

COMMENTS

Cristal, Anyone? Corks Go “Pop” for Louis Roederer

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☞ Champagne; Confusion; Dilution; Infringement; Similarity; Survey evidence; Trade marks; Unfair advantage; Validity

The High Court recently upheld a challenge by Louis Roederer (owner of luxury champagne brand CRISTAL, the muse to many a hip-hop artist) to the validity of the trade mark CRISTALINO JAUME SERRA, owned by the first defendants, J Garcia Carrion SA and registered for, amongst other things, sparkling wines and wines. In the United Kingdom, CRISTAL champagne, tippable to the rich, famous and champagne connoisseurs alike, sells for in excess of £175 per bottle in off-licences (and considerably more in nightclubs and restaurants). In stark contrast, the defendants were importing and selling cava branded as CRISTALINO, with a retail price of around £5 a bottle. Mrs Rose J found that there was a likelihood of confusion, due to the similarity between the signs and the fact that champagne was similar to cava. Moreover, she held that the defendant’s use of CRISTALINO took unfair advantage of the strong reputation enjoyed by Roederer’s CRISTAL mark in the United Kingdom, and sales of the defendant’s cava under the sign CRISTALINO would reduce sales of Roederer’s CRISTAL champagne, resulting in dilution and detriment to the distinctiveness of the mark.

Background

The brand at issue in the present case was CRISTAL, the original celebrity champagne created in 1876 by Louis Roederer to satisfy Tsar Alexander II of Russia. At the time, the political situation in Russia was unstable and the Tsar was in constant fear of his life; he commissioned Roederer to produce bottles made of transparent crystal glass with a flat bottom, in order to foil the insertion of explosives in the indentation by would-be assassins—so that he didn’t go out with a “bang”. After the fall of the Russian monarchy in 1917, Roederer decided to continue producing CRISTAL champagne and market it internationally, and the unique flat-bottomed design, glass and cellophane (shown in the pictures below) are now subject to a series of strict patents.



In 1988, Roederer registered a UK trade mark for the word CRISTAL for champagne wines. It also registered a Community trade mark (CTM) for the word CRISTAL in 2009 in respect of wines, sparkling wines, wines of French origin with the designation of origin “Champagne”.

The first defendant J Garcia Carrion is a Spanish company which makes and sells a range of wines, including a sparkling wine made in Spain, which comes in three forms: (i) CRISTALINO Brut, produced in a green bottle with gold label and gold foil over the cork (shown below on the left); (ii) CRISTALINO Reserva (also in a green bottle with a black label with silver lettering and a black foil covering over the cork); and (iii) CRISTALINO rosé brut in a clear bottle with a pinky gold label and foil (shown below on the right).



In 2009, J Garcia Carrion registered a UK trade mark and a CTM for the sign CRISTALINO JAUME SERRA for, amongst other things, sparkling wines and wines in Class 33.

Roederer alleged that the import and sale in the United Kingdom of the Spanish sparkling wine under the sign CRISTALINO by J Garcia Carrion amounted to infringement of Roederer's CTM and UK trade mark under Trade Marks Act 1994 ss.10(2) and 10(3), and equivalent provisions in Community Trade Mark Regulation arts 9(1)(b) and 9(1)(c).¹ This claim was also issued against the second and third defendants (the supermarket chains, Asda and Morrisons, respectively), who settled with Roederer; proceedings against the UK supermarkets were stayed on the basis that they would no longer stock the defendant's CRISTALINO wine under the terms of a Tomlin order. Accordingly, the supermarkets did not play any further part in this case.

In early 2013, the defendant ceased to instruct solicitors within the jurisdiction to conduct the proceedings on their behalf, and put a cork in it, by not responding to various court orders nor providing any disclosure or other evidence in support of their case. Consequently, Roederer could have applied for a default judgment but because these proceedings are part of a much wider battle between Roederer and J Garcia Carrion in multiple jurisdictions across the world, Roederer wanted to obtain a judgment on the merits of their claim: effectively using the High Court as a testing ground for the evidence and see if their arguments had legs.

Decision

Rose J found that the volume of press coverage concerning CRISTAL champagne was remarkable given the tiny proportion of the UK champagne market it occupied (less than 0.5%). Furthermore, adding further

punch to the argument, she found that two parallel surveys commissioned by Roederer established that the mark CRISTAL had a reputation amongst the British public. Although brand recognition was much lower amongst participants in the second survey, Rose J thought 14% was "an impressive result", bearing in mind that:

"the word of itself has no connection to champagne or wine or alcoholic beverages at all and moreover could be taken, when viewed completely out of context as it was here, to refer to the word 'crystal' as a rock or as glassware or to a girl's name ... Despite that different potential association, it is very significant that some people still made the connection between the plain word on a piece of paper and a product that they are unlikely ever to have bought or tasted."

Rose J also considered evidence of pop lyrics referring to CRISTAL, particularly in hip hop music:

"Thus, 'CRISTAL' was 7th in the list of brand names mentioned in pop lyrics (Cadillac being first). It has been referred to in lyrics of songs by JayZ, first in 'Can't Knock the Hustle' ("My motto, stack rocks like Colorado/Auto off the champagne, Cristal's by the bottle"). JayZ and other rappers clearly expect that their fans will recognise the brand as a synonym for luxury and excess (although JayZ later transferred his allegiance to other brands)."

In the opinion of Rose J, the survey results, together with the multiple press reports, instances of ordinary people making play on the similarity of the names CRISTAL and CRISTALINO on social media and pop lyrics clearly established that the word CRISTAL used by itself had a reputation that was not limited to its use in conjunction with the words "Louis Roederer" or "Champagne", adding extra fizz to the fight.

¹ Regulation 207/2009 on the Community trade mark [2009] OJ L78/1.

Likelihood of confusion

J Garcia Carrion pleaded in their defence that they had not used the sign CRISTALINO in isolation but rather the sign CRISTALINO JAUME SERRA. Rose J dismissed this argument; on examination of bottle labels and bottle necks, it was obvious that the word CRISTALINO either appeared on its own or was emphasised in relation to the JAUME SERRA element of the mark; for example, by underlining or depiction in a larger, bolder font. On the basis of the bottles presented as evidence, Rose J found it “incontestable that the sign used by JGC is CRISTALINO and not CRISTALINO JAUME SERRA”, causing the defendant’s argument to fall flat.

Rose J accepted that the visual similarity between the mark and the sign was particularly important in this case, as the sign was printed on a convex surface of the cylindrical bottle:

“If the bottle is stacked on the shelf at the store, the view of the customer may well be focused on the first part of the name rather than the complete name and indeed the end of the name may be obscured if the bottle is not directly facing the front.”

Phonetically, the defendant’s sign incorporated the whole of the Roederer mark:

“further, the name of the product is often likely to be uttered in a noisy environment such as a night club or restaurant where the ‘ino’ may get lost.”

Conceptually Rose J considered the sign and the mark to be very similar:

“They both refer to the word ‘cristal’ or ‘crystal’ with its connotation of something of high quality and precious, and of something sparkling, glittering and pure. The addition of ‘ino’ in the sign does not detract from this. It has the appearance of a suffix indicating a diminutive (though it is not in fact a diminutive suffix in Spanish or English) and does not in my judgment, remove the strong conceptual similarity.”

Rose J also found that the longer sign CRISTALINO JAUME SERRA was similar to the CRISTAL trade mark in terms of its visual, aural and conceptual qualities.

In the case of Roederer’s CTM, the goods were identical because the mark was registered for sparkling wines. The fact that Roederer had only attached the CRISTAL brand name to champagne was irrelevant because they were entitled to protect their fair use of the mark for the whole range of products for which it was registered.² Roederer’s UK mark was registered only in relation to champagne, but that did not matter as Rose J considered cava to be similar to champagne, and she concluded that there was a likelihood of confusion between the marks:

“Average consumers are likely to buy CRISTALINO cava thinking that it is a cheaper sparkling wine put on the market by Roederer to capitalise on the brand value of the CRISTAL name, just as Chandon is a cheaper sparkling wine from the Moët & Chandon house and Le Petit Mouton-Rothschild is a cheaper claret from Château Mouton-Rothschild. This is not only because of the similarity of the name itself but also because of the similarity of the presentation of the two bottles as described earlier. Moreover, the word CRISTALINO is not only linked visually, aurally and conceptually with the word CRISTAL but appears to be a diminutive of CRISTAL in a context where wine producers have used diminutives to signal that a wine is a cheaper version of their premier, flagship product.”

Reputation infringement

Rose J found that the use of the sign CRISTALINO would lead to dilution or blurring:

“the image projected by Roederer through decades of use of the CRISTAL mark for champagne both displaces and yet also trades upon the ordinary meaning of the word ‘crystal’. If another sign makes that same connection between the qualities of crystal and sparkling wine, that will dilute the association of those qualities with Roederer champagne in the mind of consumers. The association with Roederer specifically will be blurred into an association simply between those crystal qualities and all sparkling wines.”

Rose J accepted that Roederer did not have to show that people would buy CRISTALINO cava instead of CRISTAL champagne; only that they would buy less CRISTAL champagne if the name ceased to be linked with luxury and prestige. In her opinion, that was the case:

“Of the already few people who can afford to drink CRISTAL there must be even fewer who buy it because they can really tell the difference between it and another very high quality champagne. At least some people choose to drink it and to be seen to drink it because it signals something about their status in the world they inhabit. That kind of caché on the part of the premium product is hard won and easily lost—people can easily drop some brand that has been fashionable hitherto and take up a rival brand as the new drink to be seen drinking. ... In such a case, where the prestige of the mark is fragile, I am satisfied that the dilution of the CRISTAL mark by the use of the CRISTALINO sign in connection with a cheap sparkling wine will lead to a reduction in sales of CRISTAL. In particular, other prestigious brands such as Le Monde d’Hermès and Aston Martin will be less keen to join

² See *Maier v ASOS Plc* [2015] EWCA Civ 220.

in marketing initiatives with Roederer and prestigious venues will be less enthusiastic about entering into sponsorship deals. These are the ways in which Roederer chooses to promote CRISTAL. If they are compromised, then there is likely to be a change in the behaviour of Roederer's customers."

Applying the approach used by Arnold J in *Jack Wills Ltd v House of Fraser*,³ in which he held that the claim of reputation infringement could succeed without proof of any intention on the part of the user of the allegedly infringing sign to free-ride, Rose J had no doubt that the word CRISTALINO was intended to have brand significance rather than just being part of the decoration of the bottle of cava—it was intended to be interpreted as the brand name and had the objective effect that consumers would take notice of it and it would attract attention. There was evidence of the effect of free-riding of the CRISTALINO brand on the CRISTAL reputation from social media sites. For example, when CRISTALINO wine was launched in the US, many young people removed the letters "ino" from the foil label and jested that CRISTALINO was similar to CRISTAL. In particular, Rose J found a set of screenshots from Flickr wags to be "particularly telling". These included a photograph of a close-up of a CRISTALINO bottle label with the caption "Wow ... CrisTallINO". Another photograph showed a young woman pulling the cork from a bottle with the caption "poppin' bottles of CRISTALino hahaha" and one showed a bottle of CRISTALINO in an ice bucket with the caption "Cristal Champagne? We wish ... CrisTALINO for us!".

Case law dictated that a claimant relying on art.9(1)(c) had to show some change in the behaviour of the consumers as a result of the use of the allegedly infringing sign, or a serious likelihood of such a change (see *Jack Wills*). Where the alleged infringement relied on free-riding, the relevant customers were the customers of the defendant's goods. On the evidence, Rose J found that there was a change of behaviour on the part of cava buyers in choosing CRISTALINO cava because of its quasi-association with the CRISTAL brand.

Roederer accepted that in order to succeed in their claim for reputation infringement, they had to establish that damage had been caused to one of the functions of their CRISTAL mark, i.e. its origin function, advertising/communication function or investment function.

Applying the principles expressed in *L'Oréal SA v Bellure NV*⁴ and *Interflora Inc v Marks & Spencer plc*,⁵ Rose J found that there was damage to the three functions of the CRISTAL mark. The likelihood of confusion meant that the strength of the link between CRISTAL or crystal with a champagne originating with Roederer would be weakened and so affected the origin function. Further,

there was damage to the advertising power of the CRISTAL mark which could not be combatted by more or different advertising on the part of Roederer:

"The allure and prestige of the CRISTAL mark as a high quality and exclusive brand—and hence its advertising and investment function—depend not only on the continued use and promotion of the brand by Roederer but on the absence of other associations of the word CRISTAL with other lower quality and mundane products. The investment function of the brand has been relied on by Roederer to promote the CRISTAL mark by sponsorship as well as by advertising and I find that this function is also damaged by the CRISTALINO sign."

Comment

This judgment suggests that there is still a role for survey evidence in trade mark litigation cases. However, as the Court of Appeal stressed in *Interflora v Marks and Spencer*,⁶ a judge should not normally admit evidence of this kind unless satisfied that: (i) the evidence was likely to be of real value; and (ii) the likely value of the evidence justified the costs. Therefore it is important to err on the side of caution when commissioning survey evidence, to ensure that the methodology is transparent and complies with the Whitford Guidelines (the guidelines set out by Whitford J in his judgment in *Imperial Group Plc v Philip Morris Ltd*⁷).

This case has also highlighted the fact that claimants do not need to demonstrate confusion in the real world; this is particularly relevant in cases involving high-end luxury goods with limited circulation. In the present case, sales of the CRISTALINO cava in the United Kingdom through Asda and Morrisons were stopped very shortly after they started following the swift intervention of Roederer, and therefore Rose J said that the absence of evidence of actual confusion (that is of anyone buying a bottle of CRISTALINO thinking that the sign was the CRISTAL mark or that it was a cheaper brand of sparkling wine produced by the Roederer house) was not detrimental to Roederer's claim. There had not been a substantial period when the cava was actually sold on the market in the United Kingdom. As counsel for Roederer pointed out, any instances of actual confusion would have been more likely to emerge from the defendant's disclosure as they would likely be on the receiving end of any complaints by retailers that their customers have been confused by the product, rather than Roederer.

As well as finding that the defendant had infringed Roederer's CRISTAL mark, Rose J also held that the defendant's CRISTALINO JAUME SERRA marks were

³ *Jack Wills Ltd v House of Fraser (Stores) Ltd* [2014] EWHC 110 (Ch).

⁴ *L'Oréal SA v Bellure NV* (C-487/07 [2010] Bus. L.R. 303; [2009] E.C.R. I-5185).

⁵ *Interflora Inc v Marks & Spencer Plc* (C-323/09) [2012] Bus. L.R. 1440.

⁶ *Interflora v Marks and Spencer* [2013] EWCA Civ 319.

⁷ *Imperial Group Plc v Philip Morris Ltd* [1984] R.P.C. 293.

invalid—giving Roederer yet further reason to raise a glass. Although initially concerned about the appropriateness of striking down the defendant's marks without being satisfied that they fully realised that the proceedings in which they had decided to play no part could result in such an outcome, Rose J accepted Roederer's submissions that "JGC should not be in a stronger position before the court because of their refusal to engage in the proceedings" and that, if she did not deal with the matter in the present case, it would be open to Roederer to bring separate infringement proceedings, thereby leading to a duplication of effort. Although the marks were for CRISTALINO JAUME SERRA and not CRISTALINO by itself, Rose J found that the use that J Garcia Carrion had made of their mark was a "fair notional use of the composite and likely to give rise to confusion". Interestingly, this was different to the view taken by the IPO's hearing officer, who rejected Roederer's opposition to the registration of the defendant's UK mark. However, as Rose J said, it was clear from *Special Effects v L'Oréal SA*⁸ that she was not bound by that decision, leaving Roederer in high spirits, and that she had the benefit of evidence that the hearing officer had not seen, namely the use of the mark in the United Kingdom with the first word much more dominant than the other two words also present on the label of the Reserva and Brut versions of the cava.

How the Court will Interpret Whether England is the Most Appropriate Place to Bring a Libel Action

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☞ Foreign nationals; Forum non conveniens; Full and frank disclosure; Libel; Service out of jurisdiction

Ahuja v Politika Novine.¹ On 23 November 2015, Sir Michael Tugendhat set aside an order for service out of the jurisdiction of proceedings for the misuse of private information and libel which had been made by Master Roberts on 31 March 2015 in respect of an article in *Politika*, a Serbian language newspaper circulating in Serbia and neighbouring countries in hardcopy but available in this country only on the internet. Sir Michael held that the claimant was in breach of his duty of full and frank disclosure and the case is a significant reminder of the duty of candour that rests upon a claimant when seeking

permission to serve outside the jurisdiction under CPR 6.36 and of the perils of over-enthusiastic attempts to squeeze foreign claims into this jurisdiction. The case is also important on the question of how Defamation Act 2013 s.9(2) which provides that:

"a court does not have jurisdiction to hear and determine an action to which this section applies unless a court is satisfied that of all places in which the statement complained of has been published England and Wales is clearly the most appropriate place in which to bring an action in respect of statement"

is to be interpreted. The judge examined the burden that this places upon a claimant in terms of the evidence which has to be placed before the court noting that this is an onerous requirement that applies across the board to any claimant however strong his or her links may be with England and Wales.

Background

The claim was brought by a businessman who claimed that his closest ties were with London pointing out that he had studied there and had been resident there since 1995 having worked as a banker in London for 12 years up to 2011. His wife had been resident since 1998 in the United Kingdom running a successful UK-based company. He said that he spent most of his time in the United Kingdom, India and Austria, but he indicated that he viewed London as his home.

The claimant had in accordance with Practice Direction 6B para.3.1 to prove that there was a serious issue to be tried on the merits with a real prospect of success, that there was a good arguable case that the claim fell within one or more classes of case in which permission to serve out of the jurisdiction may be given and that England was clearly the appropriate forum for the trial of the dispute. The court was satisfied that there was a serious issue to be tried on the merits with—at that stage of the proceedings—a real prospect of success. The allegations related to bank transfers made from Serbia to Switzerland which raised the suspicion, it was alleged, that he was guilty of unlawful tax evasion. These were sufficiently serious allegations to meet the serious harm test required under Defamation Act 2013 s.1. There was also sufficient evidence at an interlocutory stage to support the claim of misuse of private information in that there had been prima facie unlawful disclosure of bank transfers.

Extent of publication in the United Kingdom

The question arose as to the extent of the online publication in the United Kingdom. Although all the articles were written in the Serbian language, reliance

⁸ *Special Effects v L'Oréal SA* [2007] EWCA Civ 1; [2007] Bus. L.R. 759; [2007] E.T.M.R. 51; [2007] R.P.C. 15.

¹ *Ahuja v Politika Novine/Magazini D.O.O.* [2015] EWHC 3380.