

O/297/20

TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION NO. 3393715
FOR THE FOLLOWING SERIES OF MARKS

CannaWater
CANNAWATER

IN THE NAME OF INSHALLAH LIMITED
IN CLASS 32

AND

OPPOSITION THERETO (UNDER NO. 416825)

BY

CANO WATER LIMITED

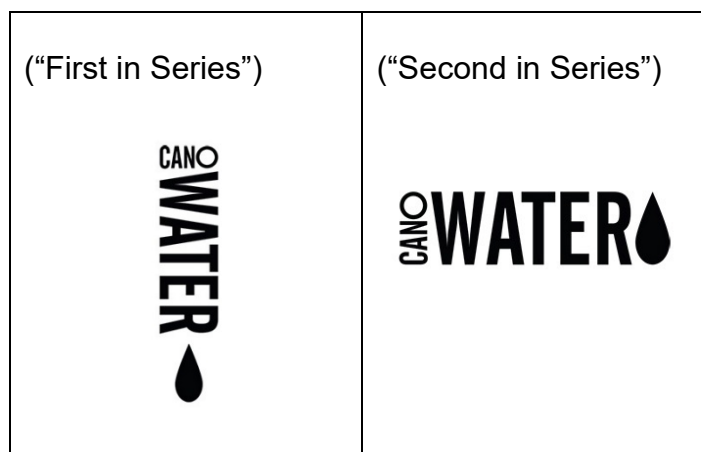
Background and Pleadings

1. On 20 April 2019 Inshallah Limited (“the Applicant”) filed an application to register a series of two UK trade marks “CannaWater/CANNAWATER” numbered 3393715, for goods in class 32 as set out below. Included in the application is a disclaimer that the registration of the mark shall not give rights to the exclusive use of the words “WATER” or “Water” alone. The application was accepted and published on 3 May 2019.

Class 32: Bottled drinking water containing water-soluble infused cbd and terpene derived from industrial hemp; Sports drinks; Energy drinks; Beverages containing vitamins; Non-alcoholic drinks enriched with vitamins and mineral salts; Vitamin fortified non-alcoholic beverages; Water; Waters; Bottled water; Flavoured waters; Nutritionally fortified water; Drinking water with vitamins; Water including water enhanced with minerals; Mineral water.

2. Cano Water Limited (“the Opponent”) opposes the application on the basis of sections 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994 (“the Act”). The Opponent relies on the following marks for the purposes of its opposition namely:

(1) UKTM no. 3087347 (“Earlier Marks”)



Filed: 23 December 2014

Published: 23 January 2015

Registered: 3 April 2015

Class 32: Non-alcoholic drinks; but not including non-alcoholic beverages flavoured with tea.

(2) International Registration designating the EU no.1292816 ("IR")



International Registration date: 21 January 2016

Date of Designation of the EU: 21 January 2016

Date protection granted in EU: 09 August 2018

Office of origin: United Kingdom

Class 32: Non-alcoholic drinks (excluding tea and non-alcoholic drinks based on tea ingredients).

(3) Unregistered sign

CANOWATER

3. For its claim under section 5(2)(b) of the Act the Opponent relies on its series of two Earlier Marks and the IR stating that given the high level of aural and visual

similarity and the identical nature of the goods there is a likelihood that the public will confuse the products and/or assume that they are related.

4. For its claim under section 5(3) of the Act the Opponent relies only on its series of two Earlier Marks claiming to have a reputation in respect of the goods relied upon - namely *non-alcoholic drinks; but not including non-alcoholic beverages flavoured with tea* - and that the use of the Applicant's marks would without due cause take unfair advantage of the Opponent's reputation and be detrimental to the distinctive character of the Earlier Marks. As a result, this would affect the economic behaviour of consumers causing them to purchase the Applicant's products as opposed to the Opponent's.¹

5. In relation to its claim under section 5(4)(a) of the Act, the Opponent relies on its earlier unregistered sign CANOWATER claiming that by virtue of the extensive use that it has made of this sign, throughout the UK since April 2015, it has acquired goodwill for "canned water" and that use of the applied-for mark would be a misrepresentation to the public resulting in damage to the aforementioned goodwill, loss of sales and dilution.²

6. The Applicant filed a counterstatement in which it denies the Opponent's claims including any identity between the respective goods. It argues that as a result of the differences between the presentation of the marks both visually and verbally there would be no confusion, especially in light of the generic use of the word "water" in each mark. In addition, the Applicant denies that registering its marks would cause misrepresentation or amount to passing off.

7. The Applicant is unrepresented whereas the Opponent is represented by GSC Solicitors LLP. Both parties filed submissions during the evidence rounds, however

¹ Para 50 submissions dated 26 November 2019

² In its submissions the Opponent referred to each of its earlier marks in support of its claim under section 5(4)(a), however the pleadings were filed on the basis of the unregistered sign alone.

only the Opponent filed evidence. Neither party requested a hearing, but the Opponent filed submissions in lieu. The Applicant filed a transcript of His Honour Judge Hacon's judgment in *Cranford Community College v Cranford College Limited* 2014 EWHC 299 (IPEC) to act as his final submissions. Both parties requested costs. Whilst I have considered the contents of all the submissions filed by both parties, I do not propose to summarise them in full but will refer to them where necessary. This decision is taken following the careful consideration of the papers.

Evidence

8. The Opponent's evidence consists of the witness statement of Ariel Booker dated 26 November 2019 accompanied by six exhibits marked AB 1-6.

9. Mr Booker is the founder and director of Cano Water Limited a position he has held since 11 March 2015.

10. Mr Booker states that having launched in April 2015, Cano Water Limited is the market-leading canned water brand in the UK. He states that the company has achieved notable success and growth, particularly in the preceding years.

11. Exhibit AB1 consists of a printout taken from the Opponent's website "www.canowater.com" which Mr Booker states is confirmation of its online presence.

12. Mr Booker states that the brand has attained a social media presence and exhibits at AB2 screen shots taken from the Opponent's Instagram and Twitter accounts under the handle "@canowater" demonstrating 40,600 and 3,538 followers respectively. Mr Booker indicates that these handles have been used since the inception of the business even though the print outs produced are dated 2019. Mr Booker states that these posts are indicative of the marketing undertaken by the Opponent. The screen

shots produced display the first Earlier Mark in the series in its figurative registered form and also as “CanO Water”, “@canowater” and “canowater” within the body of the text. Also included are a number of photographs displaying the first Earlier Mark in the series on cans on supermarket shelves and in chilled cabinets. The Instagram posts however are undated. The Twitter account shows messages referencing the registered mark and unregistered sign with various dates in November. The year is not given, but the exhibit is referred to by Mr Booker as “recent print outs”, by which I assume he means during 2019, but this is not clear. The print outs show a “joined date” as at December 2014 and include various endorsements from, for example, H&M and the International Wine and Spirit Competition.

13. Mr Booker states that, initially, prestigious retailers stocked the Opponent’s product, including Harrods and Selfridges, but as the business grew the products are now being stocked by more mainstream retailers such as Tesco, Morrisons, WH Smiths and Spar. Mr Booker outlines that the products are distributed via various largescale wholesalers to include the Brakes Group, Booker, Carlsberg and AF Blakemore, as well as other regional wholesalers and also directly to small customers and suppliers. Mr Booker outlines that “CanO Water” is listed with every major foodservice operator in the UK to include Elixir, Sodexo, Compass, Aramark and CH&Co.

14. In support Mr Booker produces at exhibit AB6 sample invoices between February 2019 and March 2019 from some of the Opponent’s larger distributors and customers which he states are fairly typical of the number of sales during this period, although do not reflect the sales levels during the peak Summer season, which would be considerably higher. Mr Booker explains that Brakes generate a sales invoice as and when products are distributed to their customers.

15. The sample invoices produced are dated in February and March 2019 and are addressed between the Opponent and “brakesgroup”, “BFS Group Limited T/A Bidfood” and “Product Chain Services Ltd”. The sign “CanO Water” is displayed within

the description of the goods and as an account reference. The invoice on page 63, for example, shows the supply of 138 units @ £7.98 to Brakes Group and the invoice dated 25 February 2019 on page 70 shows 1152 units with a delivery address to Tesco store in Rugby, England. The sample invoices produced demonstrate sales totalling approximately £4,000 equating to approximately 450 cases and just over 1,000 cans sold. In total Mr Booker states that the invoices demonstrate in excess of 62,000 cans distributed during the period between February and March 2019.

16. Mr Booker outlines the extent of advertising undertaken by the company where the CanO Water products are featured. He lists a number of food and drink industry magazines and newspapers in which the products have appeared - for example the Food Bev, Bar Magazine - and daily broadsheets, including The Guardian, GQ and Evening Standard. In addition to online advertising Mr Booker provides details of events and collaborations with other organisations. Exhibit AB3 consists of pictures showing the Opponent's limited edition can and material of the type ordinarily used as promotional fliers. It also outlines its collaboration with the England Athletics Association where it became the official water provider at all their events (dated 1 February 2019).

17. Exhibit AB3 (described as sample magazine articles) consist of dated and undated screen shots taken from various websites to include "www.huffingtonpost.co.uk" and "www.mirror.co.uk". The articles include photographs displaying the first Earlier Mark in the series on cans and the sign "CanO Water" and "CANO WATER" within the text. The Huffington post article includes the headline "Tesco has become the first supermarket to stock cans of water across its 700 stores". A similar undated article appears in The Mirror which also refers to "CanO Water 500 ml cans being available for 30th July", again, the year is not given. Also included is an article taken from "www.completemusicupdate", dated 9 May 2018, confirming that the Bestival festival will be using "CanO Water" across its bars as part of its campaign to ban single use plastic from their sites by 2021. Another article is produced taken from the Business Insider website dated "2017-2". The article includes details of the launch of "CanO Water" and references to celebrity endorsements. The article confirms that the "sleek

looking cans are already stocked in 320 locations including Selfridges, Whole Foods and Fenwick as well as gyms, hotels, schools and universities” and refers to the unregistered sign and the first Earlier Mark in the series throughout. The article taken from “www.dezeen.com” is dated 21 March 2018 and refers to the collaboration between “Canowater” and the designer Christopher Raeburn for London Zoo. The article confirms that as of 22 March 2018 the Zoological Society of London will only sell water in “Canowater” containers. Again, references are made within the article to UK retailers stocking and selling “Canowater” such as the Whole Foods, Selfridges and Ocado. Also produced is an article taken from the website “www.thedrum.com” (dated 15 March 2018) referring to an event hosted by “Advertising Week Europe”. Reference is made within this article to resealable cans “produced by CanO Water”. In addition the article taken from the website “www.thegrocer.co.uk”, dated 27 June 2018, refers to “CanO Water as an alternative to bottled water” and displays both Earlier Marks in the series. Included at page 44 is an undated advertisement from The Guardian newspaper which refers to the unregistered sign in the format “CANO WATER” and “canowater.com” and also includes the first Earlier Mark in the series. The text concludes with the statement “Get yours from Tesco, Morrisons, WHSmith and Spar or online”.

18. Mr Booker lists a number of industry awards won by the brand between 2016 and 2019 to include “Product of the Year 2019” at the Spar Retail Show and “Best Can 2019” at the Zenith Innobev Awards. Mr Booker explains that these accolades were won for the concept, design and innovative nature of the product.

19. Exhibit AB4 consists of the Opponent’s last audited accounts for the financial year ending 31 March 2018 which includes a Profit and Loss figure of £473,200. Mr Booker explains that this figure is the retained earnings figure which consolidates the losses across all financial years since the launch of the company. He states that these figures do not reflect the size of the business which are better illustrated by the sales figures and marketing expenditure extracted from the management accounts (reproduced in the table below).

Year	1 Apr 17 to 31 Mar 18	1 Apr 18 to 31 Mar 19
Total Can Sales	382,320 cans	4,207,152 cans
Total invoice sales	£128,851	£1,298,729
Total marketing spend	£44,367	£99,580

20. In addition, exhibit AB5 consists of a graph which Mr Booker states demonstrates the number of can sales between January 2017 and October 2019 amounting to in excess of 400,000 cans distributed per month in the five months prior to 20 April 2019. Mr Booker states that sales continue to grow year on year and in the financial year 2019/2020 in excess of 6 million cans were sold, generating over £2 million in turnover.

21. This concludes the summary of the evidence.

Decision

Section 5(2)(b)

22. Sections 5(2)(b) of the Act states as follows:

“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.

23. In these proceedings the Opponent is relying on its trade mark registrations as shown above which qualify as earlier marks under section 6 of the Act because each was applied for at an earlier date than the Applicant's contested marks. Since the Opponent's marks had not been registered/granted protection for more than five years at the date the application was filed, they are not subject to the proof of use provisions contained in section 6A of the Act. Consequently, the Opponent is entitled to rely upon all the goods of its registration without having to establish what use has been made of its marks.

24. The following principles 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.

The principles:

- (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 greater 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 to mind the earlier mark, 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 the goods

25. When conducting a goods and services comparison, I am mindful of the judgment of the Court of Justice of the European Union (“CJEU”) in *Canon Kabushiki Kaisha v Metro Goldwyn Mayer Inc* Case C-39/97, where 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”.

26. I am also guided by the relevant factors for assessing similarity identified by Jacob J in *Treat*, [1996] R.P.C. 281 namely:

- (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.

27. In addition, in *YouView TV Ltd v Total Ltd*, [2012] EWHC 3158 (Ch), Floyd J 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."

28. 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 für 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".

29. In these proceedings the Opponent is relying on the earlier marks as shown in paragraph 2 above. The Earlier Marks' specification and the IR's goods are almost identical save for the wording of the exclusion in each. When conducting the goods comparisons therefore I will consider the Opponent's specifications together.

30. The respective parties' goods are as follows:

Applicant's goods	Opponent's goods
Class 32: Bottled drinking water containing water-soluble infused cbd and terpene derived from industrial hemp; Sports drinks; Energy drinks; Beverages containing vitamins; Non-alcoholic drinks enriched with vitamins and mineral salts; Vitamin fortified non-alcoholic beverages; Water; Waters; Bottled water; Flavoured waters; Nutritionally fortified water; Drinking water with vitamins; Water including water enhanced with minerals; Mineral water.	Class 32: Non-alcoholic drinks; but not including non-alcoholic beverages flavoured with tea. Class 32: Non- alcoholic drinks (excluding tea and non-alcoholic drinks based on tea ingredients).

31. The Applicant concedes that its "*non-alcoholic drinks enriched with vitamins and minerals salts*" and "*vitamin fortified non-alcoholic beverages*" are at least similar to the Opponent's goods, if not identical; however, he denies any similarity or identity with any of the respective goods that do not contain the term "non-alcoholic". In particular the Applicant submits that:

"3. Water is not identical to non-alcoholic drinks hence they are listed separately in class 32. You do not wash dishes in a non-alcoholic drink. You do not shower

in a non-alcoholic drink. Our body's are not made up of 60% non-alcoholic drink (well not mine anyway). The fact that the goods may be in the same Class does not make them identical as the Opponent has contended and in fact where they are itemised separately they clearly are not identical as otherwise they would simply give the option water or Non-alcoholic drinks not both."

32. The Opponent on the other hand submits that "each classification included in the Challenged Application is a subset of the term Non-Alcoholic Drinks contained within the earlier marks ...and do not fall within the limited exclusions relating to tea-based drinks".

33. I do not accept the arguments put forward by the Applicant. Whilst the contested goods are listed separately, they all appear in the same class. The purpose of the nice classification is an administrative tool to facilitate searches. I recognise that section 60A of the Act states that goods and services are neither to be regarded as being similar to each other on the ground that they appear in the same class, nor to be regarded as being dissimilar from each other on the ground that they appear in different classes. However, the caselaw confirms that when undertaking a goods and services comparison, regard should be taken of the core nature and purpose of the goods and only where the description of the goods is unclear would a reference to the nice classification be beneficial.

34. The average consumer would consider the terms "beverage" and "drink" to be interchangeable and that the term "non-alcoholic drinks" covers any drink or beverage which does not contain alcohol. All the Applicant's goods therefore are identical to the Opponent's *non-alcoholic drinks; but not including non-alcoholic beverages flavoured with tea and non-alcoholic drinks (excluding tea and non-alcoholic drinks based on tea ingredients)* on the principles as outlined in *Merit* as they are all terms contained within the Opponent's broader category. The exclusion contained in the Opponent's specification is not relevant since none of the Applicant's goods include tea flavoured

or tea related products and furthermore the Applicant has not put forward its case on this basis.

Average consumer

35. The average consumer is deemed to be reasonably well informed and reasonably observant and circumspect. When considering the opposing trade marks, I must consider the level of attention paid during the purchasing process and how they are selected, taking into account that the level of attention may vary according to the category of goods in question.³

36. 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.”

37. In relation to the Opponent’s average consumer the Applicant submits that they are a member of the public and are likely to take the Opponent’s products “from a fridge, shelf or other place within the place of sale themselves, and thus would not likely have to speak to or ask for the product”. The Opponent, however, is silent as to the average consumer for the contested goods. In my view the goods at issue are directed towards the general public at large. They are everyday consumable items of relatively low price distributed and sold via retail outlets to include food and drink

³ *Lloyd Schuhfabrik Meyer*, C- 342/97.

establishments, cafes and bars or their online equivalents. The consumer is likely to select the goods from shelves or chilled cabinets and therefore in these circumstances visual considerations would dominate. There may also be an aural element to the selection process, where requests are made for example to a member of bar or waiting staff, however, I still regard the process to be primarily visual as the consumer would select the goods visually beforehand from a display shelf, chilled cabinet or menu at the point of sale.⁴ Taking into account the nature of the goods, their cost and sales being heavily reliant on passing trade, I do not consider that the level of attention would be particularly high and in my view would be between a low and medium degree.

Comparison of the marks

38. Both parties have filed lengthy submissions regarding the similarity or otherwise of the marks. The Applicant initially argued in its counterstatement that as a result of the generic word WATER the comparison to be undertaken should proceed on the elements Canna and CANO solus. However, in its submissions filed subsequently it submitted that:

“5. Whether or not one disregards the word water or WATER the fact is that the Applicants applied for 2 Word Marks are not even close to Similar to the Opponents Figurative Marks. I do not seek to wholly disregard the word “Water” but look at all angles of both the Applied 2 marks and the Opposing Marks as whole.

[.] Where a party uses generic words within their mark any slight difference will make another “Competing” mark acceptable.....“WATER” is clearly a generic word and should not be monopolised within Class 32.

[.] Their Opposing Marks are Figurative Marks and thus can only be relied on in Opposition as a whole Mark and not dissected.

⁴ *Simonds Farson Cisk Plc v OHIM T-3/04*

[.] If one looks at the Whole of the Opponents Figurative Marks versus the Applied for 2 Word Marks, there is not even the slightest jot of similarity , and there is no chance of confusion on the part of anyone.”

[.] The Opponents word elements are actually “CAN” and then a Circle shape (or a stylized distinctive “O”) which visually looks like a Shape rather than a Character) and is distinct from the word “CAN”.

7. Aurally...the Marks of the Applicant are different to those of the Opponent. The Word elements of the Opponents Marks are “CANO” and “WATER”, both separated in such a way as to be read separately by a viewer. In the Opponents Mark where the word “WATER” is **Horizontal**, the word “WATER” and the Droplet shape assume dominance and the vertical “CANO” much less so. Where the word WATER is **Vertical** the Droplet shape is the most dominant part of the Mark, followed by “CANO” and then the mind might then go to the vertical “WATER” but the eye is drawn to the Droplet shape. (of course the Droplet is “non alcoholic drink!) A member of the public would likely take the Opponents product from a fridge, shelf or other place within the place of sale themselves, and thus would not likely have to speak to or ask for the product. If they did then it is hard to say what they would ask for, but most likely would be “CAN” – “O”, with the 2 syllables.”

39. The Opponent on the other hand submits that the word water should not be ignored altogether in the comparison process as the marks should be considered as wholes. This approach was confirmed by Mr Thomas Mitcheson Q.C. sitting as the Appointed Person, where he found, on appeal, that the Hearing Officer in comparing HH Hotels and nh hotels “was right to assess the marks as a whole – even though the word HOTELS may be descriptive of the services it still plays a role in the aural and visual comparison of the marks.”⁵

⁵ *Manhattan Loft Corporation Limited v Nh Hotel Group S.A. O/235/20* Para 31

40. Furthermore the Opponent submits that:

“21. ...Whilst CanO and Canna may form the more distinctive element of their respective signs the common word “water” should not be disregarded and must form part of the comparison to be conducted.

22.The Opponent accepts that to the English speaking consumer the word WATER may be seen as descriptive of some non-alcoholic drinks and allusive in respect of some other non-alcoholic drinks. It is not however descriptive or allusive of all such drinks (e.g. pure fruit juice).



26. The visual similarities are significant. The word elements of the earlier marks are instantly recognisable as CanO water. They are extremely similar to the word marks applied for in the Challenged application.”

41. 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.”

42. Whilst it would be wrong to only focus on individual elements of the marks, it is nevertheless necessary to consider the distinctive and dominant components of each and to give due weight to any other features which are not negligible and which contribute to the overall impressions created by the marks. The assessment must be undertaken from the perspective of the average consumer and what they would regard as the dominant and distinctive aspects of the mark when taken as a whole.

43. The respective trade marks are shown below:

Applicant's marks	Opponent's marks
<p data-bbox="204 887 555 920">"First mark in the series"</p> <p data-bbox="301 943 488 976">CannaWater</p> <p data-bbox="204 1106 603 1140">"Second mark in the series"</p> <p data-bbox="301 1218 536 1252">CANNAWATER</p>	<p data-bbox="810 887 1284 920">"First mark in the series" and "IR"</p> <div data-bbox="938 958 1007 1223" style="text-align: center;">  </div> <p data-bbox="810 1317 1204 1350">"Second mark in the series"</p> <div data-bbox="831 1397 1107 1480" style="text-align: center;">  </div>

The Overall Impression of the Applicant's Marks

44. The Applicant's first mark in the series consists of the ten-letter word CannaWater presented in a combination of upper and lower case. There are no other elements to contribute to the overall impression created by the mark which are contained in the

word itself, although weighted in favour of the Canna element since the word Water will be seen as descriptive.

45. The Applicant's second mark in the series is also the word CANNAWATER but presented in capitals. Despite the Applicant's submissions that the consumer will not recognise the word WATER within this mark (due to it being presented as one word in capital letters) I disagree. Consumers are naturally drawn to elements they recognise and therefore irrespective of whether the word is presented in capitals, title case or conjoined the Applicant's second mark in the series will be seen as made up of two parts to make up a new word, the element CANNA and the recognisable word WATER. There are no other elements to contribute to the overall impression of the mark which resides in the word itself, although as with the first mark in the series weighted in favour of the CANNA element, since the word WATER will play a lesser role due to its descriptive and non-distinctive characteristics. I do not consider that anything turns on the difference in casing, despite the Applicant's submissions, because a word trade mark protects notional use of the word itself irrespective of font, capitalisation or otherwise, and therefore a trademark in capitals covers use in lower case and vice versa.⁶ From hereon in, therefore, I shall deal with both marks together and shall refer to the Applicant's marks in the singular.

The Overall Impression of the Opponent's marks

46. The Opponent's first mark in the series consists of a number of elements; the words/elements CANO and WATER together with a droplet device, each presented in black in a vertical column. The word CANO is presented horizontally, with the letter O displayed in a slightly different font to the remaining letters. Underneath, in considerably larger font the word WATER is displayed perpendicularly, and the device appears below this. I consider that the overall impression of the mark resides in the combination of all three elements although weighted in favour of the CANO element

⁶ T-24/17 *La Superquímica v EUIPO*, EU: 2018:668 para 39 as confirmed by the Appointed Person, Mr Phillip Johnson in *KTS Group Limited v DreamersClub Ltd* on appeal O/091/19.

as it will be this element that denotes trade origin. Notwithstanding that the word WATER naturally draws the eye (due to its comparative size within the mark) its role within the overall impression is weaker as it is descriptive of water and water-based products or alludes to the nature of the goods provided by the undertaking when considering the specification in its entirety. The device, presentation of the words and the stylisation of the letter “O” contribute to the overall impression but play a lesser role, as they will be seen as decorative elements.

47. The IR is identical to the Opponent’s first mark in the series. The second mark in the series includes the same components as the first mark in the series, save that they are presented horizontally with the droplet device following the word WATER. I do not consider that the difference in presentation impacts upon the overall impression already outlined in paragraph 46 and therefore those findings apply equally to the second mark in the series. I will proceed to conduct the comparison therefore against the first Earlier Mark in the series, as if it fails in relation to this mark it will also fail in relation to the IR and the second mark in the series. I shall only return to these marks if I consider it necessary to do so.

Visual Comparison

48. The Applicant argues that its capitalised mark is visually different to its first mark in the series because “due to its presentation it would be spoken more fluently as one long word rather than 2 separate words”. This it submits is in stark contrast to the Opponent’s Marks which are likely to be spoken as two separate elements. The Opponent on the other hand submits that the word elements of its mark are extremely similar to the word elements for the challenged mark. Whilst these points are perhaps primarily relevant to the aural comparison, my assessment will not only take into account the presence of the device and the presentation of the words, but also the similarities between the word elements themselves.

49. Visually, the absence of a space between the elements in the Applicant's mark does not alone cause the marks to be dissimilar. Whilst consumers normally perceive marks as wholes it does not prevent them from breaking down the elements which resemble words that they recognise. Both the contested marks contain the word "WATER". They also contain and start with the word/letters "CAN". The marks differ in that the word/letters CAN in the Applicant's mark is followed by additional letters "NA" whereas in the Opponent's mark it is followed by the letter "O" there being no reciprocal counterpart. I consider the word elements to be visually highly similar since both marks start with the word/letters CAN and contain the word WATER as their second component. The presence of a device and the presentation of the words in the Opponent's mark, as well as the stylisation of the letter "O", creates a point of visual difference. As a general rule words have a greater impact than devices; the eye being naturally drawn to verbal elements. Overall, I consider that the marks are visually similar to a medium degree. The difference in casing in the applied for mark has no bearing on the similarity assessment since notional and fair use allows word marks to be presented in any font or case.

Aural Comparison

50. Aurally the Applicant's mark will be pronounced as CAN-AH-WOR-TER, there being no differentiation in the pronunciation as a result of the casing. Since no pronunciation will be attributed to the water droplet device nor will the presentation impact upon it, the Opponent's mark will be pronounced as CAN-OH-WOR-TER. As a result of three out of the four syllables being identical, I consider that the difference in sound between the "AH" and "OH" in the middle of the marks will be lost. On this basis, I consider the marks will be aurally almost identical or at least similar to a very high degree. Though I consider it unlikely, I do not discount the possibility of the word WATER not being articulated in either mark, whereby the Applicant's mark will be pronounced as CAN-AH and the Opponent's as CAN-OH. In this scenario the first syllable of both marks is identical and since greater emphasis is given to the pronunciation of the beginning of words than their ends and taking into account my

assessment regarding the AH and OH sound I consider that the marks will be aurally similar to between a medium and high degree.

Conceptual Comparison

51. The Opponent submits that the CANO element has no meaning and will be regarded as invented. It argues however that the Applicant's Canna element is a reference to and an abbreviation for its Cannabidiol products. The Applicant does not attribute this meaning to the element CANNA and has not put forward its case on this basis either. Furthermore, it argues that if this meaning is attributed to its mark then it would be a further point of difference between the marks and the only conceptual similarity is in the use of the generic word "Water".

52. For a conceptual message to be relevant it must be capable of immediate grasp. I do not consider that the average consumer would necessarily or immediately establish a connection to cannabidiol products in the way outlined by the Opponent but rather will consider the Applicant's CANNA element as invented. The word WATER in both marks will be given its common dictionary meaning giving an indication as to the nature of the goods. The inclusion of the device in the Opponent's mark reinforces this reference to water. The first element of the Opponent's Earlier Mark will either not give rise to any meaning as submitted, or it may be perceived as alluding to "can of", in light of the difference in stylisation of the letter "O" and the Opponent's own evidence focussing as it does on resealable "cans of water". I recognise that this may give rise to a potential conceptual difference between the marks, however given the near identity between the marks where the goods are requested aurally this conceptual difference is reduced, since the Applicant's mark may also allude to "can of" in this context. If consumers perceive both marks as alluding to "can of water" then there is no clear conceptual difference between the marks. However, where the respective first elements are considered as invented, the consumer is likely to regard the goods as produced by or associated with a business called CANO or CANNA because a word followed by a descriptive element denoting the type of business, is a

familiar construct in trade marks. In this scenario, the marks coincide to the extent that they have a connection to water.

Distinctive Character

53. 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).”

54. Registered trademarks possess varying degrees of inherent distinctive character; descriptive words tend to have a low level of inherent distinctiveness, whereas invented words are regarded as possessing a high level of distinctive character and dictionary words that are neither descriptive nor allusive are somewhere in the middle. The degree of distinctiveness is an important factor as it directly relates to whether there is a likelihood of confusion; the more distinctive the earlier mark the greater the likelihood of confusion. The distinctive character of a mark can be enhanced by virtue of the use made of it.

55. The element CANO (as I have already noted) will either be regarded as invented, and therefore have a high level of inherent distinctiveness or be regarded as allusive for “cans of” water and thus be lower in distinctive character. The mark also includes the word WATER which (whilst I accept is not descriptive for non-alcoholic drinks at large) will be seen on the consumer’s initial instinctive reaction as descriptive of the goods on offer and thus be low in distinctiveness. Whether the first element is regarded as invented or allusive, it will nevertheless be perceived as representing the name of the provider of the goods or the name of the business. The device and the presentation of the words in a column contribute to the distinctiveness of the mark yet are unremarkable. Taking into account the mark as a whole, the various components, their position within the mark and weighing one up against the other and my earlier assessment regarding the overall impression, overall, where the CANO element is regarded as invented I consider that the mark’s inherent distinctive character is no more than medium but will be lower if perceived as a reference to a “can of water” but still between low and medium due to its unusual coinage.

56. Whilst the Opponent has filed evidence demonstrating that its mark has been used in the market place for drinking water sold in cans, consideration must be given as to what market share this use represents and whether the use shown has enhanced the distinctive character of the mark as far as the public is concerned. I note that the Opponent submits that it has sold/distributed 6 million cans during 2019/2020, and that the sales figures for the period from 1 April 2018 to 31 March 2019 are just under

£1.3 million (approx. 4.2 million cans).⁷ Whilst there is an indication that a number of mainstream retailers sell and supply the Opponent's products throughout the UK no specific details have been provided as to the percentage this represents in the overall figures. The sale of 4.2 million cans during this period is not insubstantial, nevertheless, it is a relatively modest figure taking into account the size of the bottled water industry as a whole, in my view being a multi-billion industry. I note the details included within the text alongside the graph on page 56 of Mr Booker's statement which refers to "UK sales of plain bottled water increased by 7.9% to 3.4 billion litres or £3.3 billion at retail prices." Whilst the Opponent has not specially indicated what its market share is, taking into account these figures, I am able to evaluate that the Opponent's sales represent a figure of less than 0.1% of the market share. Whilst the Opponent has provided evidence of its social media presence, advertising and marketing expenditure, as well as celebrity endorsements, I do not consider that it has established to any great extent how strongly the mark identifies with the goods, sufficient to support a finding that its inherent distinctiveness has been enhanced through use.

Likelihood of confusion

57. The purpose of a trade mark is to distinguish the goods/services of one undertaking from another. When considering whether there is a likelihood of confusion between the respective marks I must consider whether there is direct confusion, where one mark is mistaken for the other or whether there is indirect confusion where the similarities between the marks lead the consumer to believe that the respective goods originate from the same or related source.

58. In considering whether a likelihood of confusion arises, I am required to make a global assessment of all relevant factors based on the facts before me, taken from the point of view of the average consumer, who rarely has the opportunity to make direct

⁷ Para 17 Mr Booker's statement

comparisons between trade marks and must instead rely upon the imperfect picture of them that he has retained in his mind.

59. These factors include the interdependency principle where, for example a lesser degree of similarity between the respective trade marks may be offset by a greater degree of similarity between the respective goods and vice versa. I have found that the goods in this case will be considered as identical and I have found the marks to be similar in varying degrees from a visual, aural and conceptual perspective. The question therefore is whether the similarity between the marks is such that there is a likelihood that a member of the public at large (the average consumer in this case), paying a low to medium level of attention during the selection process for the goods in question, may be confused.

60. I remind myself that the goods will be selected primarily visually and I have found the respective marks to be visually similar overall to a medium degree. Aurally, I have found the marks to be almost identical (or at least very highly similar) when all the verbal elements are articulated and even where the “water” element is not, similar to between a medium and high degree. Conceptually the marks share a degree of similarity for the reasons outlined previously. I have also found the Opponent’s marks to have no more than a medium degree of inherent distinctive character where the CANO element is regarded as invented and low to medium where it is perceived as allusive to “can of”.

61. The Applicant draws my attention to two decisions suggesting that they would lead me to conclude that there can be no confusion between the marks in particular as a result of the inclusion of the word Water in the respective marks. I must, however, consider the marks as wholes whilst keeping in mind the contribution of each component to the distinctiveness of the mark. I bear in mind, given the nature of the goods, that the shared word WATER may act as a descriptor in both marks, in which case its role in indicating trade origin is significantly reduced.

62. Taking into account the conclusions above and the fact that consumers rarely have an opportunity to compare marks side by side, I consider that when encountering the marks aurally in so far as making a verbal request for the goods, the fact that three out of the four syllables are identical would in my view cause the marks to be misremembered or mistakenly recalled. The difference in pronunciation between the AH and the OH sound of the second syllable within the middle of the respective marks, does not counteract the identical first element CAN and the last element WATER. The difference in sound will be swallowed by the identity of the remaining syllables and are unlikely to be distinguished by consumers.

63. Due to the descriptive nature of the word WATER I have considered the possibility that consumers may not articulate this word when requesting the goods, thus referring to the marks as CAN-AH and CAN-OH. In this scenario, however, I still consider that the Applicant's mark will be misremembered for the Opponent's mark and vice versa. Even though I recognise that a difference of one letter within short words can be more significant, I do not consider that this applies in the scenario before me. The difference in the pronunciation of the letters presented at the end of a word is of less impact than if those differences were at the beginning. Therefore, whether the marks are pronounced in their entirety or where only the first element is pronounced, I consider that the marks will be imperfectly recalled leading to a likelihood of direct confusion.

64. However, I determined that predominantly the marks would be purchased by visual considerations. In such circumstances I do not consider that the visual presentation of the Opponent's mark would go unnoticed by the average consumer.

65. In *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 recognised 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, I conclude that it is another brand of the owner of the earlier mark.”

66. When encountering the marks visually I must assess the matter as to how the marks are perceived on first impressions and from the perspective of the consumer’s immediate instinctive reaction to the mark when it first encounters it.⁸ For the reasons I have already set out, I consider that consumers will misremember the first element of the respective marks and are unlikely to distinguish the difference between the inclusion/absence of the letters “Na” and “O” presented as they are at the end of the first element. It is my view that consumers paying a low to medium level of attention, will focus on the letters CAN at the beginning of the mark together with the word WATER, albeit that this element will be afforded less weight in the considerations as a whole.⁹ As a general rule more emphasis is given to the beginning of marks than their ends especially where the second component acts as a descriptor.¹⁰ In light of my assessment regarding the role of the device in the overall impression of the Opponent’s mark and the stylisation with the letter “O”, I do not consider that this will have a significant impact on the consumer such that it will act as a distinguishing factor. Being mindful of the interdependency principle the identity of the goods offsets any difference in the visual presentation of the marks. It is my view that when encountering the marks visually without a clear conceptual differentiation to assist, the goods will be regarded as originating from the same or related undertaking putting any differences down to a rebranding or the mark being presented in a different format.

⁸ *Duebros Limited v Heirler Cenovis GmbH*, BL O/547/17

⁹ *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV*

¹⁰ *El Corte Inglés, SA v OHIM*, Case T-39/10

67. In conclusion I consider that where the marks are encountered aurally there will be a likelihood of direct confusion and indirect confusion where they are encountered visually.

68. Having found confusion in relation to the Opponent's first mark in the series I need not consider the Opponent's remaining marks as this will not place it in any stronger position. However, for the sake of completeness, I would also have found confusion in relation to the Opponent's second mark in the series and the IR for the same reasons. The difference in presentation of the second Earlier Mark does not alter my findings.

69. Since the opposition under Section 5(2)(b) succeeds in full strictly speaking it is not necessary for me to consider the other grounds as pleaded. However, the Opponent is relying on its word only unregistered sign "CANOWATER" for the purposes of its opposition under section 5(4)(a) of the Act and therefore I will proceed to consider the opposition under this ground.

Section 5(4)(a)

70. Section 5(4)(a) of the Act states as follows:

"A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, where the condition in subsection (4A) is met."

71. For a claim under section 5(4)(a) to succeed the Opponent must demonstrate goodwill, misrepresentation and damage. In *Discount Outlet v Feel Good UK*, [2017]

EWHC 1400 IPEC, Her Honour Judge Melissa Clarke, sitting as a Deputy Judge of the High Court conveniently summarised the essential requirements of the law of passing off as follows:

“55. The elements necessary to reach a finding of passing off are the ‘classical trinity’ of that tort as described by Lord Oliver in the Jif Lemon case (Reckitt & Colman Product v Borden [1990] 1 WLR 491 HL, [1990] RPC 341, HL), namely goodwill or reputation; misrepresentation leading to deception or a likelihood of deception; and damage resulting from the misrepresentation. The burden is on the Claimants to satisfy me of all three limbs.

56 In relation to deception, the court must assess whether “a substantial number” of the Claimants’ customers or potential customers are deceived, but it is not necessary to show that all or even most of them are deceived (per *Interflora Inc v Marks and Spencer Plc* [2012] EWCA Civ 1501, [2013] FSR 21).”

Relevant date

72. The Opponent’s claim under section 5(4)(a) must be determined as at the “relevant date”. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O410-11, Daniel Alexander QC, sitting as the Appointed Person, considered what constituted the relevant date for the purposes of this section and concluded as follows:

“43. In *SWORDERS TM* O-212-06 Mr Alan James acting for the Registrar well summarised the position in s.5(4)(a) proceeding as follows:

“Strictly, the relevant date for assessing whether s.5(4)(a) applies is always the date of the application for registration or, if there is a priority date, that date: see Article 4 of Directive 89/104. However, where the applicant has used the mark before the date of the application it is necessary to consider what the position would have been at the date of the start of the behaviour complained about,

and then to assess whether the position would have been any different at the later date when the application was made.””

73. There is no indication that the applied for mark has been used prior to the application date in the UK and therefore the relevant date is the date of the application namely 20 April 2019.

Goodwill

74. The concept of goodwill was explained in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 at 223:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start.”

75. It is for the Opponent to provide evidence to show that it had goodwill on the relevant date within the UK. In *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 (HC), Pumfrey J. stated:

“27. There is one major problem in assessing a passing of claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the

enquiry under s.11 of the 1938 Act (see *Smith Hayden & Co. Ltd's Application (OVAX)* (1946) 63 R.P.C. 97 as qualified by *BALI Trade Mark [1969] R.P.C. 472*). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

28. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date. Once raised, the applicant must rebut the prima facie case. Obviously, he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of probabilities that passing off will occur.”

76. However, in *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat) Floyd J. (as he then was) stated that:

“[The above] observations are obviously intended as helpful guidelines as to the way in which a person relying on section 5(4)(a) can raise a case to be answered of passing off. I do not understand Pumfrey J to be laying down any absolute requirements as to the nature of evidence which needs to be filed in every case. The essential is that the evidence should show, at least prima facie, that the opponent's reputation extends to the goods comprised in the application in the applicant's specification of goods. It must also do so as of the relevant date, which is, at least in the first instance, the date of application.”

77. Goodwill arises out of trading activities. Despite the absence of evidence of purchases by actual customers, it is clear from the sample invoices, sales figures and magazine/website articles that the Opponent's goods have sold and that those sales have not been insignificant amounting to in excess of 6 million cans being

sold/distributed in 2019/2020 generating over £2 million in turnover and sales of just under £1.3 million between April 2018 and March 2019. Whilst the Applicant submits that the “Opponents total exemption accounts do not bear out the claim of 6 million cans per year” I note the evidence provided by Mr Booker which demonstrates a growing business and I have no reason to doubt the figures produced, especially in light of the declaration given in the attestation clause at the end of his statement. Whilst the sales figures are not substantial given the size of the bottled water industry, they clearly show a growing business with sales increasing year on year. I take particular note that the Opponent’s products have been sponsored by the Bestival festival, London Zoo and England Athletics Association and the fact that a number of mainstream retailers are stocking the Opponent’s canned water. Of particular note is the evidence regarding the Opponent’s relationship with Tesco, becoming the first supermarket to stock its cans of water across its 700 stores throughout the UK. The sample invoices are dated February and March 2019 just prior to the relevant date. Although no specific evidence is produced as to the geographical extent of its activities, I accept that Tesco is a nationwide retailer and therefore it is reasonable for me to conclude that sales would have occurred throughout the UK.

78. The unregistered sign is referred to in its written form within the text of the publications filed and the invoices submitted. In addition, the first Earlier Mark is displayed on the products themselves. It is clear that there are consistent sales by reference to the unregistered sign for canned water up to and including the filing date of the application. I am satisfied that the Opponent has met the burden placed upon it to prove goodwill at the relevant date in relation to the unregistered sign CANOWATER. Whilst I note the sign appears in both lower and upper casing and in a combination of the two within the evidence filed, notional and fair use of a word mark allows for it to be presented in any font or case and therefore, I consider that goodwill would extend to these variations also.

Misrepresentation

79. In *Neutrogena Corporation and Another v Golden Limited and Another* [1996] RPC 473, Morritt L.J. set out the relevant test namely that:

“There is no dispute as to what the correct legal principle is. As stated by Lord Oliver of Aylmerton in *Reckitt & Colman Products Ltd. v. Borden Inc.* [1990] R.P.C. 341 at page 407 the question on the issue of deception or confusion is

“is it, on a balance of probabilities, likely that, if the appellants are not restrained as they have been, a substantial number of members of the public will be misled into purchasing the defendants' [product] in the belief that it is the respondents' [product]”

The same proposition is stated in Halsbury's Laws of England 4th Edition Vol.48 para 148. The necessity for a substantial number is brought out also in *Saville Perfumery Ltd. v. June Perfect Ltd.* (1941) 58 R.P.C. 147 at page 175 ; and *Re Smith Hayden's Application* (1945) 63 R.P.C. 97 at page 101.”

And later in the same judgment:

“.... for my part, I think that references, in this context, to “more than *de minimis*” and “above a trivial level” are best avoided notwithstanding this court's reference to the former in *University of London v. American University of London* (unreported 12 November 1993). It seems to me that such expressions are open to misinterpretation for they do not necessarily connote the opposite of substantial and their use may be thought to reverse the proper emphasis and concentrate on the quantitative to the exclusion of the qualitative aspect of confusion.”

80. I note that the test for misrepresentation requires a substantial number of members of the public to be deceived and that this test differs to the one undertaken

for a likelihood of confusion where it necessitates that the average consumer is confused. However, in *Marks and Spencer PLC v Interflora*, [2012] EWCA (Civ) 1501, Lewinson L.J. had previously cast doubt on whether in reality the difference between the two legal tests would produce different outcomes. In light of my assessment regarding the similarities between the marks aurally, visually and conceptually, for goods that were identical, I am satisfied that a substantial number of the Opponent's customers or potential customers would be deceived. Applying a different legal test to that undertaken regarding a likelihood of confusion I nevertheless come to the same outcome.

Damage

81. In *Bocacina Limited v Boca Cafés Limited, Dercio De Souza Junior, Malgorzata De Souza* [2013] EWHC 8090 (IPEC), Mr Daniel Alexander QC, sitting as an Enterprise Judge, noted that:

“There is no dispute that if there is goodwill and misrepresentation, there would be damage.”

82. In *Harrods Limited V Harrodian School Limited* [1996] RPC 697, Millett L.J. described the requirements for damage in passing off cases like this:

“In the classic case of passing off, where the defendant represents his goods or business as the goods or business of the plaintiff, there is an obvious risk of damage to the plaintiff's business by substitution. Customers and potential customers will be lost to the plaintiff if they transfer their custom to the defendant in the belief that they are dealing with the plaintiff. But this is not the only kind of damage which may be caused to the plaintiff's goodwill by the deception of the public. Where the parties are not in competition with each other, the plaintiff's reputation and goodwill may be damaged without any corresponding gain to the defendant. In the *Lego* case, for example, a customer who was

dissatisfied with the defendant's plastic irrigation equipment might be dissuaded from buying one of the plaintiff's plastic toy construction kits for his children if he believed that it was made by the defendant. The danger in such a case is that the plaintiff loses control over his own reputation.

83. In *Ewing v Buttercup Margarine Company, Limited*, [1917] 2 Ch. 1 (COA), Warrington L.J. stated that:

“To induce the belief that my business is a branch of another man's business may do that other man damage in various ways. The quality of goods I sell, the kind of business I do, the credit or otherwise which I enjoy are all things which may injure the other man who is assumed wrongly to be associated with me.”

84. In my view it follows that as a result of the similarity between the marks and the closeness of the respective goods this would ultimately lead to a reasonably foreseeable diversion of sales from the Opponent to the Applicant, resulting in the Opponent suffering financial loss. I am not satisfied that the alleged damage to the Opponent's reputation and goodwill, as a result of the Applicant's association with cannabidiol products, has been sufficiently substantiated, since no evidence has been filed in support of this. Nevertheless, the claim under section 5(4)(a) succeeds in full.

85. Having found in the Opponent's favour in relation to section 5(2)(b) and section 5(4)(a) strictly speaking I need not consider its claim under section 5(3) as it does not place the Opponent in any stronger position. However, for completeness I shall consider these points briefly.

Section 5(3)

86. Section 5(3) of the Act states as follows:

“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.

(3A) Subsection (3) applies irrespective of whether the goods and services for which the trade mark is to be registered are identical with, similar to or not similar to those for which the earlier trade mark is protected.

87. The relevant case law can be found in the following judgments of the CJEU: Case C-375/97, *General Motors*, Case 252/07, *Intel*, Case C-408/01, *Addidas-Salomon*, Case C-487/07, *L’Oreal v Bellure* 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*).

88. I note that the assessment of whether the Opponent has a reputation for the goods is a different test to the one undertaken for an enhanced level of distinctive character. The sales figures provided between 2018 and 2019 are not insignificant at just under £1.3 million. Evidence has also been provided that a number of major retail outlets throughout the UK stock the Opponent's products and I note that the company is the official sponsor for the England Athletics Association. Proving a reputation is not a particularly onerous task¹¹ and therefore in light of the evidence provided and my earlier findings, it is fairly clear that at the material date (April 2019), the Opponent's Earlier Marks had the necessary reputation for canned water. In light of my findings regarding the similarity between the marks and the identical nature of the respective goods and that confusion is likely under section 5(2)(b) it follows that there is the necessary link for section 5(3). It is my view that, as a result of the similarities between the marks, the Applicant would gain an unfair advantage by changing the economic behaviour of customers leading to the Opponent's reputation being damaged. As it is only necessary for the Opponent to succeed under one of the heads of damage, I need say no more about the Opponent's alternative grounds based upon detriment to distinctive character or reputation.

Overall conclusion

89. The oppositions based upon sections 5(2)(b), 5(3) and 5(4)(a) have succeeded in full and subject to any successful appeal, the application will be refused.

¹¹ *Enterprise Holdings Inc. v Europcar Group UK Ltd* [2015] EWHC 17 (Ch), Arnold J.

Costs

90. As the Opponent has been successful, it is entitled to a contribution towards its costs. Awards of costs in proceedings are based upon the scale as set out in Tribunal Practice Note 2 of 2016. Applying this guidance, I award costs to the Opponent on the following basis:

Preparing a notice of opposition and reviewing the counterstatement:	£400
Preparing evidence and submissions:	£700
Official Fee:	£200
Total:	£1300

91. I order Inshallah Limited to pay Cano Drinks Limited the sum of £1300 as a contribution towards its costs. This sum is to be paid within two months of the expiry of the appeal period or within twenty one days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 29th day of May 2020

Leisa Davies
For the Registrar