

O/137/15

TRADE MARKS ACT 1994

**IN THE MATTER OF TRADE MARK APPLICATION 3018674
BY JAMES MALCOLM SWALLOW
TO REGISTER THE FOLLOWING TRADE MARK IN CLASSES 32 & 33:**

CANNON CELLARS

AND

**AN OPPOSITION THERETO (NO. 401715) BY CHATEAU
CANON (SOCIETE CIVILE DE DROIT COMMUN)**

Background and pleadings

1. This dispute concerns whether the trade mark **CANNON CELLARS** should be registered for beer in class 32 and wine in class 33. The mark was filed by Mr James Malcolm Swallow on 19 August 2013 and was published for opposition purposes on 15 November 2013.

2. Registration of the mark is opposed by Chateau Canon (societe civile de droit commun) (“the opponent”). Its grounds of opposition are based on section 5(2)(b) of the Trade Marks Act 1994 (“the Act”). The opponent relies on the following two trade marks, both of which are registered in respect of “wines” in class 33.

i) Community trade mark (“CTM”) 939280 which was filed on 23 September 1998 and which completed its registration process on 26 January 2000.

Clos Canon



ii) CTM 480004 which was filed on 4 March 1997 and which completed its registration process on 15 February 1999.



Château Canon

3. The opponent’s main claims are that:

- a) The respective marks are highly similar.
- b) The dominant and distinctive element of each of the marks is the word CANON/CANNON.
- c) The applied for wine is identical to wines covered by the earlier marks and the applied for beer is similar to wine.
- d) The earlier marks have a reputation for wine.
- e) There is a likelihood of confusion between the respective marks.

4. Mr Swallow filed a counterstatement defending his application. Despite both of the opponent’s marks having been registered for more than five years and, consequently, being subject to the proof of use provisions, Mr Swallow did not ask the opponent to provide proof of use. The consequence of this is that the opponent is

entitled to rely on both its marks in respect of the goods (wines) for which they are registered. Mr Swallow's main points in defence are that:

- a) The opponent is resident in an overseas jurisdiction.
- b) If the opponent wanted protection throughout the EU "of an avered translation of clos canon to cannon cellars" they should have used the "existing system".
- c) The words [in the marks] should be "examined strictly".
- d) Clos Canon/Chateau Canon does not translate as Cannon Cellars.
- e) Words in foreign languages cannot apply to English words in translation.
- f) The evidence (presumably of the opponent) shows no use of Cannon Cellars.
- g) Mr Swallow has no intention of trading in France.

5. Only the opponent filed evidence. The evidence is provided by Mr John Kolasa, the opponent's director. Most of his evidence is about the use made of the marks by the opponent, including use in the UK. The primary relevance of this evidence is to support the opponent's claim that its marks have a reputation. I will return to the evidence later when I discuss the distinctive character of the earlier marks. Mr Kolasa also makes some brief points about the distinctive parts of each mark; I will come back to this evidence when it is pertinent to my decision.

Representation

6. The opponent is represented by Withers & Rogers, a firm of trade mark attorneys. Mr Swallow has represented himself throughout the proceedings. A hearing took place before me on 25 February 2015 which was attended by Mr Swallow and, also, by Ms Maria Broughton of Withers & Rogers.

Mr Swallow's jurisdictional points

7. In his counterstatement, Mr Swallow made a number of jurisdictional points including that the opponent is based in a foreign jurisdiction [France] and that he has no intention of trading there. He states that the opponent should have used "the existing system" if it wanted protection throughout the EU. These arguments are misconceived. The opponent is the proprietor of a CTM which provides it with protection throughout the EU. That, indeed, is the whole point of a CTM. A CTM is as valid in the UK as it is in any other Member State of the EU. The Act provides that a section 5(2)(b) objection (likelihood of confusion) may be made on the basis of what the Act describes as "an earlier trade mark". Section 6(1)(a) includes the following types of earlier trade mark:

"a registered trade mark, international trade mark (UK), Community trade mark or international trade mark (EC) which has a date of application for registration earlier than that of the trade mark in question, taking account (where appropriate) of the priorities claimed in respect of the trade marks"

8. As can be seen, a CTM qualifies as a relevant earlier trade mark. For similar reasons, it does not matter that Mr Swallow has no intention of trading in France. The opponent's marks are protected in the UK on account of its CTMs. The correct

test is to consider notional and fair use of the earlier marks in the UK and whether, if Mr Swallow's mark were to be put to use, there would be a likelihood of confusion on the part of the average UK consumer. I will now turn to section 5(2)(b) itself.

Section 5(2)(b)

9. Section 5(2)(b) of the Act states that:

“5.-(2) A trade mark shall not be registered if because – ..

(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,

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

10. The following principles are gleaned from the judgments of the EU courts in *Sabel BV v Puma AG*, Case C-251/95, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, Case C-39/97, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* Case C-342/97, *Marca Mode CV v Adidas AG & Adidas Benelux BV*, Case C-425/98, *Matratzen Concord GmbH v OHIM*, Case C-3/03, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*, Case C-120/04, *Shaker di L. Laudato & C. Sas v OHIM*, Case C-334/05P and *Bimbo SA v OHIM*, Case C-591/12P.

(a) The likelihood of confusion must be appreciated globally, taking account of all relevant factors;

(b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;

(e) nevertheless, the overall impression conveyed to the public by a composite trade mark may be dominated by one or more of its components;

(f) however, it is also possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive

role in a composite mark, without necessarily constituting a dominant element of that mark;

(g) a lesser degree of similarity between the goods or services may be offset by a great degree of similarity between the marks, and vice versa;

(h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;

(i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;

(j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;

(k) if the association between the marks creates a risk that the public will wrongly believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

Comparison of goods

11. The matter is straightforward in respect of the goods in class 33 for which Mr Swallow wishes to register his mark. He has applied for “wine”, whereas both earlier marks are registered in class 33 for “wines”. The goods are, self-evidently, identical. It became apparent at the hearing that Mr Swallow may be more interested in the service of wine distribution rather than wine itself. However, I can only make my findings based upon the goods which Mr Swallow set out in his application.

12. The matter is less straightforward in respect of the goods in class 32 for which registration is sought. Mr Swallow has applied for “beer”. This must be compared to the only goods covered by the earlier marks, namely, “wines”. The goods are clearly not identical. The question that must be answered is whether there is any similarity between beer and wine, and, if there is, how much similarity.

13. When making a comparison, all relevant factors relating to the goods in issue should be taken into account. In *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer* the Court of Justice of the European Union (“CJEU”) stated at paragraph 23 of its judgment:

“In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, inter alia, their nature, their intended purpose and their method of use and whether they are in competition with each other or are complementary.”

14. Guidance on this issue has also come from Jacob J In *British Sugar Plc v James Robertson & Sons Limited* [1996] RPC 281 where the following factors were highlighted as being relevant when making the comparison:

- “(a) The respective uses of the respective goods or services;
- (b) The respective users of the respective goods or services;
- (c) The physical nature of the goods or acts of service;
- (d) The respective trade channels through which the goods or services reach the market;
- (e) In the case of self-serve consumer items, where in practice they are respectively found or likely to be found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;
- (f) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of course act for industry, put the goods or services in the same or different sectors.”

15. In terms of being complementary (one of the factors referred to in *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer*), this relates to close connections or relationships that are important or indispensable for the use of the other. In *Boston Scientific Ltd v OHIM* Case T- 325/06 it was stated:

“It is true that goods are complementary if there is a close connection between them, in the sense that one is indispensable or important for the use of the other in such a way that customers may think that the responsibility for those goods lies with the same undertaking (see, to that effect, Case T-169/03 *Sergio Rossi v OHIM – Sissi Rossi (SISSI ROSSI)* [2005] ECR II-685, paragraph 60, upheld on appeal in Case C-214/05 *P Rossi v OHIM* [2006] ECR I-7057; Case T-364/05 *Saint-Gobain Pam v OHIM – Propamsa (PAM PLUVIAL)* [2007] ECR II-757, paragraph 94; and Case T-443/05 *El Corte Inglés v OHIM – Bolaños Sabri (PiraÑAM diseño original Juan Bolaños)* [2007] ECR I-0000, paragraph 48).”

16. In relation to complementarity, I also bear in mind the guidance given by Mr Daniel Alexander QC, sitting as the Appointed Person, in case B/L O/255/13 *LOVE* where he warned against applying too rigid a test:

“20. In my judgment, the reference to “legal definition” suggests almost that the guidance in *Boston* is providing an alternative quasi-statutory approach to evaluating similarity, which I do not consider to be warranted. It is undoubtedly right to stress the importance of the fact that customers may think that responsibility for the goods lies with the same undertaking. However, it is neither necessary nor sufficient for a finding of similarity that the goods in question must be used together or that they are sold together. I therefore think that in this respect, the Hearing Officer was taking too rigid an approach to *Boston*.”

17. The General Court (“GC”) dealt with a comparison between beer (and ale and porter) and wine in *Coca-Cola v OHIM* (Case T-175/06) (“*Coca-Cola*”), concluding that there was little similarity between them. It stated in its judgment:

“Comparison between wine and beer

63 So far as concerns, first, the nature, end users and method of use of wines and beers, ale and porter, it is correct, as argued by the applicant, that those goods constitute alcoholic beverages obtained by a fermentation process and consumed during a meal or drunk as an aperitif.

64 However, it must be stated – as did the Board of Appeal – that the basic ingredients of those beverages do not have anything in common. Alcohol is not an ingredient used in the production of those beverages, but is one of the constituents generated by that production. Moreover, although the production of each of those beverages requires a fermentation process, their respective methods of production are not limited to fermentation and are fundamentally different. Thus, crushing grapes and pouring the must into barrels cannot be assimilated to the brewing processes of beer.

65 Moreover, the fact that beer is obtained through the fermentation of malt, whereas wine is produced through the fermentation of the must of grapes, means that the end products generated differ in colour, aroma and taste. That difference in colour, aroma and taste leads the relevant consumer to perceive those two products as being different.

66 In addition, despite the fact that wine and beer may, to a certain extent, satisfy the same need – enjoyment of a drink during a meal or as an aperitif – the Court considers that the relevant consumer perceives them as two distinct products. The Board of Appeal was therefore correct to consider that wines and beers do not belong to the same family of alcoholic beverages.

67 As regards, next, the complementary nature of wine and beer as referred to in the case-law cited in paragraph 61 above, it should be borne in mind that complementary goods are goods which are closely connected in the sense that one is indispensable or important for the use of the other (see Case T-169/03 *Sergio Rossi v OHIM – Sissi Rossi (SISSI ROSSI)* [2005] ECR II-685, paragraph 60). In the present case, the Court considers that wine is neither indispensable nor important for the use of beer and vice versa. There is indeed nothing to support the conclusion that a purchaser of one of those products would be led to purchase the other.

68 As to whether wine and beer are in competition with each other, it has previously been held, in a different context, that there is a degree of competition between those goods. The Court of Justice thus considered that wine and beer are, to a certain extent, capable of meeting identical needs, which means that a certain measure of mutual substitutability must be acknowledged. Nevertheless, the Court of Justice pointed out that, in view of the significant differences in quality – and, accordingly, in price – between wines, the decisive competitive relationship between wine and beer, a popular

and widely consumed beverage, must be established by reference to those wines which are the most accessible to the public at large, that is to say, generally speaking, the lightest and least expensive varieties (see, by Page 9 of 15 analogy, Case 356/85 Commission v Belgium [1987] ECR 3299, paragraph 10; see also, Case 170/78 Commission v United Kingdom [1983] ECR 2265, paragraph 8, and Case C-166/98 Socridis [1999] ECR I-3791, paragraph 18). There appears to be nothing to indicate that that assessment does not also apply in the present case. Accordingly, it must be acknowledged, as the applicant indicates, that wine and beer are, to a certain extent, competing goods.

69 Finally, in accordance with the Board of Appeal's assessment, it must be accepted that the average Austrian consumer will consider it normal for wines, on the one hand, and beers, ale and porter, on the other, to come from different undertakings – and will therefore expect this – and that those beverages do not belong to the same family of alcoholic beverages. There is nothing to suggest that the Austrian public is not aware, and does not notice the characteristics distinguishing beer and wine as regards their composition and method of production. On the contrary, the Court considers that those differences are perceived as making it unlikely that the same undertaking would produce and market the two types of beverage at the same time. For the sake of completeness, it should be noted that it is well known that, in Austria, there is a tradition of producing both beer and wine, and that this is done by different undertakings. Consequently, the average Austrian consumer expects beers, ale and porter, on the one hand, and wines on the other, to come from different undertakings.

70 In the light of all of the preceding factors, the Court considers that, for average Austrian consumers, there is little similarity between wines and beers.”

18. The GC did not, in *Coca-Cola*, refer to proximity of sale, although it did in *Bodegas Montebello, SA v OHIM*, finding that the alcoholic content of the goods in that case (wine and rum) was very different and that even though they might share distribution channels, they will not generally be sold on the same shelves. In that case, despite the finding about shared distribution channels, the GC found that wine and rum were “manifestly different”. Shared distribution channels was a factor considered by Mr Geoffrey Hobbs QC, sitting as the Appointed Person, in *Balmoral Trade Mark* [1999] RPC 297 in which he compared whisky to wine (for identical marks):

“At the heart of the argument addressed to me on behalf of the application is the proposition that whisky and wines are materially different products which emanate (and are known to emanate) from producers specialising in different and distinct fields of commercial activity. This was said to render it unlikely that a producer of whisky would become (or be expected to become) a wine producer and unlikely that a producer of whisky who did become a wine producer would market (or be expected to market) his whisky and wines under the same trade mark. I was urged to accept that this made it possible for one producer to use a mark for whisky and another producer to use the

same mark concurrently for wines without any real likelihood of confusion ensuing. I am willing to accept that wine production and the production of whisky are activities which call for the exercise of perceptibly different skills directed to the production of qualitatively different alcoholic drinks. It may be the case that few undertakings produce both whisky and wines and it may be the case that the same trade mark is seldom used to signify that whisky and wines emanate from one and the same producer. However, I am not able to say on the basis of the materials before me whether there is any substance in either of those points. Beyond that, I consider that the arguments advanced on behalf of the applicant over-emphasise the part played by producers and under-emphasise the part played by other traders in the business of buying and selling whisky and wines. It is common to find whisky and wines bought and sold by merchants whose customers expect them to stock and sell both kinds of products. Many such merchants like to be known for the range and quality of the products they sell. The goodwill they enjoy is affected by the judgment they exercise when deciding what to offer their customers. In some cases the exercise of judgment is backed by the use of "own brand" or "merchant-specific" labelling. Those who supply retail customers may be licensed to do so under an "offlicence" or a licence for "on and off sales" in appropriate circumstances. It is not unusual for resellers of whisky and wines to be suppliers of bar services as well. When the overall pattern of trade is considered in terms of the factors identified by Jacob J. in the British Sugar case (uses, users and physical nature of the relevant goods and services; channels of distribution, positioning in retail outlets, competitive leanings and market segmentation) it seems clear to me that suppliers of wines should be regarded as trading in close proximity to suppliers of whisky and suppliers of bar services. In my view the degree of proximity is such that people in the market for those goods or services would readily accept a suggestion to the effect that a supplier of whisky or bar services was also engaged in the business of supplying wines."

19. Based on the totality of the authorities, I consider it would be difficult to say that there is no similarity at all between beer and wine. They are both alcoholic drinks consumed for social purposes and/or the intoxicating effects of the alcoholic content. They are both sold in similar outlets such as off-licences and the drinks area of a supermarket; they are both also sold in restaurants and bars. On occasion, some average consumers will make a competitive choice between drinking beer or wine. However, the alcoholic content between beer and wine generally differs, which leads to wine being consumed in smaller quantities than beer; this point is not, though, as stark a difference as between beer and a spirit. The goods will not ordinarily be on the same shelf, often they will not even be in the same aisle. There is normally a clear demarcation between the wine area and the beer area. The goods are sold in different types of packaging: wine is sold most often in typical wine bottles, although sometimes in small cans or even boxes; it will be served in a wine glass in a restaurant or bar. Beer is typically sold in larger cans (than wine) or beer bottles. In a restaurant or bar it will be served in a pint or half pint glass (or beer bottle). The ingredients differ, wine being a grape based drink, beer being barley/wheat etc. There is nothing to show that wine producers often diversify into the production of beer or *vice versa*. Overall, I conclude that the goods are similar, but to only a low degree.

Average consumer and the purchasing act

20. The average consumer is deemed to be reasonably well informed and reasonably observant and circumspect. For the purpose of assessing the likelihood of confusion, it must be borne in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question: *Lloyd Schuhfabrik Meyer*, Case C-342/97. In *Hearst Holdings Inc, Fleischer Studios Inc v A.V.E.L.A. Inc, Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited, J Fox Limited*, [2014] EWHC 439 (Ch), Birss J. described the average consumer in these terms:

“60. The trade mark questions have to be approached from the point of view of the presumed expectations of the average consumer who is reasonably well informed and reasonably circumspect. The parties were agreed that the relevant person is a legal construct and that the test is to be applied objectively by the court from the point of view of that constructed person. The words “average” denotes that the person is typical. The term “average” does not denote some form of numerical mean, mode or median.”

21. The average consumer is the adult general public. Alcohol may be bought in supermarkets, off-licenses etc. Wine may also be sold in wine merchants. The online equivalents of such businesses are also relevant. The goods could also be purchased in bars or restaurants. I consider the purchase to be a primarily visual one, but I will not ignore the aural impacts of the marks in the assessment.

22. The level of attention in buying the goods themselves will not, generally speaking, be of the highest level. Some wines can, though, be very expensive. Ms Broughton submitted that this does not necessarily mean that the level of attention would be higher. I disagree. I consider that the level of attention would likely grow with the price level of the product.

Distinctiveness character of the earlier marks

23. The degree of distinctiveness of the earlier mark must be assessed. This is because the more distinctive the earlier mark, based either on inherent qualities or because of use made, the greater the likelihood of confusion (see *Sabel BV v. Puma AG*, paragraph 24). In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*, Case C-342/97 the CJEU stated that:

“22. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, the national court must make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, to that effect, judgment of 4 May 1999 in Joined Cases C-108/97 and C-109/97 *WindsurfingChiemsee v Huber and Attenberger* [1999] ECR I-0000, paragraph 49).

23. In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark, including the fact that it does or does not

contain an element descriptive of the goods or services for which it has been registered; the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (see *Windsurfing Chiemsee*, paragraph 51).”

24. As stated earlier, the opponent claims that its marks are reputed in the wine field. In his witness statement, Mr Kolasa explains that the estate of Chateau Canon dates back to 1760. It was originally called Estate Saint Martin, but its name changed in the mid 1800s. CHATEAU CANON has been used since then in relation to wines produced on the estate. A second wine, Clos Canon, was launched in 1996. Chateau Canon has been classified by the French Department of Agriculture as a “First Growth” (Premier Grand Cru). It is listed in various wine encyclopaedias, guides and publications (Exhibit JK3). The Chateau Canon estate has, according to Mr Kolasa, made significant changes over the last 15 years. The estate now spans over 34 hectares producing around 130,000 bottles per year. The primary/main wine is CHATEAU CANON, the second is CLOS CANON (for vintages between 1996 and 2010) and there is now also CROIX CANNON (which started with the 2011 vintage). No precise breakdown of sales is made between wine and/or between country of sale.

25. At the hearing Mr Swallow did not dispute the opponent’s evidence and accepted that CHATEAU CANON was clearly a wine of repute. However, one must decide upon the level and nature of such repute. Given the evidence filed, I make the following findings:

- a) CHATEAU CANON is a highly regarded fine wine.
- b) CHATEAU CANON is likely to be fairly well known amongst wine buffs and aficionados.
- c) CHATEAU CANON will be virtually unknown amongst the rest of the wine buying public.
- d) CLOS CANON will be less well known even to wine buffs and aficionados.

26. I am prepared to accept that the CHATEAU CANON mark has a reputation within a distinct (and fairly small) subset of the average consumer. I cannot extend the same finding to the CLOS CANON mark.

27. Inherently, both earlier marks have a reasonable degree of distinctive character. The word CANON has no specific relationship with wine (as far as I know), so even if the words CHATEAU/CLOS and the pictorial elements of the earlier marks are either non-distinctive or low in distinctive character, as a whole they are still reasonably distinctive. The impact of my findings on reputation is that the distinctive character of the CHATEAU CANON mark is enhanced (to a reasonably high level) in respect of the subset of average consumer identified, but the distinctive character of CLOS CANON is not enhanced to any material extent.

Comparison of marks

28. It is clear from *Sabel BV v. Puma AG* (particularly paragraph 23) that the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details. The same case also explains that the visual, aural and conceptual similarities of the marks must be assessed by reference to the overall impressions created by the marks, bearing in mind their distinctive and dominant components. The CJEU stated at paragraph 34 of its judgment in Case C-591/12P, *Bimbo SA v OHIM*, that:

“.....it is necessary to ascertain, in each individual case, the overall impression made on the target public by the sign for which registration is sought, by means of, inter alia, an analysis of the components of a sign and of their relative weight in the perception of the target public, and then, in the light of that overall impression and all factors relevant to the circumstances of the case, to assess the likelihood of confusion.”

29. It would be wrong, therefore, to artificially dissect the trade marks, although, it is necessary to take into account the distinctive and dominant components of the marks and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions created by the marks.

30. The marks to be compared are:

Clos Canon



Château Canon & **CANNON CELLARS**

31. The two earlier marks consist of a pictorial element together with the words Clos Canon/Chateau Canon in a stylised script. Both the verbal and pictorial elements make a fairly equal contribution to the overall impression of the marks. It may be that the words (and particularly the Canon element) is the most distinctive part of the marks, but I will come back to that when I consider whether there is a likelihood of confusion. CANNON CELLARS is made up of two words of fairly equal length. They do not separate as two independent words, one qualifies the other. Again, I will return to the distinctiveness of the word CELLARS.

32. The key differences are the inclusion of a visually prominent pictorial element in the earlier marks, the difference between the words Clos/Chateau and CELLARS and the swapping of position of the common element CANNON/Canon (appearing as the second word in the earlier marks but the first word in the applied for mark). There is also a difference in script, although this should not be overplayed because notional use of the applied for mark would be in any script including something similar to the script in the earlier marks. There is also the fact that the common element is spelt differently, Canon in the earlier mark and CANNON in the applied for

mark; this, though, is not as significant as the other differences. The point of similarity is that all the marks contain the words Canon/CANNON. Based on the marks as a whole, I consider there to be only a low to moderate level of visual similarity. There is more aural similarity because the purely visual aspects of the marks will not be articulated. I consider this equates to a reasonable, but not high, level of aural similarity.

33. From a conceptual standpoint, the primary concept will be based upon the respective words Canon and CANNON. In the context of the marks before me, the word will be seen as the name of the Chateau, Clos or CELLARS being referred to. The word CANNON will most likely be contextualised as a reference to a large gun. However, in so far as Canon is concerned, this has a different meaning, indicating ecclesiastical law (or some related meaning) or some form of priest. Whilst this creates a difference in concept, I will bear in mind that some average consumers may be unaware that cannon (the large gun) is spelt with two ns rather than one and may therefore see canon as also referring to a large gun.

Likelihood of confusion

34. The factors assessed so far have a degree of interdependency (*Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc*, paragraph 17), a global assessment of them must be made when determining whether there exists a likelihood of confusion (*Sabel BV v. Puma AG*, paragraph 22). However, there is no scientific formula to apply. It is a matter of considering the relevant factors from the viewpoint of the average consumer and determining whether they are likely to be confused.

35. Ms Broughton submitted that there was a possibility that the marks could be directly confused despite the differences between them, given the commonality of the words Canon/CANNON which she argued was the element that most indicated trade origin in all the marks. However, even when considered in relation to identical goods (wine), and even taking into account imperfect recollection, I consider the differences between the marks to be sufficient to avoid them being directly confused (mistaken) for one another. This is so for both wine buffs/aficionados and the other, wider types of average consumer. However, confusion need not be direct and can, instead be indirect. The difference between the two forms of confusion was summed up by Mr Iain Purvis QC, sitting as the Appointed Person, in *L.A. Sugar Limited v By Back Beat Inc*, Case BL-O/375/10 where he noted that:

“16. Although direct confusion and indirect confusion both involve mistakes on the part of the consumer, it is important to remember that these mistakes are very different in nature. Direct confusion involves no process of reasoning – it is a simple matter of mistaking one mark for another. Indirect confusion, on the other hand, only arises where the consumer has actually recognized that the later mark is different from the earlier mark. It therefore requires a mental process of some kind on the part of the consumer when he or she sees the later mark, which may be conscious or subconscious but, analysed in formal terms, is something along the following lines: “The later mark is different from the earlier mark, but also has something in common with it. Taking account of the common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark.

17. Instances where one may expect the average consumer to reach such a conclusion tend to fall into one or more of three categories:

(a) where the common element is so strikingly distinctive (either inherently or through use) that the average consumer would assume that no-one else but the brand owner would be using it in a trade mark at all. This may apply even where the other elements of the later mark are quite distinctive in their own right (“26 RED TESCO” would no doubt be such a case).

(b) where the later mark simply adds a non-distinctive element to the earlier mark, of the kind which one would expect to find in a sub-brand or brand extension (terms such as “LITE”, “EXPRESS”, “WORLDWIDE”, “MINI” etc.).

(c) where the earlier mark comprises a number of elements, and a change of one element appears entirely logical and consistent with a brand extension (“FAT FACE” to “BRAT FACE” for example).”

36. Of course, I bear in mind that the three categories of indirect confusion identified by Mr Purvis are just illustrative – he stated that indirect confusion “tends” to fall in one of them. The categories should not, therefore, be considered a straightjacket. Ms Broughton’s primary argument was that even though the marks have differences (as set out earlier) the words Chateau, Clos and CELLARS were largely descriptive and that the pictorial elements in the earlier marks were not particularly distinctive as they are likely to be perceived as a picture of the estate on which the wine is produced. This would, she argued, lead to an assumption that the word Canon/CANNON was the name of the producer and its commonality would therefore indicate that the wine was the responsibility of the same or an economically linked undertaking. She also referred to the reputation in the earlier marks as increasing the likelihood of confusion, with the applied for mark being seen as another wine from the Chateau Canon estate. Mr Swallow argued that the differences were clear and that as a whole they would not be confused. He also submitted that the marks do not translate as one another and that they would be seen as different products.

37. In terms of the reputation point, this does not assist for the following reasons:

- The reputation is only within a small sub-category of average consumers.
- Such average consumers would be more attentive in the purchasing process.
- I doubt that such average consumers, with their high degree of perspicacity, would consider it likely that the reputed Chateau Canon estate would produce a wine called CANNON CELLARS. Even though CANNON/Canon remains a point of similarity, the structure of the name is not the same and the “Frenchness” of the earlier mark is lost.
- Clos Canon is not as well known so any family of marks argument is weak, and, even if it were not, the applied for mark does not have the same family resemblance.

38. However, the matter must be considered on the basis of more ordinary average consumers. Such consumers will pay less (but still a reasonable level of) attention than wine buffs/aficionados. Of the words Chateau, Clos and CELLARS, I accept that the average consumer will see either a descriptive meaning or at least some form of suggestive/allusive characteristic. The opponent’s best case is on the basis

of the Chateau Canon trade mark. Chateau is likely to be seen as a reference to the house or estate that has produced the wine. Despite the French origin of the word, I accept that it is one that average UK consumers will be aware of. The point is reinforced by Mr Kolasa's evidence which shows various wine lists containing many different wines starting with this designation. A cellar is a place for holding stocks of wine, this is also likely to be known by the average consumer. There is also evidence from Mr Kolasa showing the word "cellars" used in many trade names (Clifton Cellars, Shrewsbury Cellar Shop, Waddesdon Manor - The Wine Cellars, Old Chappel Wine Cellars etc.), although, I have not placed too much weight on this evidence as it is a Google hits page rather than evidence from the underpinning websites. Although neither Chateau/CELLARS is to be ignored, I accept that the words CANNON/Canon are the parts of the respective marks that are most strongly indicative of trade origin and most memorable. The pictorial element is again borne in mind, but it strikes me as a fairly typical picture one would find on a wine label.

39. I must bear in mind that the dictionary meanings of the respective words CANON/CANNON differ. However, a conceptual difference does not always counteract aural and visual similarities (see, for example, the General Court's judgment in *Nokia Oyj v Office for Harmonization in the Internal Market (Trade Marks and Designs)* (OHIM) Case T-460/07). This is particularly so in this case when one considers that some average consumers may not realise that cannon is spelt with a double n, and also when imperfect recollection means that the change in the number of ns in the mark may be overlooked. I consider that there is a likelihood that the average consumer will believe that the wine sold under the respective marks comes from the same or an economically linked undertaking. There is a likelihood of confusion in so far as wine is concerned.

40. That leaves beer. I come to the view here that the low degree of similarity between beer and wine, once the similarity between the marks is factored in, means that there is no likelihood of either direct or indirect confusion. The commonality of Canon/CANNON in this instance will not be put down to shared economic origin. There is no likelihood of confusion in so far as beer is concerned. Subject to appeal, Mr Swallow's application may proceed to registration for beer but is to be refused in relation to wine.

Costs

41. The outcome is 50/50. The opponent did file a significant amount of evidence in relation to that part of the opposition on which it succeeded, but such evidence played little part in the outcome. I therefore consider that both sides should bear their own costs.

Dated this 31ST day of March 2015

**Oliver Morris
For the Registrar,
The Comptroller-General**