

Intellectual Property Legal Alert

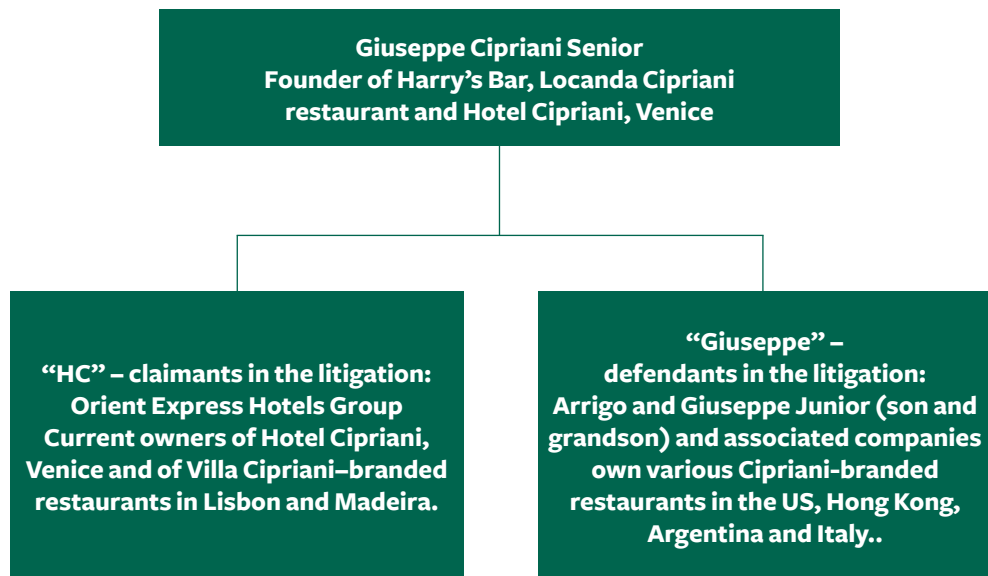
THE HOTEL CIPRIANI CASE - using your name in different EU countries

The trade mark dispute between the owners of the Hotel Cipriani in Venice and the operators of the Cipriani restaurant in London has interesting things to say about:

- when the use of your own name is a defence to trade mark infringement (here, both businesses had connections with members of the Cipriani family);
- whether applying for an EU-wide trade mark, when you know another business uses that mark within the EU, amounts to “bad faith” so as to invalidate your trade mark; and
- whether businesses such as hotels, which are located outside the UK but take bookings from UK customers, can sue in the UK under the law of passing off.

Background facts

The facts are complicated owing to several decades of use of the CIPRIANI name, first by Giuseppe Cipriani Senior (who opened the famous Harry’s Bar in 1931 and created the Bellini cocktail) and members of his family.



Giuseppe Senior sold his interest in the hotel in Venice in 1967, including exclusive rights over the CIPRIANI name, except for one Italian restaurant which he retained. Orient Express Hotels Group (“HC”) are the current owners.

The defendants (referred to as “Giuseppe” as they are his descendants) had restaurants in New York, Italy and Hong Kong amongst other places, and opened the “Cipriani London” restaurant (often abbreviated to “Cipriani”) in London in April 2004, which triggered this dispute.

The two sides had already clashed over the use of the name in the U.S. and had reached a settlement in 1997 (relating to the U.S. alone). That settlement allowed HC to use HOTEL CIPRIANI but not CIPRIANI alone and allow Giuseppe to use CIPRIANI provided that it was accompanied by a product description such as ‘restaurant’, but not ‘hotel’. With the benefit of hindsight, in an ideal world the settlement would have resolved the parties’ competing interests on a worldwide basis (and perhaps have required Giuseppe to trade as GIUSEPPE CIPRIANI).

The dispute

When the London restaurant opened in 2004, HC already owned a registered Community Trade Mark (a “CTM” – which covers the whole of the EU) dating back to 1996. It had never tried to enforce that against Giuseppe’s pre-existing restaurants in Italy.

HC began litigation in 2006 (two years after becoming aware of the London restaurant and so far too late to seek an emergency injunction). It sued for infringement of its CTM as well as under the UK law of passing off.

The legal issues

HC had what seemed to be an open and shut case on trade mark infringement, since its CTM was for CIPRIANI (the identical word to that used by staff answering the phone at the London restaurant) and the services covered by the CTM included restaurants.

Giuseppe therefore tried:

- to invalidate the CTM on the grounds that HC had obtained it in bad faith, since HC knew at the time of applying that Giuseppe was using the name on some Italian restaurants, and
- to defend itself by relying on the “own name defence”.

HC also based its trade mark claim on the grounds that CIPRIANI was a “well-known mark” (which has extra protection under trade mark law), and brought a separate passing off claim (which essentially means that those seeing the name of the London restaurant would believe it to be connected with the owners of the hotel in Venice and so be confused).

The trade mark decision

Giuseppe’s “bad faith” attack failed. There is little guidance from the European Court of Justice on how courts in the EU should interpret this ground of invalidation. However, it is clear from decisions in the English courts and the Community Trade Marks Registry that it requires conduct which is “dishonest [when] judged by the ordinary standards of honest people” or dealings which fall short of the standards of acceptable commercial behaviour observed by honest reasonable and respected people in the particular area being examined. The mere fact of applying for a CTM, and so seeking exclusive rights over a name, when you know that others also use that name in the EU, does not amount to bad faith.

The CTM is a “first-to-file” system, which means that (with some important exceptions), the first person to apply for a trade mark prevails even over those who were already using the name. This is why it is important to apply for registered trade mark protection to guard against a later applicant preventing your ongoing use. The system does allow for earlier users to object (which Giuseppe had not done) and for earlier localised use to continue (such as the use by Giuseppe’s Italian restaurants), as long as that use is protected by the laws of the country in which use occurred.

Here, HC was not acting in bad faith. On the contrary, its board had a legitimate interest in applying for the CTM and the judge acknowledged that it, “could have been accused of negligence had it not done so”.

Giuseppe's "own name" defence was also rejected. A company can rely on the defence as long as it is using its full corporate name (although it may omit the "Limited" or "plc" at the end), subject to the requirement that it is acting "in accordance with honest practices". However, the London restaurant company's registered name – Cipriani (Grosvenor Street) Ltd – was not the same as the name which was used in practice – namely "Cipriani" or "Cipriani London" (even omitting the "Limited"). Moreover, Giuseppe's failure to clear the use of the name and to take proper advice were factors in deciding that it had not complied with the "honest practices" criterion.

Given the long use, substantial reputation, high degree of recognition and value of the CIPRIANI mark, HC succeeded in its claim that CIPRIANI qualified as a well-known mark succeeded (despite Giuseppe's parallel, but lesser known, use on Italian restaurants).

The passing off decision

HC first had to show that it had "goodwill" in the UK, even though its business was located outside the UK. Following a 1964 case involving the SHERATON name, which this judgment has brought up to date for the Internet age, the judge held that HC did have UK goodwill as a result of taking many bookings directly from UK-based customers. Not every business will meet this test. Evidence of actual bookings will be more compelling than guidebook entries and mentions in the media, the judge said.

Next, HC had only given evidence of one example of confusion. Claimants in passing off actions often find evidence of actual confusion hard to establish, since the details are often known only to the defendants. Moreover, Giuseppe had decided not to put its restaurant managers in the witness stand where they could have been cross-examined about any confusion between the restaurant and the Venice hotel which was occurring in London. (For instance, customers at the restaurants may have asked if it was connected with the hotel.) Still, the judge was able to exercise his own judgment and find that the elements of passing off were indeed present.

So the trade mark infringement and passing off claims succeeded. Giuseppe is said to be making an appeal, so this long saga of a name used by different businesses within the EU may not yet be over.

Lessons learned

- This case highlights the advantage of having a CTM to protect your rights in a brand throughout the EU, even if you have not traded in every EU country.
- It also provides good news for hotels and other businesses which do not have a physical presence in the UK but take bookings from UK customers.
- It shows that both the “own name defence” and the concept of “bad faith” in trademark law are to be interpreted narrowly.

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