

LINGUISTICS

In summary

- On August 21, the UK Registrar of Trademarks rejected bids to overturn Unilever's application to register CHAE
- This decision breaches the international norm that generic words or their linguistic, phonetic or visual variations cannot be appropriated as trademarks
- CHAE is argued to be near-identical both phonetically and visually to the word for "tea" various Indian languages, Mandarin Chinese, Japanese and Russian
- The tea trading industry is urged to file for an invalidity action against the registrations of CHAE, as well as previously granted marks, CHAI and CHAI PANI

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Headline: CHAE: A slip between the cup and the lip?

The Indian trademark law community is agog at a recent decision by the UK Registrar of Trademarks that flouts current thinking on globalising trademark law, reports New Delhi intellectual property attorney, Latha R.

On August 21, 2002, the United Kingdom's Registrar of Trademarks passed an order rejecting an opposition filed by Wistbray Limited, a UK-based tea trading company, against a trademark application by Unilever PLC to register CHAE as a trademark for tea and tea products, iced tea, herbal teas, fruit teas, beverages etc.

The decision of the Registrar is significant as it breaches one of the cardinal principles of trademark law - the rule that that generic words or their linguistic, phonetic or visual variations in respect of a product cannot be appropriated as a trademark. For instance, the word 'aqua purifier' cannot be registered in respect of 'water purifiers' or the word 'sofa' cannot be registered in respect of 'furniture'.

Ideally, a trademark should be a distinctive, invented word and not a descriptive or generic word to describe the goods in question. Trademark rights, being private monopoly rights, once granted, are perpetual. A generic word used to denote certain goods, therefore, should not be allowed to be monopolised by any trader as a trademark, because other traders will not be allowed to describe their goods using such generic word.

The generic words in controversy here are the linguistic variations of the word 'tea', namely, 'Chai', 'Cha' 'Char' and 'Tchai' (in various Indian languages, Mandarin Chinese, Japanese and Russian), as well as the phonetic and visual variation of these linguistic variations, namely, 'Chae'.

The background of the application for CHAE goes back to March 18, 1999, when Unilever filed three trademark applications for registering CHAI, TCHAI and CHAE in the UK. The application for CHAE was advertised for oppositions on December 12, 1999. Intriguingly, on January 20, 2000, Unilever withdrew the first two applications for CHAI and TCHAI

The application for CHAE was opposed by Wistbray Ltd, a tea trading company in the UK. Wistbray's opposition was based on the following five grounds:

- (i) the mark CHAE for which registration is sought is merely another variant of common terms to describe tea, namely, "chai", "char", and "cha" and is therefore not capable of distinguishing the applicant's goods from those of other undertakings in relation to tea of any kind;
- (ii) the said mark is devoid of any distinctive character being simply the name of the goods;
- (iii) the mark consists merely of a word that will serve in trade to designate the characteristics of the products claimed, namely, 'tea', or more specifically, 'spiced tea'.
- (iv) the word CHAE is visually and phonetically identical to the word 'chai', which has become customary in the UK to indicate tea and specifically spiced tea.
- (v) the mark consists of a word which will be taken to mean tea and as such would be deceptive if used in respect of other drinks: the application should therefore, be refused in relation to "beverages" in class 30 and "non-alcoholic beverages" in class 32"

Further, Wistbray filed three witness statements by way of evidence: from Westbray's managing director, Mr Bruce Ginsberg; one from Mr Christopher Dawson, a buyer in the grocery department of UK supermarket chain Waitrose Ltd; and one from Mr Mahendra Jain, the London-based director of the Tea Board of India.

Mr Ginsberg's affidavit emphasized that the words "chai", "cha" and "char" meant 'tea' in various Indian languages, Mandarin Chinese, Japanese and Russian, and had passed into the English language. This statement was supported by dictionary extracts, extracts from English language books dedicated to tea showing the use of "chai" in relation to India, Egypt, Russia

and Asia; and extracts from English language guidebooks in relation to India used by British visitors to India wherein "chai" is used to refer to tea. Further, the statement also attached Internet excerpts relating "chai" to mean tea. Based on these, Mr Ginsburg contends that "chae" is just another variant and, therefore, a description of the goods rather than a brand.

Mr Dawson's affidavit focused on the point that the word 'chai' is a generic word to describe tea and CHAE is visually and phonetically too close to the generic word 'chai'.

Besides the points raised by the affidavits of Mr Ginsberg and Mr Dawson, Mr Jain's affidavit stated that Unilever was attempting to monopolize the phonetic equivalent (chae) of a generic word (chai).

Unilever refuted the arguments in all the three affidavits. The arguments of Unilever can be summarized as below:

(i) As per the ruling in *AD 2000* case (1997 RPC 168), requirements of distinctiveness are met when a sign is "capable" of distinguishing goods or services of one undertaking from all others to the limited extent of not being "incapable".

(ii) Since opponents produced no evidence to suggest that the word "Chae" has any specific meaning and since "Chae" is strictly speaking an invented word, it is distinctive.

(iii) "Chae" differs from terms "chai", "cha" and "char" by only one letter. However, within the context of a relatively short word, a one letter variation can impact significantly both visually and phonetically to such an extent to make it inventive and different.

(iv) Relying on the *Baby Dry* case (C-383/99P), the threshold of distinctiveness required now is relatively low.

Having considered the rival arguments, the Registrar rejected the opposition, primarily finding that:

(i) The mark in suit is not so "hopeless" that it would fail the tests for distinctiveness under the relevant sections. The Registrar has quoted an excerpt from *Koninklijke Philips Electronics NV v. Remington Consumer Products Ltd* (C-299/99) decided by the ECJ which states that the relevant provisions dealing with grounds of refusal are intended essentially to exclude from registration signs which are not generally capable of being a trademark and thus are not capable of distinguishing the goods or services of one undertaking from another.

(ii) Further, the Registrar relied on the *Baby Dry* case [Procter & Gamble v. OHIM C-383/99], which pointed out that “any perceptible difference between the combination of words submitted for registration and the terms used in the common parlance of the relevant class of consumers to designate the goods or services or their essential characteristics is apt to confer distinctive character on the word combination enabling it to be registered as a trademark”. This observation was made while deciding whether BABY DRY is distinctive of a baby’s diapers. Another observation of relevance made in the *Baby Dry* case is that if the trademark in question is purely descriptive in one of the languages used in trade within the European Community, that is sufficient to render it ineligible for registration as a Community Trade mark.

Are the grounds of reasoning given by the Registrar convincing enough? As for the first ground, the Registrar has not explained why he thinks that the mark in question is “so hopeless” that it fails the test of distinctiveness except quoting an excerpt from a decided case. He has not even attempted to draw a parallel with the mark involved in the cited case. The first reasoning simply lacks conviction.

As for the second ground of reasoning, *Baby Dry* is not an ideal precedent to use in a case like the present as that case dealt with a combination of two words rather than one single word. For one, the ruling in the *Baby Dry* case is bad law. In the post-TRIPS era, the world is already moving swiftly towards the idea of free trade and diminished trade barriers, and it is appalling that the ECJ considered it sufficient that the mark is purely descriptive in *one of the languages used in trade within the Community*, to render it ineligible for registration as a trademark. Does the ECJ believe that European Community can have a detached and isolated existence in world trade? Does this mean that members of European Community can appropriate linguistic variations of generic words in languages other than those used in the Community? It is disturbing to think where interpretations of such a rationale will lead.

Leaving aside the question whether the *Baby Dry* decision is good law, rooted as it is in European law (considering the fact that the WTO regime and communication over the internet have dissolved artificial territorial distinctions), the Registrar has wrongly applied the rationale of *Baby Dry* for the following reasons:

(i) The goods in the *Baby Dry* case, namely, “babies’ diapers”, were indirectly suggested by the trademark BABY DRY (as a reference to their characteristic of keeping a baby dry) and even if so understood by a gullible and unwary member of the relevant buying public, there was no prospect of confusion or deception as to characteristics. Whereas in the instant case, any potential use of the word CHAE (which would likely be understood as a reference to the products) in relation to non-tea beverages (as claimed in the

application) would have the effect of causing confusion and deception, perhaps amounting to passing off

(ii) The *Baby Dry* case relates to a combination of words, not customarily used to refer to babies' diapers. On the other hand, "chai" or "cha" are customarily used as generic terms to describe tea. Considering the fact that there are in currency variants of Chai (Cha, Char etc), the use of CHAE is bound to be understood by the public as another variant of the generic term, "Chai".

Based on the *Baby Dry* case, the Registrar observes that CHAE differs by one letter from the generic descriptions referred to by the opponents *must* be perceived as a "perceptible difference" and as such is "apt to confer distinctive character". The Registrar dismisses Mr Dawson's statement about the visual and phonetic similarity of the mark to generic descriptions for tea on the ground that there are no exhibits to back up his statement. The Registrar has ignored the fact that Mr Dawson is an expert in the trade and his testimony ought to merit some weight.

Having observed so, the Registrar states that the mark CHAE will be pronounced "ch-ay" whereas the generic word "chai" will be pronounced "ch-i" thereby suggesting that these two words are phonetically dissimilar! How could the Registrar arbitrarily and absurdly decide the manner of pronunciation of a word which is not an English word? He further goes on to state that "visually the words are dissimilar, although they do share some common characteristics". This observation of the Registrar sounds ludicrous as anyone can see that the mark in question (CHAE) and the generic word "chai" both consist of four letters and that they differ *only* in their last letters, namely, 'e' and 'i' respectively. The observation beats logic and lacks conviction, as the mark is phonetically entirely identical and visually 75% identical to the generic word!

In utter disregard of the three affidavits and the evidence filed in support of these, the Registrar concludes that "*my own impression of the trademark in suit is that it consists of an invented word and therefore is not 'visually and linguistically meaningful'. It will not, in my view, trigger in the mind of the average consumer of tea and related products an origin specific perception*".

While making this observation, the ethnic South Asian, Japanese, Russian and Chinese population in the UK for whom CHAE would be just another linguistic variation of tea seems to have been ignored by the Registrar. It may do well here to quote an extract from the observations of Lord Justice Lopes, of the Court of Appeals from *In the Matter of Dewhurst's Application for a Trademark* reported in 13 RPC 288 while deciding the registrability of the Burmese equivalent of the words "Golden Fan Brand":

"... but it is said that these words, being in Burmese, would not be calculated to mislead or to deceive. Now, if we were to hold that the mere fact that the words in question were in the Burmese language was sufficient to rebut the probability of deception, I ask, where are we to stop? What would be said with regard to French? What would be said with regard to German? What would be said with regard to Welsh? In point of fact, if we pushed that matter to its logical conclusion we should have to go the length of holding that the fact of the words being in any foreign language would be sufficient to rebut the probability of deception. In my opinion, that cannot be done."

Looked in that light, what is the impact of the CHAE order? Are generic words up for grabs in the EC to be appropriated as trademarks? This is not the first time the UK Registrar of Trademarks has allowed generic words to enter their Register.

There is an existing registration for the mark CHAI PANI ('Chai' meaning tea and 'Pani' meaning water in Hindi), which is customarily used in India to mean refreshments, snacks etc, registered in respect of goods including prepared snacks, tea, mineral water etc in classes 29, 30 and 32 as well as for restaurant services in class 42 since June 2001. Ironically, there is a registration even for CHAI by Prospect Beverages Limited in class 32 in respect of 'non-alcoholic beverages, syrups and preparations for making beverages' since December 2001. Having made an observation that 'chai' is a generic word, would the Registrar suo moto take actions to rectify CHAI owned by Perfect beverages as it could be potentially used for tea ?

Since the matter specifically concerns tea, the tea trading industry must take up this issue and file for an invalidity action against the CHAE, CHAI, and CHAI PANI, registrations before the UK Trademark office under Section 47 (1) of the UK Trademarks Act, 1994.

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About the author

Latha R is an attorney with the New Delhi based intellectual property law firm, **Kumaran & Sagar**. Her practice focuses broadly in the areas of copyright, geographical indications and trademarks. Established in 1994, Kumaran & Sagar is one well-known for its involvement in the protection of geographical indications such as Basmati Rice and Darjeeling tea. It represents the interests of Tea Board India in the protection of certain Indian geographical indications for 'tea' globally and had assisted Wistbray in procuring the deposition of the London based Director of Tea Board, India.