion (and other distributors further down the chain) positively encourage this conduct by making such lists available. Furthermore, the misrepresentations are not one-offs or unusual. Since the Defendants' customers know that they are purchasing products which imitate and copy the names, packaging and bottles of the "equivalent" fine fragrances they are supposed to smell like, it is entirely foreseeable that they will represent them to consumers in this way.

185. The internet advertisements themselves, he said, contain misrepresentations. In one or two cases there was a misrepresentation that the Creation Lamis product was of the same quality as the Lancome original ("only your wallet smells the difference"; "Tracey-Ann personally guarantees you will not be able to distinguish the original"). In other cases the consumer would be led to believe that there was a link between the Lancome original and the Creation Lamis product. By and large Dr Curtis agreed with the specific inferences as to misrepresentations that Mr Carr drew from the sites to which he referred in his cross-examination of Dr Curtis.

186. Mr Wyand accepted that some of the advertising on the internet infringed the Claimants' trade marks, especially where the Claimant's word marks were used on the web site itself. But that of itself does not amount to passing off, which is the complaint I am considering, as opposed to trade mark infringement. Mr Wyand also submitted that there was no evidence that any of the goods advertised for sale on the internet were supplied by any of the defendants to this action. However, Ms Billiau explained the Bellure was the European distribution hub for Creation Lamis products and that if a wholesaler wished to purchase Creation Lamis products they would come through Bellure. Most of the sites I was shown appeared to be European sites (with prices denominated in Euro) although some were American and one or two might have been Indian. I can, I think, infer that at least some of the sites were supplied by Bellure.

187. However, passing off protects goodwill, which is a territorial concept. It is by no means clear to me how internet sales in, say, the Netherlands affects the Claimants' goodwill in England and Wales, at least in the absence of evidence that customers of the Dutch web site were resident in England and Wales.

188. Mr Wyand went on to argue that the internet sites use the Claimants' trade marks in reference to the Creation Lamis products, sometimes in a way which may cause confusion and deception. But it is that use of the Claimants' trade marks that is potentially objectionable. It owes nothing to the Defendants' use of the signs complained of. The only thing that enables the internet sites to advertise as they do is the fact that the Defendants' products smell similar to the Claimants - and that is the one thing that the Claimants cannot prevent in the UK. It would not matter what the trade marks used by the Defendants were. The Stitch range of products could be advertised in the same way and it would be equally objectionable. Mr Wyand also said, and I accept, that there is no evidence that any of the Defendants encouraged any of the internet traders to advertise Creation Lamis products in the way that they did. Mr McManus had not heard of the particular site that was put to him; and Ms Billiau was not aware of marketing strategy. Nor was it put to either witness that the

form of internet advertising that I was shown was something that the Defendants encouraged or connived at.

189. I return to the way in which Aldous LJ amplified what he meant by an "instrument of deception". It is something that makes a false representation about itself either by its name or packaging or both. Accepting, as I do, that misrepresentations may be subtle and complex, I do not consider that the name or packaging of either Nice Flower or Sweet Pearls fall into that category. Nor do I consider that the manner in which these products are advertised on the internet can be laid at the Defendants' door.

Market traders

190. Mr Carr also had a complaint about the way in which market traders sold Creation Lamis products either by describing the Creation Lamis product as a copy of a fine fragrance or by using the slogan "If you like X try Y", where X is the fine fragrance and Y the Creation Lamis equivalent. I cannot see that either of these statements amounts to a misrepresentation or deception.

Initial interest confusion

191. Mr Carr's written submissions alleged a species of confusion labelled "initial interest confusion". The allegation was that that consumers are initially attracted to the Defendants' products because they are confused by similarities in the combination of fragrance, names and packaging into the mistaken belief that they are, or are connected with, the original perfumes (e.g. when looking on internet sites); that before they purchase they realise that they were mistaken; but nonetheless buy the products in order to give them a try (to assess how close they are to the original perfumes and whether they could be substituted for the original perfumes).

192. I did not understand him to press this submission in oral argument: not surprisingly, because there was not a shred of evidence to support it.

Conclusion on passing off

193. In my judgment passing off has not been established.

Result

194. I conclude that the Claimants have established trade mark infringement under section 10 (3) in relation to the Tresor packaging mark by the original version of the La Valeur box; infringement under section 10 (3) in relation to the Miracle bottle mark by the original version of the Pink Wonder bottle; and infringement under section 10 (1) in relation to the use of the word marks on comparison lists and in response to customers' queries.

195. Apart from that, the action fails.

196. I will discuss with counsel what order is needed to give effect to my judgment, particularly having regard to the fact that the infringements under section 10 (3) that I have found to have been established do not relate to the current packaging of the goods in issue.

SOLICITORS:

Baker & Mackenzie LLP; Addleshaw Goddard.

[2006] EWHC 2355 (Ch), [2006] All ER (D) 39 (Oct), (Approved judgments)