

O-491-19

**TRADE MARKS ACT 1994
IN THE MATTER OF APPLICATION No. 3315315
BY KEANE DESIGN ASSOCIATES LIMITED
TO REGISTER IN CLASS 32
THE TRADE MARK**


Cotswold Botanicals

AND

**IN THE MATTER OF OPPOSITION THERETO
UNDER No. 413851
BY
THE COTSWOLD DISTILLING COMPANY LIMITED**

BACKGROUND

- 1) On 4 June 2018, Keane Design Associates Limited (hereinafter the applicant) applied to register the trade mark Cotswold Botanicals in respect of the following goods in Class 32: Non-alcoholic drinks.
- 2) The application was examined and accepted, and subsequently published for opposition purposes on 22 June 2018 in Trade Marks Journal No. 2018/025.
- 3) On 24 September 2018 The Cotswold Distilling Company Limited (hereinafter the opponent) filed notice of opposition. The opponent in these proceedings is the proprietor of the following trade mark:

| Mark | Number | Dates of filing & registration | Class | Specification relied upon |
|--|---------|--------------------------------|-------|-----------------------------|
|  | 3038111 | 16.01.14 25.04.14 | 33 | Spirits; distilled spirits. |

- a) The opponent claims that it has reputation in the goods for which its mark is registered. The opponent contends that the marks of the two parties are very similar and that the goods applied for are identical and/or similar to the goods for which the earlier mark is registered. As such the mark in suit offends against Section 5(2)(b) of the Act.
 - b) The opponent claims that it has reputation in the mark and goods shown above and claims that use of the mark in suit would take unfair advantage as the marks/goods and services are identical/ similar. Use of the mark in suit would also dilute the distinctiveness of its mark. As such the mark in suit offend against section 5(3) of the Act.
 - c) The opponent claims that it has used the word COTSWOLD since 2014 in respect of alcoholic beverages. As such use of the mark in suit would lead to misrepresentation amongst the public which will result in damage to the opponent. The mark in suit offends against section 5(4)(a) of the Act.
- 4) On 23 November 2018 the applicant filed a counterstatement basically denying all the grounds of

opposition.

5) Only the opponent filed evidence; both sides seek an award of costs in their favour. The matter came to be heard on 15 August 2019 when the applicant was not represented, but written submissions were provided by Messrs Allen IP Ltd; the opponent was represented by Ms Burley of Counsel instructed by Messrs Mathys & Squire LLP.

OPPONENT'S EVIDENCE

6) The opponent filed a witness statement, dated 26 February 2019, by Leon Daniel Szor a Director of the opponent. He states that the company started distilling on 5 September 2014 and the trade mark COTSWOLD has been in continuous use since that date. He states that the opponent manufactures alcoholic beverages and associated beverages. He provides the following turnover figures for goods sold under the COTSWOLD trade mark:

| Year | Amount £ |
|------|-----------|
| 2015 | 280,361 |
| 2016 | 1,085,475 |
| 2017 | 2,180,398 |
| 2018 | 3,681,465 |

7) Mr Szor claims that since July 2014 the opponent has spent £694,047 promoting its COTSWOLD trade mark. The promotion has been via its website, in the press and trade magazines, exhibiting at trade shows and events, and also via social media. He states that the opponent sells its products nationwide in outlets such as, inter alia, Waitrose, Amazon, Harrods, Booker and Majestic Wines. To date he states that they have sold over 400 thousand bottles of product in the UK. The company has won industry awards for its products. He states that there is a growing trend for non-alcoholic distilled spirits. Examples of other companies in this market are provided at exhibits 4&5. He states that the opponent has plans in train to also enter this market. He states that distilled non-alcoholic beverages are an alternative to alcoholic beverages and that it is well known for alcoholic beverages to be mixed with non-alcoholic beverages (whisky and soda, gin and tonic etc.). Alcoholic and non-alcoholic beverages are sold in boxsets (see exhibit 7). He provides the following exhibits:

- Exhibit 1: Copies of pages from the opponent’s website, dated 25 February 2019, which states that it began laying down its whisky in September 2014 to mature and that these will be released in due course. It also shows details of a London dry gin with an aromatic twist and also other spirits and liqueurs such as Absinthe. It shows the registered mark upon the bottles of whisky and gin, but totally different mark upon the Absinthe.
- Exhibit 2: Examples of promotional activities. This shows bottles of gin and whisky advertised in the Guardian magazine in January 2018 and also in Country Life in May 2018, using the mark in suit.
- Exhibit 3: Industry Awards which date from 2015 both in the UK and Internationally for its gin, whisky, sherry, martini, and cream liqueur, awarded prior to the relevant date.
- Exhibit 4: An example of distilled non-alcoholic beverages. The company is called Seedlip and its describes its product as “what to drink when you’re not drinking” and “Simply served with tonic or mixed to create sophisticated non-alcoholic cocktails”. It describes the distilling process to produce non-alcoholic beverages.
- Exhibit 5: This is an article posted on 24 July 2018, headed “The Best Non-alcoholic Spirits” which states that “non-alcoholic adult drinking is hot property”. It provides a list of distilled non-alcoholic beverages such as Cedars non-alcoholic gin, Three Spirit, Herbie gin Virgin, Sea Arch (another non-alcoholic gin), and Strykk (non-alcoholic gin and also non-alcoholic rum).
- Exhibit 6: The EUIPO registration for the mark Seedlip in class 32 under non-alcoholic beverages.
- Exhibit 7: Examples of alcoholic and non-alcoholic beverages being sold together in boxsets. A number of gin and tonic sets, also Bacardi and coke and whisky and dry ginger.

8) That concludes my summary of the evidence filed, insofar as I consider it necessary.

DECISION

9) The first ground of opposition is under section 5(2)(b) which reads:

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

(a)

(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) An “earlier trade mark” is defined in section 6, the relevant part of which states:

“6.-(1) In this Act an "earlier trade mark" means -

(a) a registered trade mark, international trade mark (UK) or Community trade mark 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.”

11) The opponent is relying upon its trade mark listed in paragraph 3 above which is clearly an earlier trade mark. The mark in suit was published on 22 June 2018 at which point the opponent’s mark had not been registered for over five years. Therefore, the proof of use requirements do not bite.

12) When considering the issue under section 5(2)(b) I take into account the following principles which are gleaned from the decisions 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.

The average consumer and the nature of the purchasing decision

13) As the case law above indicates, it is necessary for me to determine who the average consumer is for the respective parties' goods and services. I must then determine the manner in which these goods and services are likely to be selected by the average consumer in the course of trade. 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.”

14) The goods at issue in these proceedings are all beverages of one sort or another. The average consumer for such goods will be the public at large (including businesses), albeit insofar as those goods which have an alcoholic content in excess of 0.5% are concerned, the average consumer will be over the age of 18.

15) All of the goods at issue may be sold through a range of channels, including retail premises such as supermarkets and off-licences (where the goods are normally displayed on shelves and are obtained by self-selection) and in public houses (where the goods are displayed on, for example, shelves behind the bar and where the trade marks will appear on dispensers at the bar etc.). When the goods are sold in, for example, public houses the ordering/selection process is likely to be an oral one. However, there is nothing to suggest that the goods are sold in such a manner as to preclude a visual inspection. In *Simonds Farsons Cisk plc v Office for Harmonisation in the Internal Market*

(*Trade Marks and Designs*) (OHIM), Case T-3/04, the Court of First Instance (now the General Court) said:

“In that respect, as OHIM quite rightly observes, it must be noted that, even if bars and restaurants are not negligible distribution channels for the applicant’s goods, the bottles are generally displayed on shelves behind the counter in such a way that consumers are also able to inspect them visually. That is why, even if it is possible that the goods in question may also be sold by ordering them orally, that method cannot be regarded as their usual marketing channel. In addition, even though consumers can order a beverage without having examined those shelves in advance they are, in any event, in a position to make a visual inspection of the bottle which is served to them.”

16) Consequently, while the goods may be ordered orally in public houses, it is likely to be in the context of, for example, a visual inspection of the bottles containing the goods prior to the order being placed. Considered overall, the selection process is likely to be predominantly a visual one, although I accept that aural considerations will also play their part. Turning now to the level of attention the average consumer will display when selecting the goods, given that for the most part the cost of the goods is likely to be relatively low, but bearing in mind that the average consumer will wish to ensure they are selecting the correct type, flavour, strength etc. of beverage, they are, in my view, **likely to pay at least a reasonable level of attention to the selection of the goods at issue.**

Comparison of goods

17) In the judgment of the Court of Justice of the European Union (CJEU) in *Canon*, Case C-39/97, the court stated at paragraph 23 of its judgment that:

“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”.

18) In *Gérard Meric v Office for Harmonisation in the Internal Market*, Case T- 133/05, the General Court (GC) stated that:

“29. In addition, the goods can be considered as identical when the goods designated by the earlier mark are included in a more general category, designated by trade mark application (Case T-388/00 Institut fur Lernsysteme v OHIM- Educational Services (ELS) [2002] ECR II-4301, paragraph 53) or where the goods designated by the trade mark application are included in a more general category designated by the earlier mark”.

19) In *YouView TV Ltd v Total Ltd*, [2012] EWHC 3158 (Ch), Floyd J. (as he then was) stated that:

"... Trade mark registrations should not be allowed such a liberal interpretation that their limits become fuzzy and imprecise: see the observations of the CJEU in Case C-307/10 *The Chartered Institute of Patent Attorneys (Trademarks) (IP TRANSLATOR)* [2012] ETMR 42 at [47]-[49]. Nevertheless the principle should not be taken too far. Treat was decided the way it was because the ordinary and natural, or core, meaning of 'dessert sauce' did not include jam, or because the ordinary and natural description of jam was not 'a dessert sauce'. Each involved a straining of the relevant language, which is incorrect. Where words or phrases in their ordinary and natural meaning are apt to cover the category of goods in question, there is equally no justification for straining the language unnaturally so as to produce a narrow meaning which does not cover the goods in question."

20) In *Beautimatic International Ltd v Mitchell International Pharmaceuticals Ltd and Another*, [2000] F.S.R. 267 (HC), Neuberger J. (as he then was) stated that:

"I should add that I see no reason to give the word "cosmetics" and "toilet preparations"... anything other than their natural meaning, subject, of course, to the normal and necessary principle that the words must be construed by reference to their context."

21) In *Kurt Hesse v OHIM*, Case C-50/15 P, the CJEU stated that complementarity is an autonomous criterion capable of being the sole basis for the existence of similarity between goods. In *Boston Scientific Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)*, Case T-325/06, the GC stated that "complementary" means:

"...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".

22) As Mr Daniel Alexander Q.C. noted as the Appointed Person in *Sandra Amelia Mary Elliot v LRC Holdings Limited* BL-0-255-13:

“It may well be the case that wine glasses are almost always used with wine – and are, on any normal view, complementary in that sense - but it does not follow that wine and glassware are similar goods for trade mark purposes.”

Whilst on the other hand:

“.....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.”

23) I also note the views in *Wesergold Getrankeindustrie GmbH & bCo KG v EUIPO*, case T-278/10, where the GC held that ‘spirits, particularly whisky’ was not similar to non-alcoholic beverages. Accepting that the respective goods were sometimes mixed together by consumers, the court nevertheless found that consumers would not expect the goods to originate from the same, or economically related, undertakings. Therefore, the goods were not complementary within the meaning of the case law.

24) In the instant case the goods applied for are “Non-alcoholic beverages” in Class 32, whilst the opponent’s mark is registered for “Spirits; distilled spirits” in Class 33. I note that the Nice Classification guide makes it clear that “de-alcoholised beverages” are not included in class 33 but in class 32. It is clear that the opponent believes that the applicant is engaged in producing, inter alia, de-alcoholised or non-alcoholic versions of gin and whisky. I note that the applicant has not commented upon this allegation, nor has it offered a different specification which states unambiguously what they intend to produce, and which specifically excludes such non-alcoholic spirits. It is clear from the Nice Classification that non-alcoholic spirits would be included in class 32 and would therefore be included in the specification as sought to be registered by the applicant. Just as non-alcoholic beer and non-alcoholic wine in class 32 are similar to beer in class 32 and wine in class 33 I believe that non-alcoholic gin and non-alcoholic whisky in class 32 would be deemed similar to the alcoholic versions in class 33. This may be viewed as contrary to the views set out in paragraph 23 above. However, it would appear to me that in the previously stated authority the non-alcoholic beverages were what would commonly be called “mixers” and not non-alcoholic spirits.


25) Ordinarily one might express the view that no-alcoholic beverages are used to quench one's thirst whereas spirits are not used in this manner. The uses are considered totally different, and to a degree the users as well as only those over 18 can purchase alcoholic drinks. In the instant case I do not accept that, for example, a non-alcoholic gin would be used to quench one's thirst any more than the alcoholic version would. The purpose of a non-alcoholic spirits is to enable those who enjoy the taste of the spirit to indulge without impeding their ability to drive / work or to avoid conflicting with any religious issues surrounding the consumption of alcohol. The alcoholic and non-alcoholic versions of the same spirit would obviously be in competition with each other and would, in all probability (no evidence having been filed on this point) be sited alongside or very near to each other in a bar and on the supermarket shelf. In my opinion, as the specification of "non-alcoholic beverage" must include non-alcoholic or de-alcoholised spirits, **then the goods must be considered similar to a medium degree.**

Comparison of trade marks

26) 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 them, 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.”

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

| Opponent's trade mark | Applicant's trade mark |
|---|---|
|  | <p data-bbox="894 520 1471 579">Cotswold Botanicals</p> |

28) When comparing the marks I take into account the views expressed in *El Corte Inglés, SA v OHIM*, Cases T-183/02 and T-184/02, the GC noted that the beginnings of word tend to have more visual and aural impact than the ends. The court stated:

“81. It is clear that visually the similarities between the word marks MUNDICOLOR and the mark applied for, MUNDICOR, are very pronounced. As was pointed out by the Board of Appeal, the only visual difference between the signs is in the additional letters ‘lo’ which characterise the earlier marks and which are, however, preceded in those marks by six letters placed in the same position as in the mark MUNDICOR and followed by the letter ‘r’, which is also the final letter of the mark applied for. Given that, as the Opposition Division and the Board of Appeal rightly held, the consumer normally attaches more importance to the first part of words, the presence of the same root ‘mundico’ in the opposing signs gives rise to a strong visual similarity, which is, moreover, reinforced by the presence of the letter ‘r’ at the end of the two signs. Given those similarities, the applicant’s argument based on the difference in length of the opposing signs is insufficient to dispel the existence of a strong visual similarity.

82. As regards aural characteristics, it should be noted first that all eight letters of the mark MUNDICOR are included in the MUNDICOLOR marks.

83. Second, the first two syllables of the opposing signs forming the prefix 'mundi' are the same. In that respect, it should again be emphasised that the attention of the consumer is usually directed to the beginning of the word. Those features make the sound very similar.

29) I note that in *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*, Case C-342/97, the CJEU found 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 Windsurfing Chiemsee 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)”.

30) Visually, at the top of the opponent's mark are the letters and numbers “Est^d” and “2014” either side of an image of a bird, possibly a pheasant. The average consumer will understand from this that the company was established in 2014. Whilst they will not be ignored the words and letters do not identify the origin of the goods merely how long the provider of the goods has been in business. The image of a bird / pheasant has no meaning in terms of the goods concerned and will be viewed as simply being an artistic device typical of those seen upon wine or spirit labels. The bird / pheasant device has, to my mind, an independent distinctiveness. Next is the word printed in the largest font used in the mark which is the word “COTSWOLDS”, underneath in small lettering but still in bold is the word “Distillery”. Clearly, this identifies the originator, and rough geographical location, of the

goods, namely the Cotswolds Distillery. There is then a flourish device which has no meaning and will be largely ignored by the average consumer. Lastly, there is a strapline “outstanding natural spirits” which is simply a boast regarding the makers claimed quality. As it is a statement made by the producer it will be given short shrift by the average consumer, as no producer is likely to put how bad their product is upon a label. It seems clear to me that the distinctive and dominant element of the mark are the words COTSWOLDS DISTILLERY, although the average consumer will take into account all of the other elements, placing different degrees of importance on them. Turning to the mark in suit, it comprises of just two words “Cotswold Botanicals”. Again, the term Cotswold broadly identifies the geographical location of the producer, whilst Botanicals describes the fact that the product includes botanical elements. Whilst I note that the opponent’s mark has the letter “S” at the end of COTSWOLDS I do not believe that the average consumer will place great emphasis upon this difference. Overall, there are visual differences and similarities. Given the fact that part of the distinctive and dominant element of the opponent’s mark appears in the mark in suit I believe that there is a low to medium degree of visual similarity.

31) Aurally, there are clear differences, but most of these are elements that will be given little attention by the average consumer, such as the date of establishment and the self-proclaimed quality. There is a medium degree of aural similarity.

32) Conceptually, both marks refer to the Cotswolds even though the mark in suit does not have the letter “S” being merely COTSWOLD. Whilst they both have various other elements to them I believe that overall the marks have a medium degree of conceptual similarity.

33) Overall, I believe that the marks have a medium degree of similarity.

Distinctive character of the earlier trade mark

34) 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 *Windsurfing Chiemsee 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).”

35) The opponent’s mark consists of a number of elements as discussed earlier in this decision. To my mind, **it has at least an average degree of inherent distinctiveness**. The opponent has referred to use in its evidence and exhibit some advertising and also that it has won awards. However, as shown on the bottle of Absinthe the opponent has used at least one very different mark. The opponent has not stated specifically which mark the turnover relates to or what products. At the hearing I was invited to infer from the evidence that the witness must have been referring to the registered mark. I am not willing to make such an inference. **As such the opponent cannot benefit from an enhanced degree of distinctives through use in relation to the goods for which it is registered.**

Likelihood of confusion

36) In determining whether there is a likelihood of confusion, a number of factors need to be borne in mind. The first is the interdependency principle i.e. a lesser degree of similarity between the respective trade marks may be offset by a greater degree of similarity between the respective goods and services and vice versa. As I mentioned above, it is also necessary for me to keep in mind the distinctive character of the opponent’s trade mark as the more distinctive the trade mark is, the greater the likelihood of confusion. I must also keep in mind the average consumer for the goods and services, the nature of the purchasing process and the fact that the average consumer rarely has the opportunity to make direct comparisons between trade marks and must instead rely upon the imperfect picture of them he has retained in his mind. Earlier in this decision, I concluded that:

- the average consumer for the goods is a member of the general public including businesses who will select the goods by predominantly visual means, although I do not discount aural considerations and that they are likely to pay at least a reasonable degree of attention to the selection of goods.
- the marks of the two parties have a medium degree of similarity (albeit visually only to a low to medium degree).
- the opponent's mark has at least an average degree of inherent distinctiveness but cannot benefit from an enhanced distinctiveness through use.
- the goods of the two parties are similar to a medium degree.

37) I also consider the issue of indirect confusion, and take into account the case of *L.A. Sugar Limited v By Back Beat Inc*, Case BL O/375/10, Mr Iain Purvis Q.C., as the Appointed Person, explained 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.

38) I also note that in *Duebros Limited v Heirler Cenovis GmbH*, BL O/547/17, Mr James Mellor Q.C., as the Appointed Person, stressed that a finding of indirect confusion should not be made merely because the two marks share a common element. In this connection, he pointed out that it is not sufficient that a mark merely calls to mind another mark. This is mere association not indirect confusion.

39) In view of all of the above, and allowing for the concept of imperfect recollection, there is a likelihood of consumers being confused, directly or indirectly, into believing that the goods applied for and provided by the applicant are those of the opponent or provided by an undertaking linked to it. **The opposition under Section 5(2) (b) therefore succeeds in respect of all the goods.**

40) I next turn to the ground of opposition under section 5(3) which reads:

“5. (3) A trade mark which-

(a) is identical with or similar to an earlier trade mark, shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a European Union trade mark or international trade mark (EC), in the European Union) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.”

41) The relevant case law can be found in the following judgments of the CJEU: Case C-375/97, *General Motors*, [1999] ETMR 950, Case 252/07, *Intel*, [2009] ETMR 13, Case C-408/01, *Adidas-Salomon*, [2004] ETMR 10 and C-487/07, *L’Oreal v Bellure* [2009] ETMR 55 and Case C-323/09, *Marks and Spencer v Interflora*. The law appears to be as follows:

a) The reputation of a trade mark must be established in relation to the relevant section of the public as regards the goods or services for which the mark is registered; *General Motors, paragraph 24*.

(b) The trade mark for which protection is sought must be known by a significant part of that relevant public; *General Motors, paragraph 26*.

(c) It is necessary for the public when confronted with the later mark to make a link with the earlier reputed mark, which is the case where the public calls the earlier mark to mind; *Adidas Saloman, paragraph 29* and *Intel, paragraph 63*.

(d) Whether such a link exists must be assessed globally taking account of all relevant factors, including the degree of similarity between the respective marks and between the

goods/services, the extent of the overlap between the relevant consumers for those goods/services, and the strength of the earlier mark's reputation and distinctiveness; *Intel, paragraph 42*

(e) Where a link is established, the owner of the earlier mark must also establish the existence of one or more of the types of injury set out in the section, or there is a serious likelihood that such an injury will occur in the future; *Intel, paragraph 68*; whether this is the case must also be assessed globally, taking account of all relevant factors; *Intel, paragraph 79*.

(f) Detriment to the distinctive character of the earlier mark occurs when the mark's ability to identify the goods/services for which it is registered is weakened as a result of the use of the later mark, and requires evidence of a change in the economic behaviour of the average consumer of the goods/services for which the earlier mark is registered, or a serious risk that this will happen in future; *Intel, paragraphs 76 and 77*.

(g) The more unique the earlier mark appears, the greater the likelihood that the use of a later identical or similar mark will be detrimental to its distinctive character; *Intel, paragraph 74*.

(h) Detriment to the reputation of the earlier mark is caused when goods or services for which the later mark is used may be perceived by the public in such a way that the power of attraction of the earlier mark is reduced, and occurs particularly where the goods or services offered under the later mark have a characteristic or quality which is liable to have a negative impact of the earlier mark; *L'Oreal v Bellure NV, paragraph 40*.

(i) The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an unfair advantage where it seeks to ride on the coat-tails of the senior mark in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image. This covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation

(Marks and Spencer v Interflora, paragraph 74 and the court's answer to question 1 in L'Oreal v Bellure).

42) The first hurdle is the issue of reputation as set out at points (a) and (b) above. The onus is upon the opponent to prove that its trade marks enjoy a reputation or public recognition. Earlier in this decision I found that the opponent had not provided evidence that it had a reputation in its registered mark in respect of spirits. There is evidence that the opponent has used more than one mark, and the witness statement talks about “bottles of product” and in relation to the turnover figures merely refers to the “Cotswold” mark without identifying specifically what that mark relates to. **As such it fails to get over the first hurdle of reputation in respect of its earlier mark.** The ground therefore fails, although undoubtedly had I accepted that the opponent had reputation in its registered mark I would have found that the public would make a link between the marks of the two parties and that there will inevitably be dilution of the opponent's mark, and, also unfair advantage. The ground of opposition under section 5(3) would have been entirely successful had it got over the hurdle of reputation.

43) Lastly, I turn to the ground of opposition under section 5(4)(a). In respect of section 5(4)(a) Halsbury's Laws of England (4th Edition) Vol. 48 (1995 reissue) at paragraph 165 provides the following analysis of the law of passing off. The analysis is based on guidance given in the speeches in the House of Lords in *Reckitt & Colman Products Ltd v. Borden Inc.* [1990] R.P.C. 341 and *Erven Warnink BV v. J. Townend & Sons (Hull) Ltd* [1979] AC 731. It is (with footnotes omitted) as follows:

“The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:

(1) that the plaintiff's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;

(2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that the goods or services offered by the defendant are goods or services of the plaintiff; and

(3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant's misrepresentation.

The restatement of the elements of passing off in the form of this classical trinity has been preferred as providing greater assistance in analysis and decision than the formulation of the elements of the action previously expressed by the House. This latest statement, like the House's previous statement, should not, however, be treated as akin to a statutory definition or as if the words used by the House constitute an exhaustive, literal definition of passing off, and in particular should not be used to exclude from the ambit of the tort recognised forms of the action for passing off which were not under consideration on the facts before the House."

44) Further guidance is given in paragraphs 184 to 188 of the same volume with regard to establishing the likelihood of deception or confusion. In paragraph 184 it is noted (with footnotes omitted) that:

"To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

(1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and

(2) that members of that class will mistakenly infer from the defendant's use of a name, mark or other feature which is the same or sufficiently similar that the defendant's goods or business are from the same source or are connected.

While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.

In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:

(a) the nature and extent of the reputation relied upon;

(b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;

(c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;

(d) the manner in which the defendant makes use of the name, mark etc. complained of and collateral factors; and

(e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.

In assessing whether confusion or deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action.”

45) It can be seen from the above that in order to succeed under these grounds the opponent needs to show that in respect of the mark/ sign it relies upon it has a protectable goodwill. The opponent has based its claim under this section upon the word COTSWOLDS solus. Whilst the opponent supplied turnover figures and the number of “bottles of product” sold, it did not identify what goods were included under the term “product” not did it identify how much of the turnover related to any of the marks that it would appear to have used. It is impossible to state the extent of market share and therefore that a significant part of the relevant public are aware of the opponent’s mark. As such I find that the opponent has no reputation in the UK. Had it managed to overcome this hurdle and show that it had acquired goodwill or a reputation in the UK, I would have undoubtedly found misrepresentation. As there is no evidence that the applicant has actually used its mark the action would appear to be *quia timet*, and it is clearly not possible to show that damage has been suffered. In *Draper v Trist and Trisbestos Brake Linings Ltd* 56 RPC 429 Goddard L.J. stated:

“But in passing-off cases, the true basis of the action is that the passing-off by the defendant of his goods as the goods of the plaintiff injures the right of property in the plaintiff, that right of property being his right to the goodwill of his business. The law assumes, or presumes, that if the goodwill of a man’s business has been interfered with by the passing-off of goods, damage results therefrom. He need not wait to show that damage has resulted, he can bring his action as soon as he can prove passing-off; because it is one of the class of cases in which the law presumes that the Plaintiff has suffered damage. It is in fact, I think, in the same category in this respect as an action for libel. We know that for written defamation a plaintiff need prove no

actual damage. He proves his defamation. So, with a trader; the law has always been particularly tender to the reputation and goodwill of traders. If a trader is slandered in the way of his business, an action lies without proof of damage.”

46) Had the opponent established a goodwill, and following my ruling that there would be deception then damage can be considered as the automatic sequitur and the three elements of the classic trinity of passing-off would have been established. However, as the opponent has failed to show that it enjoys either reputation or goodwill under any of its marks or signs **the ground of opposition based upon section 5(4) fails.**

CONCLUSION

47) The opposition under sections 5(2)(b) is successful, although the opponent has failed under sections 5(3) and 5(4)(a).

COSTS

48) Although the opponent has succeeded in full under its section 5(2)(b) ground it has failed completely under both section 5(3) and 5(4)(a). Therefore, I propose to award costs but on a reduced scale.

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| Preparing a statement and considering the other side's statement | £200 |
| Expenses | £200 |
| Preparing evidence | £400 |
| Attending the hearing | £800 |
| TOTAL | £1600 |

49) I order Keane Designs Associates Limited to pay The Cotswold Distilling Company Limited the sum of £1,600. This sum to be paid within fourteen days of the expiry of the appeal period or within fourteen days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 22nd day of August 2019

George W Salthouse
For the Registrar,
the Comptroller-General