

## **Wagamama Ltd v. City Centre Restaurants PLC, [1995] FSR 713 (Ch. D.) (Eng.)**

LADDIE J:

### Introduction

This is an action for registered trade mark infringement and passing off. The plaintiff company, Wagamama Limited, owns and operates a restaurant under the name WAGAMAMA. It is also the proprietor of three registered trade marks. Each mark consists of the word WAGAMAMA. These registrations are in classes 32, 33 and 42 and cover a range of services and goods including restaurant services, catering services, beer, alcoholic and non-alcoholic drinks and mineral water. In this action nothing turns on the precise goods covered by the registrations nor is the validity of any of the registrations in issue.

The majority of the shares in the plaintiff company are owned by its managing director, Alan Takwai Yau. He came to England from Hong Kong and decided to open a restaurant which fused Japanese cuisine and western health consciousness. The restaurant was to serve high quality food but at reasonable prices. The result was the opening of WAGAMAMA restaurant in Streatham Street, London, WC1 in April 1992. It is described by Mr Yau as a Japanese-style noodle bar. Its decor is minimalist. It contains long simple tables at which customers are seated at long simple benches.

The name was chosen in the following manner. In 1989 Mr Yau's sister had a Japanese flat mate. Mr Yau did not understand any Japanese but Japanese visitors used the word "Wagamama". He remembered it and subsequently found out that it meant selfishness or wilfulness. He thought that the word would be suitable for his restaurant. It is not in dispute between the parties that the word WAGAMAMA has no meaning to the overwhelming majority of the population in England.

WAGAMAMA has been very successful. I was told that the Plaintiff has engaged in very little advertising, a mere L24,000.00 in 3 years, but the fame of its restaurant has spread. It has received considerable press coverage, much of it very favourable. It has been reviewed in a wide variety of publications including Homes & Gardens, Evening Standard Magazine, The Times, London Student, City Limits, Time-Out, The Daily Telegraph, Tatler, Cosmopolitan, The Independent, The Guardian, The Sunday Times and many others. WAGAMAMA has also been featured on a number of television programmes. It has received a number of awards including The Independent Restaurant of the Year award in 1992 and the Time-Out Best Budget Meal of the Year award in 1993. An indication of WAGAMAMA's success is that customers are prepared to queue out into the street and wait for up to half an hour before they get a table.

The plaintiff also sells a book called "WAGAMAMA: THE WAY OF THE NOODLE" which was first published in November 1994. Some 7000 of these books have been sold not only to people from all over the United Kingdom but also from many other countries in Europe and further afield. The plaintiff also sells T-shirts bearing its name. About 100 of them are sold each week.

It is not in dispute that the plaintiff owns a significant reputation in its mark WAGAMAMA, at least in relation to its business of running an inexpensive Japanese-style noodle bar. The success of the first restaurant is such that a second much larger restaurant is in the course of development. It also will be located in central London.

The reputation of WAGAMAMA has not only attracted customers, it has also attracted businessmen, a number of whom have asked in vain for franchises.

The Defendant is also in the restaurant business. It, or its wholly owned subsidiaries, run a number of restaurant chains. These are operated under the following brand names: Adams Rib, Filling Stations, Nacho's Mexican Restaurants, Garfunkel's Restaurants, Chiquito's Mexican Restaurants, Caffe Uno and Deep Pan Pizza. The published accounts record that in the year ended 31 December, 1993 the defendant had

a turnover in excess of L95 million with profits before taxation of in excess of L12.5 million. It was intending to open 10 new restaurants in 1994 and up to 20 restaurants a year in subsequent years.

In late 1993 the defendant decided to develop another branded restaurant chain. In the words used by the defendant's witnesses, this was to be an American theme restaurant with Indian decor and food. Mr Fysh, who appeared for the plaintiff, described it as having a decor evoking the atmosphere of an up station Indian Civil Service Club of the Raj which had been recently visited by a wealthy and benevolent American. The name eventually chosen for this new chain was RAJAMAMA. The first restaurant bearing this name was opened at the very end of April, 1995.

The present proceedings were commenced with great expedition. Announcements of the opening of the defendant's restaurant appeared in the press on about 7 April. A letter before action was sent on 18 April. Following a rebuff dated 21 April, there was an opposed application for ex parte relief on 26 April. The writ was issued on the same day. The plaintiff also served a notice of motion seeking full interlocutory relief. However on seeing the defendant's evidence and realising what its exposure would be under a cross-undertaking in damages, the plaintiff did not pursue that relief. Instead directions were sought for a speedy trial. The trial, which included cross-examination of witnesses, took place in mid-July. By the commencement of the trial, the defendant's restaurant had been trading for less than three months. There is no evidence before the court of how many customers it has so far attracted or the extent of any advertising, if any, it has undertaken.

As I have mentioned already, at the time of the writ, the name used by the defendant was RAJAMAMA. However, as a result of the commencement of this action and in response to the application for interlocutory relief, the defendant decided to change the restaurant fascias and menus so that its brand name is now RAJA MAMA'S That is the name it intends to continue to use. The plaintiff argues that whether the defendant uses RAJAMAMA (one word) or RAJA MAMA'S (two words) this will constitute infringement of its registered trade marks and passing off.

It is convenient to consider the issue of trade mark infringement first. This part of the case raises an important question of law: what acts now constitute an infringement of a registered trade mark?

#### Trade Mark Infringement

##### The statutory framework

Infringement in this action is to be determined in accordance with the Trade Marks Act 1994 (the 1994 Act). This provides at s.10, so far as material to this case, as follows:

"10 (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.

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

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

(b) the sign is similar to the trade mark and is used in relation to goods or services identical with or similar to 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."

These provisions are new to our law. Prior to the 1994 Act, infringement of a registered trade mark was covered by the Trade Marks Act 1938 (the 1938 Act). The equivalent section in the latter Act was s.4 which, in so far as material, provided:

"4 (1) Subject to the provisions of this section, and of sections seven and eight of this Act, the registration (whether before or after the commencement of this Act) of a person in Part A of the register as proprietor of a trade mark (other than a certification trade mark) in respect of any goods shall, if valid, give or be deemed to have given to that person the exclusive right to the use of the trade mark in relation to those goods and, without prejudice to the generality of the foregoing words, that right shall be deemed to be infringed by any person who, not being the proprietor of the trade mark or a registered user thereof using by way of the permitted use, uses a mark identical with it or so nearly resembling it as to be likely to deceive or cause confusion, in the course of trade, in relation to any goods in respect of which it is registered, and in such manner as to render the use of the mark likely to be taken either -

(a) as being used as a trade mark; or

(b) in a case in which the use is use upon goods or in physical relation thereto or in an advertising circular or other advertisement issued to the public, as importing a reference to some person having the right either as proprietor or as registered user to use the trade mark or to goods with which such a person as aforesaid is connected in the course of trade"

In 1984 the words "a mark identical with it or so nearly resembling it as to be likely to deceive or cause confusion" were removed from s.4(1) and the words "a mark identical with or nearly resembling it" were added after "in the course of trade". These alterations were not thought to have effected any significant alteration to British trade mark law.

#### Infringement under the 1938 Act

Under the 1938 Act, to find infringement the court compared the mark as registered with the mark as used by the alleged infringer. Whether there was infringement was determined by answering the question "is the mark of which complaint is made confusingly similar" to the one which is registered. The case law in which s.4(1) of the 1938 Act and its predecessors were considered, made it clear that what counted was confusion as to the source of the goods or services bearing the offensive mark. In essence the court would determine whether, as a result of similarities between the marks, goods or services bearing the alleged infringer's mark were likely to be thought to be derived from or connected with the proprietor of the registered mark. In determining whether the marks were too similar the court would bear in mind imperfect recollection (see *Aristoc Ltd v Rysta Ltd* and another [1945] AC 68, [1945] 1 All ER 34) and would also consider whether the "idea" of or principle impact conveyed by the marks were so similar that confusion was likely (see *Taw v Notek* [1951] 68 RPC 271 and *De Cordova and others v Vick Chemical Co* (1951) 68 RPC 103, [1951] WN 145). Furthermore the test was essentially practical in the sense that the court would not consider just what the marks looked like but also what they sounded like. If, in accordance with these principles, the marks were too similar, usually infringement would be found even if in the market place the infringer took steps to prevent confusion in fact occurring - for example by putting disclaimers on his goods. Indeed the proprietor might not have used his registered mark at all so confusion in the market place would be impossible, yet he could succeed in infringement proceedings at least until the mark was removed from the register for non use. To this extent therefore, a registered trade mark created a monopoly which might sometimes go beyond what was strictly necessary to protect the proprietors goods and his reputation. Nevertheless the confusion which was looked for was confusion as to source or origin of the goods. It was enough that the similarity of the marks would make a customer believe that the alleged infringer's goods were associated with the proprietor's goods or services, for example that they were an extension of the range of goods made by the proprietor; see *Ravenhead Brick v Ruabon* (1937) 54 RPC 341 (the "Rus" / "Sanrus" case). However even in these cases, the association had to be an association as to source or origin. In this action this type of confusion as to source has been referred to by both parties as "classic infringement".

#### Infringement under the 1994 Act

There is no dispute between the parties that such classic infringement by confusion as to the source or origin of goods or services will also constitute an infringement under s.10 of the 1994 Act. The plaintiff

alleges that there is such classic infringement in this case. That is a matter to which I will return later. However the plaintiff goes further. It says that s.10 of the 1994 Act, particularly s.10(2), covers confusion in a much broader sense. It is said that the registered proprietor can prevent mere association between the marks. It is argued that there will now be infringement if, on seeing the defendant's mark, the registered mark would be "called to mind" by a customer even if there is no possibility of the customer being under any misapprehension as to the origin of the goods. This is a new concept to those steeped in British trade mark law.

To illustrate his point, Mr Fysh referred to a number of witness statements. In these various members of the public said *inter alia* that on hearing the name RAJAMAMA their first thoughts were of WAGAMAMA because the names sound similar. Mr Fysh said that even if their evidence had stopped there that sort of association without any more indicates trade mark infringement. He said that this was so even if the customer would have no doubt when considering just the trade marks that they are similar but unconnected. This type of association in which there is no confusion as to origin but the infringing mark "brings to mind" the registered one, I shall refer to in this judgment as "non-origin association".

The arguments advanced in favour of this wide scope to infringement are based upon the existence of the words "a likelihood of confusion on the part of the public, which includes the likelihood of association with the trade mark" which are to be found at the end of s.10(2). Mr Fysh accepted that the reference to likelihood of confusion covered classic infringement as discussed above but he argued that there were only two possible constructions which could be put upon the final words "which includes the likelihood of association with the trade mark". Either these words added nothing to the requirement of confusion and merely performed the function of clarifying that association in the classic sense was included within the scope of infringement or it is a deeming provision which has the effect of extending trade mark protection so as to cover non-origin association. He says the latter is the proper construction and in support of this he deployed a number of arguments. First he says that by applying purely domestic principles of interpretation of statutes, his construction is correct. Secondly he advances a group of arguments based upon the European origins of the 1994 Act in support of the proposition that our trade mark law must be construed to be consistent with Benelux trade mark law where non-origin association has for some years been accepted as a form of trade mark infringement. I shall consider separately each of these routes.

The domestic interpretation route.

In *Hill v William Hill (Park Lane) Ltd* [1949] AC 530, [1949] 2 All ER 452 at page 546 of the former report, Viscount Simon said:

". . . it is to be observed that though a Parliamentary enactment (like parliamentary eloquence) is capable of saying the same thing twice over without adding anything to what has already been said once, this repetition in the case of an Act of Parliament is not to be assumed. When the legislature enacts a particular phrase in a statute the presumption is that it is saying something which has not been said immediately before. The rule that a meaning should, if possible, be given to every word in the statute implies that, unless there is good reason to the contrary, the words add something which would not be there if the words were left out."

Based on this, Mr Fysh says that the words "which includes the likelihood of association with the trade mark" at the end of s.10(2) must do more than merely repeat what is already covered by the earlier words. It must cover something other than classical infringement.

I do not accept this argument. What Viscount Simon was doing was trying to work out, from the words used, what the legislative intent was. At that time it was no doubt believed, or at least hoped, that British legislation was drafted with precision and economy. It was therefore legitimate to start from the premise that each word used in a statute was necessary and there was no tautology. Even by 1949 this was recognised as an assumption which was not always to be trusted. In the *Hill* case Viscount Jowitt pointed out that the legislature sometimes indulged in tautology. ([1949] AC at page 543). A more illuminating view was expressed by Lord Greene in the same case:

"I need not cite authority for the proposition that prima facie every word in an Act of Parliament must be given an effective meaning of its own. Whether or not the legislature in any given case has condescended to tautology is a question the answer to which depends upon the language used, but in the absence of an appropriate context one statutory provision which is expressed in entirely different language from another, whether in the same or a different section, is not to be interpreted as repetitive or unnecessary."([1949] AC at page 552).

When construing the 1994 Act it is necessary to bear in mind the legislative context. The Act was intended, amongst other things, to implement Council Directive 89/104/EEC of December 21, 1988 (the 1988 directive). In particular, the provisions of s.10 of the Act are intended to implement the provisions of Article 5 of that directive. The court's task is to try to discover the intent behind the words used by the legislature. It would be wrong to apply rules of construction developed during a period when one philosophy of draughtsmanship was prevalent to a statute drafted when an entirely different philosophy applied. In particular it is quite artificial for the court to pretend that each word of a modern statute which has been lifted more or less verbatim from an EC directive was chosen with the economy which was believed to have been applied to the draughting of British statutes of purely domestic origin. There is no basis upon which the court can assume that the original directive was drafted so as to avoid tautology. It follows that there is no reason to conclude that the last ten words in s.10(2) must have been included for the purpose of expanding the scope of infringement.

Indeed, viewed solely linguistically, s.10(2) appears to point away from Mr Fysh's construction. If the words "likelihood of association with the trade mark" cover non-origin association, they cover classical infringement, that is to say likelihood of confusion, also. However if this is so there would not be any point in including the reference in s.10(2) to "likelihood of confusion" since it is comprehended within "likelihood of association". Furthermore it is unconventional use of language to provide that the smaller (i.e. likelihood of confusion) includes the larger (ie likelihood of association) which would appear to be what the section says if Mr Fysh is correct.

It is therefore necessary to consider Mr Fysh's other arguments on construction.

The European interpretation route

Mr Fysh pointed to the fact that the words "the likelihood of association with the trade mark" in our Act are taken from Article 5(1) of the 1988 directive. That Article is in the following terms:

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

(a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;

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

The words "which includes the likelihood of association between the sign and the trade mark" in the directive are said to be derived from Benelux trade mark law where they cover non-origin association. Therefore Mr Fysh says that the words must be treated as having the same meaning in the 1994 Act as they do in Benelux law. There are three arguments which he deploys in support of this. First he says that a document exists which indicates that the words in the directive were intended to have the meaning for which he contends. Secondly he says that whether or not any document exists which so indicates, it is a matter of common knowledge that the words were inserted in the directive for this purpose. Thirdly he says that the directive was supposed to introduce a new era of trade mark law harmony in the European Union. Since the Benelux courts have construed their equivalent trade mark law derived from the directive to cover non-origin

association, the British courts should do likewise both as a matter of comity and to help deliver the harmony which the directive hoped to secure.

In support of the arguments based on Benelux law, the plaintiff has adduced evidence from Professor Charles Gielen. He is Professor of Intellectual Property Law at the University of Groningen, Holland. He is also a partner in the Dutch law firm, Nauta Butilh in Amsterdam. One of his principle areas of practice is trade mark law. In his witness statement he says as follows:

"Whether a guiding principle or not, what is certain is that in attempting to harmonise Member States' trade mark law, the Commission have imposed upon Member States a requirement to incorporate the likelihood of association concept as developed under Benelux law."

He explained the width of the Benelux concept of likelihood of association. For example he gave the following evidence:

"Q. Can you just help me on this: if Company A has a registered trademark, and Company B comes on to the market with another trademark where the marks have similarities, but no member of the public would be confused as to origin, but some members of the public say: 'Well that has a passing similarity. It brings to mind the company A's mark, but I know that they are nothing to do with each other.' Would that be an infringement?"

A. That is an infringement, yes.

Q. In that case, the infringement would have the effect of protecting Company A?

A. Yes.

Q. Well beyond what is necessary to safeguard his trade, his actual trade?

A. Well I think it protects his actual trade, because if the relevant part of the public thinks of trademark A when seeing trademark B, the effect of that is, in fact, loss of exclusivity and dilution. So, I think the Benelux concept of association includes that danger."

I will now consider each of Mr Fysh's arguments and the conclusions to which Professor Gielen has come.

Minutes of the Council Meeting

Professor Gielen exhibits to his witness statement a document (the "Gielen document") which, in so far as material, is in the following terms:

"ANNEX

STATEMENTS

for entry in the minutes of the Council meeting at which the Directive is adopted

5. Re art 4(1)(b) and art 5(1)(b)

(a) . . .

(b) 'The Council and the Commission note that 'likelihood of association' is a concept which in particular has been developed by Benelux case-law'."

We do not have the minutes of the relevant Council meeting but I was invited to hold on the basis of the Gielen document that the statement concerning likelihood of association was in fact entered on the minutes. On the strength of this it is said that I should construe the 1988 directive and our Act as having been drafted so as to introduce the relevant concepts of Benelux law.

For the proposition that it is possible to refer to minutes of a Council meeting for the purpose of construing a directive, Mr Fysh relied on *Conseil National de L'Ordre Des Architectes v Egle* [1992] 2

CMLR 113. In that case, the European Court of Justice construed a directive concerning the mutual recognition of architects' qualifications. Having done so it went on to note that its interpretation was:

"confirmed by a joint declaration of the Commission and the Council, included in the minutes of the meeting during which the directive was adopted, according to which 'periods of in-service training comprised in the course attested by an examination shall not affect the full-time character of such course'." (see page 127)

On the other hand Mr Platts-Mills for the defendant relied on three cases; *Re the Business Transfer Directive: EC Commission v Belgium* [1988] 2 CMLR 865, *R v Immigration Appeal Tribunal ex parte Antonissen* [1991] 2 CMLR 373 and *Re Transport Workers: EC Commission v Greece* [1994] 1 CMLR 803 for the proposition that minutes of Council meetings cannot be used in order to construe a directive. In my view Mr Platts-Mills is right. The burden of authority appears to be against the use of such minutes. In fact in the *Egle* decision the Court merely noted that the minutes were consistent with the construction of the directive at which it had already arrived. Furthermore there is much to commend Mr. Platts-Mills' argument. Minutes of Council meetings are confidential. Directives become part of the law which affects all citizens of the European Union. Those citizens and their lawyers must be able to discover from open material what the laws are that bind them. It would strike at the heart of this principle if the meaning of legislation was to be determined by reference to minutes which citizens and their advisers cannot inspect. In my view that is so even if the European Court of Justice has the power to call for the minutes. What counts to citizens is the meaning of the law now, not what might be found out about it after confidential material is made public some time in the future.

Furthermore, even if Mr. Fysh were right on the law, I would hold that it has no application in this case. The *Gielen* document not only has the word "Annex" typed at its top, but also begins at page numbered 3. Professor *Gielen* was cross examined as to its provenance. He did not know what it was an annex to, he did not know who wrote it and he did not know what was on the other pages. He did not claim to have attended the relevant Council meeting or to have seen the minutes of it. However he said that he believed from a source of his that the statement as recorded above was in fact entered on the Council minutes. *Halsbury's Laws Vol 48 page 6* refers to the same document as "a document which has received some unauthorised circulation". It points out that the document has no official status. It goes on to note that it is not certain that it accurately represents what was actually entered in the confidential minutes.

The Council minutes are confidential. The *Gielen* document is not a copy of them. In my view it would be wrong for the court to draw any conclusions as to the meaning of a directive on the basis of suggestions as to what is said in the minutes when the minutes themselves are closed to inspection.

The Provenance of the wording is notorious

Mr Fysh's second argument is that it is common knowledge that the wording in Article 5 of the directive is derived from Benelux law and is intended to convey into the trade mark law of all member states the same concepts. In other words it does not matter that the minutes of Council meeting are confidential because everyone knows what was intended. In support of this approach he relied on a decision of Aldous J., as he then was, in *Pioneer Electronics Capital Inc and another v Warner Music Manufacturing Europe GmbH and another* [1995] RPC 487. In that case the court had to construe s.60(1)(c) of the Patents Act 1977. That Act was framed so as to make British Patent law consistent with the European Patent Convention (EPC), the Community Patent Convention and the Patent Co-operation Treaty. The origin of s.60(1)(c) was Article 64(2) of the EPC. The learned judge said:

"Article 64 has its origin in German law and I believe that it is both permissible and right to take into account the meaning of the word 'directly' as applied by the German courts."

I do not know what material Aldous J had before him when deciding that point, nor do I know whether the permissibility of adopting that approach was argued before him. I have no reason to doubt the

correctness of the decision he reached in that case. It may well be that the parties before him agreed that art 64 of the EPC was based on German law. That may be clear from the travaux preparatoires which may be used as an aid to construction. In any event it clearly was desirable that art 64 of the EPC should be implemented consistently throughout the European Union. Referring to German case law was therefore appropriate. But this is Mr Fysh's comity argument to which I will turn later.

For the purpose of this case it is right to consider the issue from first principles. As mentioned above, it is permissible to refer to travaux preparatoires in construing European legislation. On the other hand, as appears from Antonissen, it is not permissible to refer to confidential Council minutes. In my view it would be wrong and dangerous to rely on Chinese whispers as to the origin and meaning of such legislation, no matter how commonly believed. What if the popular belief in fact is wrong? How do you challenge it?

As it happens, the present case illustrates particularly well the vice of this approach to construction. There is no doubt that many believe that the legislative intent behind the inclusion of the words "which includes the likelihood of association with the earlier trade mark" in art 5(1)(b) was to ensure that Benelux law of trade mark infringement was made part of the law of all member states. This belief has been bolstered by a number of articles which have appeared in specialist legal publications. Among them is one which Professor Gielen has written which appeared in the 1992 volume of the European Intellectual Property Review. Furthermore Professor Gielen has given expert evidence that Benelux courts believe that the directive has simply been brought into line with their domestic law on this issue. His evidence was that the Benelux countries do not think that their domestic law of infringement has changed at all and that they "got their own way". This is a view which others have been encouraged to accept. However it appears that there are reasons for doubting that it is correct.

One of the documents to which Professor Gielen referred in his evidence was an article entitled "Scope of Protection of the Trade Mark in the Benelux Countries and EEC-Harmonization" written by Fustner and Geuze. The authors were part of the Benelux delegation at the discussions which eventually gave birth to art 5 of the 1988 directive. It is a fascinating account, from the perspective of one delegation only, of the manoeuvring which preceded the acceptance of the final version of the directive. Before considering what the article says it is useful to have in mind that it was under art 13(A) of the Benelux Trademark Act, 1971 that the case-law relating to "association", and non-origin association in particular, was developed.

Fustner and Geuze noted that it was the view, outside the Benelux countries, that the protection of the function of origin and the prevention of the risk of confusion were the fundamental starting point for any trade mark law which did not impede competition. This view was incorporated in art 3(1) of the draft directive of 15 October, 1986. The Commission apparently was of the view that art 13(A) of the Benelux Trademark Law was an "abominable and unacceptable provision" and wanted to ensure that it did not become part of the directive. It also appears from the Fustner and Geuze article that the same view was shared, though expressed in less forthright terms, by the delegations of all other member states. The article goes on to describe the largely unsuccessful efforts made by the Benelux delegation to persuade other delegations to their way of thinking but, as they say, "the Benelux countries did not hold a strong position defence-wise". What eventually happened is discussed in a section headed "Towards compromise" which takes up the last six pages of the article. In particular the authors stated as follows:

"Initially the Netherlands [Professor Gielen agreed that the authors must have meant 'Benelux countries' had attempted to lay down the text of Article 13A1 of the Benelux Trade Mark Act as such in an optional stipulation. As that did not work out, attempts were made to have the concept of the 'risk of association' as developed by the Benelux Court of Law accepted as an alternative to 'the risk of confusion'. When no support was gained for the latter option either, the Benelux countries finally, also in view of the final version of the legal preamble and the declaration in the Council Minutes, to mention later (sic), and also in view of the results already attained with other items, accepted the final proposal of compromise by the other countries for article 3 section 1 sub b) of Draft Directive:



'if, because of its identity or similarity to the earlier trade mark and the identity or similarity of the goods or services covered by the trade mark, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.'" (emphasis added)

It appears to me that any popular belief, fuelled by articles in legal publications, that Article 5 of the 1988 directive was intended to ensure that the domestic law of trade mark infringement in all member states changed to that already adopted by the Benelux countries is open to question. If Fustner and Geuze's article is correct, all but the Benelux countries were firmly opposed to any such move. Fustner and Geuze's article is not admissible to help construe the directive. On the other hand it would be wrong to approach construction of the 1988 directive and the 1994 Act on unverifiable rumours or Professor Gielen's certainty as to what was intended.

#### Comity

The purpose of the 1988 directive was to ensure a measure of uniformity between the trade mark laws of member states of the European Union. For that reason it is right that British courts should pay regard to decisions in the courts of other member states on equivalent provisions in their law. However it is apparent from the expert evidence of Professor Gielen that the Benelux courts have simply assumed that the directive made no alteration to their domestic law. The contents of the Fustner and Geuze article suggests that this assumption may well have been wrong. In any event, the obligation of the English court is to decide what the proper construction is. If that construction differs from that adopted in the Benelux countries, one, at least, is wrong. It would not be right for an English court to follow the route adopted by the courts of another member state if it is firmly of a different view simply because the other court expressed a view first. The scope of European legislation is too important to be decided on a first past the post basis.

#### The Court's approach to construction

Since none of the arguments on construction put forward by the plaintiff is acceptable, it is necessary to approach the directive and the 1994 Act from first principles.

Monopolies are the antithesis of competition. Intellectual property rights such as patents, trade marks and copyright can create barriers to trade within a country. They can create barriers to trade between countries. Differences between the laws of member states of the European Union may add further obstructions to inter-state trade because what is permissible under the law of one member state may be prohibited under the law of its neighbour. However both at the domestic level and at the international level monopolies can be tolerated or even encouraged if they assist the development of commerce in some other way. Patent monopolies are the classic example. A valid patent may prevent competitors from entering a given field of commerce for up to 20 years. But this is a price which society, through its legislators, has agreed to pay to secure the increased investment in research and development which it is hoped patent monopolies will encourage. The important factor to bear in mind is that what justifies the monopoly is not the monopoly itself but the extent to which it gives, or is hoped to give, a benefit to commerce which compensates for the temporary restraint on competition. The monopoly is an adjunct to, and is designed to promote, commerce. This is central to the western system of commerce. Monopolies are the exception, not the rule. [Marsden v Saville Street Co (1878) LR 3 Ex D 204] They need to be justified. As long ago as 1615 in this country it was said that the effect of an unjustified monopoly was "to take away free trade, which is the birthright of every subject".[The Clothworkers of Ipswich (1615) Godbolt 252]

Trade marks have historically been used to protect the trade with which they are associated. A good summary of their function is to be found in the speech of the Advocate General in SA CNL-SUCAL NV v HAG GF AG [1990] 3 CMLR 571 (HAG II). He said:

"Like patents, trade marks find their justification in a harmonious dove-tailing between public and private interests. Whereas patents reward the creativity of the inventor and thus stimulate scientific progress, trade marks reward the manufacturer who consistently produces high-quality goods and they thus stimulate

economic progress. Without trade mark protection there would be little incentive for manufacturers to develop new products or to maintain the quality of existing ones. Trade marks are able to achieve that effect because they act as a guarantee, to the consumer, that all goods bearing a particular mark have been produced by, or under the control of, the same manufacturer and are therefore likely to be of similar quality. The guarantee of quality offered by a trade mark is not of course absolute, for the manufacturer is at liberty to vary the quality; however, he does so at his own risk and he - not his competitors - will suffer the consequences if he allows the quality to decline. Thus, although trade marks do not provide any form of legal guarantee of quality - the absence of which may have misled some to underestimate their significance - they do in economic terms provide such a guarantee, which is acted upon daily by consumers.

A trade mark can only fulfil that role if it is exclusive. Once the proprietor is forced to share the mark with a competitor, he loses control over the goodwill associated with the mark. The reputation of his own goods will be harmed if the competitor sells inferior goods. From the consumer's point of view, equally undesirable consequences will ensue, because the clarity of the signal transmitted by the trade mark will be impaired. The consumer will be confused and misled."

Similarly in *The Law of Intellectual Property* (The Law Book Company, Australia, 1984) Ricketson stated:

"The primary function of a trade mark, traditionally, has been to identify the commercial or trade origin of the goods (or services) to which it is applied. This, of course, is of central importance to a trader as the mark then indicates to the market that these goods are his, even if he is not personally identified, and it becomes the focus for his growing goodwill or reputation in that market." (page 603)

That the primary function of trade marks is to indicate origin of goods or services has also been accepted by the European Court of Justice. In HAG II the Court said:

"Consequently, as the Court has stated on many occasions, the specific subject-matter of a trade mark right is to grant the owner the right to use the mark for the first marketing of a product and, in this way, to protect him against competitors who would like to abuse the position and reputation of the mark by selling products to which the mark has been improperly affixed. To determine the exact effect of this exclusive right which is granted to the owner of the mark, it is necessary to take account of the essential function of the mark, which is to give the consumer or final user a guarantee of the identity of the origin of the marked product by enabling him to distinguish, without any possible confusion, that product from others of a different provenance: see Case 102/77, *Hoffman-La Roche* and Case 3/78, *Centrafarm v American Home Products*.

...

Under these circumstances the essential function of the mark would be compromised if the owner of the right could not exercise his option under national law to prevent the importation of the similar product under a name likely to be confused with his own mark because, in this situation, consumers would no longer be able to identify with certainty the origin of the marked product and the bad quality of a product for which he is in no way responsible could be attributed to the owner of the right."

Furthermore in *Deutsche Renault AG v Audi AG* [1995] 1 CMLR 461 the Court has also indicated that the essential function of a trade mark extends to protection from association as to origin. In that case the Court said:

". . . it should be noted, first, that the specific subject-matter of trade mark rights consists in protecting the proprietor of the mark against a risk of confusion such as to allow third persons to take unlawful advantage of the reputation of the proprietor's goods (reference made to *Centrafarm v Winthrop* and HAG II)

...

According to German law, there is a risk of confusion between two trade marks not only when the trade concerned might mistakenly assume that the goods concerned come from one and the same undertaking

(direct risk of confusion) but also when the mistaken assumption relates to the existence of an organisational or economic link between the undertakings concerned, such as a licensing agreement under which one undertaking is authorised to manufacture a product with the same properties as the product of the other (risk of confusion in the broader sense).

No exception can be taken under Community law to the protection granted by a national law against this last-mentioned risk of confusion since it corresponds to the specific subject-matter of the trade mark right which, as stated above, consists in protecting the proprietor against the risk of confusion."

As mentioned above, there are two possible constructions which may be placed on art 5 of the 1988 directive and s.10(2) of the 1994 Act. The rights of the proprietor against alleged infringers may be limited to classic infringement which includes association as to origin or, following the Benelux route, it could cover not only classic infringement but also non-origin association. In my view, the former construction is to be preferred. If the broader scope were to be adopted, the directive and our Act would be creating a new type of monopoly not related to the proprietor's trade but in the trade mark itself. Such a monopoly could be likened to a quasi-copyright in the mark. However, unlike copyright, there would be no fixed duration for the right and it would be a true monopoly effective against copyist and non-copyist alike. I can see nothing in the terms of the directive (or our Act), or in any secondary material which I could legitimately take into account, which would lead me to assume that this was its objective. On the contrary, the preamble to the directive seems to point in the opposite direction since it states:

"Whereas the protection afforded by the registered trade mark, the function of which is in particular to guarantee the trade mark as an indication of origin, . . ."

Furthermore there appears to be little commercial justification for any such extension of trade mark rights. If it had been the intention to make the directive identical with Benelux law on this important issue it could have said so. Indeed, in view of the fact that to have done so would have been significantly to expand trade mark rights and thereby significantly restrict the freedom of traders to compete, I would have expected any such expansion to have been stated in clear and unambiguous words so that traders throughout the European Union would be able to appreciate that their legislators had created a new broad monopoly. As it is, no such clear and unambiguous words have been used and the language of the directive and the 1994 Act is consistent with the rights being restricted to classical infringement.

It follows that this court cannot follow the route adopted by the Benelux courts on this issue. This is regrettable since one of the main objectives of the 1988 directive was to avoid differences in scope of trade mark rights which could lead to barriers to inter-state trade. Nevertheless the natural inclination to come to a conclusion which would further harmony on this issue is not so strong that I am prepared to agree that a new millstone round the neck of traders has been created when that is not my view. If the plaintiff is to succeed in its case of trade mark infringement it must do so on the classic grounds.

Does the defendant infringe?

As indicated above, when this action commenced, the defendant was using the mark RAJAMAMA. After the launch of the application for interlocutory relief the defendant changed to the use of RAJA MAMA'S. The plaintiff says that both versions infringe its rights. Mr Platts-Mills on the other hand argues that neither do and that even if the version in one word does, the version in two words does not.

The approach the court should adopt to infringement under s.10 was recently set out in by Jacob J in *Origins Natural Resources Inc v Origin Clothing Limited* [1995] FSR 280 in which at page 284 he said:

"Section 10 of the Trade Marks Act presupposes that the plaintiff's mark is in use or will come into use. It requires the court to assume the mark of the plaintiff is used in a normal and fair manner in relation to the goods for which it is registered and then to assess the likelihood of confusion in relation to the way the defendant uses its mark, discounting external added matter or circumstances. The comparison is mark for mark."

A judge brings to the assessment of marks his own, perhaps idiosyncratic, pronunciation and view or understanding of them. Although the issue of infringement is one eventually for the judge alone, in assessing the marks he must bear in mind the impact the marks make or are likely to make on the minds of those persons who are likely to be customers for goods or services under the marks. Not all customers are the same. It is therefore sometimes of assistance for the court to hear evidence from witnesses who will help him to assess the variety of ways in which members of the target market will pronounce the marks and what, to them, will be the visual or phonetic impact of the marks. When considering infringement it is also necessary to bear in mind the possible impact of imperfect recollection on the part of members of the target market.

In this case it is conceded by the defendant that the plaintiff's mark is entirely artificial and meaningless as far as substantially all of the target market is concerned. Although it contains the letters "MAMA" it does not convey to most people the concept of motherhood. The defendant did not suggest otherwise. It is just a strange word with a pronounced internal rhythm. The defendant argues that its mark, particularly in the two word form, conveys a descriptive meaning. The letters "RAJA" mean something to do with the Raj - that is to say India, and "MAMA" conveys motherhood or an American connotation. I am not quite sure why this is said to refer to America, but that was the view expressed by Mr Naylor, Group Chief Executive of the defendant. Furthermore the defendant says that because the defendant's mark is made of two recognisable parts, it will naturally be understood as being two words and, at least in relation to the RAJA MAMA'S version, this will be confirmed when the mark is seen. Because both versions of the defendant's mark conveys a meaning, the "ideas" of the plaintiff's and defendant's mark are different. My attention was also drawn to the differences in the first syllable of the marks and to para 17.02 in Kerly's Law of Trade Marks and Trade Names 12 Edn which suggests that first syllables are particularly important when assessing the similarity of marks. Mr Platts-Mills also drew my attention to Coca Cola v Pepsi Cola (1942) 59 RPC 127 in which Coca Cola failed to prevent the use of the trade mark Pepsi Cola because the only point of similarity was in the word "COLA" which was common to the trade. So here it is argued that the only real point of similarity between the plaintiff's and defendant's marks is in the word "MAMA" which also is common to the trade.

Whether there has been trade mark infringement is more a matter of feel than science. I have borne in mind all of the arguments advanced by the defendant. However in this case, it is significant that the marks are being used in relation to comparatively inexpensive restaurant services. This is an area where imperfect recollection is likely to play an important role. Furthermore the fact that the plaintiff's mark is quite meaningless means that imperfect recollection is more likely. Although some of the target market may consider the defendant's mark to be made of two parts each of which has some sort of meaning, I think a significant section will not bother to analyse it in that way. To them it will be just another artificial mark. Although I accept that when seen side by side the plaintiff's and defendant's marks are easily distinguishable, this is not determinative of the issue of infringement. As the Privy Council stated in *de Cordova v Vick* (1951) 68 RPC 103 at page 106:

"A trade mark is undoubtedly a visual device; but it is well-established law that the ascertainment of an essential feature is not to be by ocular test alone. Since words can form part, or indeed the whole, of a mark, it is impossible to exclude consideration of the sound or significance of those words. . . . The likelihood of confusion or deception in such cases is not disproved by placing the two marks side by side and demonstrating how small is the chance of error in any customer who places his order for goods with both the marks clearly before him, for orders are not placed, or are often not placed, under such conditions. It is more useful to observe that in most persons the eye is not an accurate recorder of visual detail, and that marks are remembered rather by general impressions or by some significant detail than by any photographic recollection of the whole."

In that case one of the registered trade marks held by the Privy Council to have been infringed was as set out below. The defendant used the mark "KARSOTE Vapour Rub":

"The registered mark Advertisement containing  
[See (1951) 68 RPC 270 The defendant's mark  
[See (1951) 68 RPC 226]."

I have come to the conclusion that the defendant's mark, in either form, is so similar to the plaintiff's registered mark that in use there exists a substantial likelihood of confusion on the part of the relevant public. That confusion is likely to take the form that some members of the public as a result of imperfect recollection will think the marks are the same while others will think that they are associated in the sense that one is an extension of the other (cf the "Rus"/"Sanrus" case) or otherwise derived from the same source. It follows that the plaintiff succeeds on the issue of trade mark infringement.

#### Passing Off

Although it is not a necessary ingredient in a passing off action, proof that the defendant intended to deceive the public may assist the plaintiff in making out his case. Mr Fysh invited me to hold that there was an intention to deceive here and that evidence from the defendant's witnesses Mr Naylor and Miss English to the contrary was false. The defendant's explanation, particularly in the evidence of Mr Naylor, of the way in which it chose the name RAJAMAMA may be summarised as follows. The defendant wanted to produce a new restaurant chain with an Indian theme. It thought of a number of names, none of which was satisfactory. In mid to late 1994 Mr Naylor was in the United States of America. He visited a small town called Leon Springs. While there he visited a Mexican restaurant which traded under the name NACHOMAMAS. He says that he thought it was a good name for a restaurant. He has produced photographs showing himself in the restaurant. When he returned to England he suggested to the senior management of the defendant that the company should use the name RAJA MAMA. In fact an application to register this name was made in about November, 1994. The design of the restaurant was handed over to an American designer, Mr Morris Nathanson. When he did the design work he misunderstood what the name of the restaurant was to be and instead of using RAJA MAMA'S (2 words) he used RAJAMAMA (one word). Both Mr Naylor and Miss English say that throughout the period leading up to the opening of the first restaurant in April, 1995 it never crossed their minds that there might be any confusion with WAGAMAMA, although both of them knew of that restaurant, and no one in the company made any suggestion to that effect.

Mr Fysh attacked this story. He said that it is inconceivable that the question of conflict with WAGAMAMA never crossed anyone's mind and it is astonishing that although this was to be an important new restaurant chain into which the defendant was to pour a very large sum of money, there are only 3 or 4 documents which exist relating to the choice of the defendant's mark and no documents at all passing between the defendant and Mr Nathanson. He also pointed to some inconsistencies in the defendant's evidence. I agree with Mr Fysh that it is very hard to believe that the question of conflict with WAGAMAMA never crossed Mr Naylor's mind and I also agree that it is very hard to believe that no more relevant documents exist. Mr Naylor suggested that the defendant operated as a virtually paperless company. That is quite an achievement for a company listed on the London Stock Exchange with a turnover of nearly L100 million. However, even if I find these points hard to accept, they do not advance Mr Fysh's case. The fact that the possibility of conflict with WAGAMAMA may have crossed someone's mind within the defendant's organisation is more or less irrelevant. The plaintiff's case on passing off is only assisted in this respect if it could be shown that the decision to use RAJAMAMA or any of its variants was taken with an intention of causing confusion. Mr Fysh did not challenge the truthfulness of Mr Naylor's account of his visit to Leon Springs or his evidence that it was the visit to NACHOMAMAS which made him decide to use RAJAMAMA. I find that there is no evidence that in deciding on its new trade mark the defendant intended to cause deception.

If the plaintiff is to succeed on its claim for passing off, it is necessary for it to prove that there has been a misrepresentation giving rise to a real likelihood of damage.

As is usual in passing off cases, the plaintiff produced a number of members of the public to prove that confusion was likely. No attempt was made to choose a group of people who would represent a reasonable cross-section of the population of England or London. The plaintiff did not have the financial resources to engage in that sort of exercise. Instead its solicitors attempted to contact all those customers who at one time or another had left their name and telephone number at the WAGAMAMA restaurant. On the evidence, no attempt was made to skew the results. Needless to say, of the some hundreds of names left at the restaurant, the plaintiff's solicitors were only able to contact a limited number and of those an even smaller band were prepared to attend at trial to give evidence. In the end some 8 were called. They all struck me as being normal fairly alert individuals. They all spoke of their enthusiasm for the WAGAMAMA restaurant but some had only been there once, some had been more times. Some went frequently, others had visits separated by many months. Furthermore they came from very different walks of life. Miss Cowcill is engaged as a systems professional at JP Morgan, she develops new analytical methods for calculating exposure figures for financial products, Mr Martin is a student at Hull University taking a course in European Studies, Miss Graham is a nurse at St. Mary's Hospital, Miss Hollingworth is a para-legal at Lovell, White Durrant, Mr Cowell is an assistant computer systems manager at the Institute of Cancer Research, Mr Perry is a film production assistant, Miss Leighton is a tax consultant at Price Waterhouse, Mr Lakey is a freelance assistant producer and Miss Brown had been a general assistant in a record company but, at the time of the trial, was unemployed.

Each of these witnesses had been telephoned by one of the plaintiff's solicitors and had been asked for his or her immediate reaction and first thoughts on hearing that a restaurant had recently opened in London called RAJAMAMA. Their response was recorded as follows:

"Mr Perry said: 'My first thought is that RAJAMAMA must be a new branch of WAGAMAMA'.

Mr Cowell said: 'My reaction was to say that it sounded like an Indian version of WAGAMAMA'.

Miss Leighton said: 'I was surprised to hear [that there was no connection between the restaurants]. The name is so similar that it suggests that the two restaurants are connected in some way.'

Mr Martin said: 'I would think that it is a spin off of WAGAMAMA. I would assume that there was some sort of connection with WAGAMAMA, the Japanese restaurant and . . . I would think there is an oriental connection. I thought of WAGAMAMA because of the similarity between the two names. They are exactly the same apart from the letters RJ/WG. The pronunciation is the same.'

Miss Brown said: 'I immediately thought of 'WAGAMAMA', a Japanese restaurant in Streatham Street, London. I thought that RAJAMAMA might be connected with WAGAMAMA and that I imagined it was a combination of Indian and Japanese food. This is because the name RAJAMAMA sounds similar to WAGAMAMA.'

Miss Cowcill said: 'I told [Miss Temperton of Eversheds] that the name RAJAMAMA makes me think of WAGAMAMA but with an Indian slant. I thought of WAGAMAMA because the name RAJAMAMA sounds like it. It sounds as if the same people who operate the WAGAMAMA restaurant are opening a restaurant dealing with a different type of food.'

Miss Graham said: 'I thought that the name sounds like WAGAMAMA, a Japanese restaurant that my friends and I like to visit in town. I thought that they might be connected. . . . They sound like they are connected.'

Miss Hollingworth said: '. . . the name RAJAMAMA made me think that the restaurant was somehow connected with the WAGAMAMA restaurant. I think that WAGAMAMA is related to or means something like 'the way of the noodle'. I am not sure what RAJAMAMA would mean'."

This evidence, contained in the witnesses' respective witness statements, was confirmed in the witness box and either not challenged at all or to any significant extent in cross examination. It is consistent with

what I would have expected. To me the name RAJAMAMA has little meaning and has a very strong similarity to WAGAMAMA. In my view this is so whether the defendant's trade mark is RAJAMAMA or RAJA MAMA'S Since much of the plaintiff's business is likely to come from oral recommendation, I think the possibility of confusion and imperfect recollection are significant. Furthermore, even in the case of potential customers who notice the beginning "RAJA" and assume it alludes to India, it is likely that many will think that this is an Indian restaurant created by or is otherwise connected with the restaurant business run by the plaintiff. That this sort of association can be relevant confusion for the purpose of an action for passing off has been well established for many years; see for example, *Ewing v Buttercup Margarine Company* (1913) 34 RPC 232.

Nevertheless Mr Platts-Mills has argued that there is no passing off because it has not been shown that the plaintiff will suffer any significant damage as a result of any confusion which might take place. He said that the clientele of the two restaurants and the price of meals at them were different. He also said that anyone who had been to the plaintiff's establishment could never be confused into believing that he was eating there if he visited the defendant's establishment. It was not in dispute that the restaurants look very different. Furthermore he said that the restaurants were sufficiently far apart to reduce the amount of harmful confusion to de minimis proportions.

I do not agree. The points relating to the differences in clientele and cost fail on the facts. Even if they had been supported by the evidence, they would not have altered my conclusions on this issue. The plaintiff's restaurant has a reputation extending far beyond the area immediately next to Streatham Street. As I have said, in this business much of the recommendation will be by word of mouth. Furthermore even those who have read about the restaurant in one or other publication - extending from *Tatler* at one extreme to *The Face* at the other - may well fail to recall the name accurately a month or two later. People who visit the defendant's restaurant on the basis of this type of recommendation may well not know that they are at the wrong place. In many cases they will not have gone to WAGAMAMA either and therefore may not realise that the exotic mix of Indian food and American pizzazz is not what they would get if they went to the plaintiff's restaurant. By the same token, if members of the public or restaurant reviewers come to the conclusion that the mix is not only exotic but unpleasant, the plaintiff will also suffer. That is why in the *Ewing* case, Cozens-Hardy MR said:

"[The Plaintiff] has proved that the Defendants have adopted such a name as may lead people who have dealings with the Plaintiff to believe that the Defendants' business is a branch of or associated with the Plaintiff's business. To induce the belief that my business is a branch of another man's business may do that other man damage in all kinds of ways. The quality of the goods I sell: the kind of business I do; the credit or otherwise which I might enjoy - all those things may immensely injure the other man who is assumed wrongly to be associated with me. It is just that kind of injury which what the Defendants have done here is likely to occasion . . ."

In my view the risk of that sort of damage to the plaintiff in this case is very real. The plaintiff currently is riding high on a wave of popularity. Its continued success may well be dependent upon it maintaining the reputation it has for offering a new, clean and different type of culinary experience. It is not possible to assess to what extent that success will be harmed if it is associated wrongly with an American influenced curry restaurant. In my view there is a risk of significant damage to the plaintiff.

It follows that I find the allegation of passing off made out.