

O/408/20

TRADE MARKS ACT 1994

**IN THE MATTER OF THE APPLICATION FOR TRADE MARK NO. 3373133
IN THE NAME OF WATERMARK HOMES LIMITED FOR THE TRADE MARK**

Watermark Homes

IN CLASSES 36 AND 37

AND

THE OPPOSITION THERETO UNDER NUMBER 417016

BY

THE WATERMARK LEISURE GROUP LIMITED

Background

1. On 6 February 2019, Watermark Homes Limited (“the applicant”) applied for the trade mark Watermark Homes for the following services:

Class 36: *Investment services relating to residential and commercial property.*

Class 37: *Construction and development of residential and commercial property.*

2. The application was published for opposition purposes in the *Trade Marks Journal*, on 19 April 2019. The Watermark Leisure Group Limited (“the opponent”) opposes the application under sections 5(2)(b) and 5(4)(a) of the Trade Marks Act 1994 (“the Act”).¹ The opponent’s section 5(2)(b) ground is pleaded as follows:

(i) 2387534 (filing date: 21 March 2005; registered 2 September 2005)

THE WATERMARK

Relies on class 36 “Management of property and accommodation” to oppose the applicant’s class 36 services only.

(ii) 2408316 (filing date: 3 December 2005; registered 13 July 2007.)

THE WATERMARK

Relies on Class 37 “Construction and development of residential and holiday properties” to oppose the applicant’s class 37 services only.

3. The opponent made a statement of use in respect of its earlier marks as they had been registered for five years or more on the date on which the contested application was filed (section 6A of the Act refers).

4. The opponent relies upon its use of the sign WATERMARK under section 5(4)(a), since 1989 throughout the UK, in relation to ‘Management of property and

¹ The section 3(6) ground was withdrawn at a case management conference held on 11 February 2020.

accommodation; renting and leasing of accommodation and property; construction and development of residential and holiday properties'. The opponent claims its goodwill entitles it to prevent the use of the applicant's mark under the law of passing off.

5. The applicant filed a notice of defence and counterstatement, denying the grounds and putting the opponent to proof of use of the services relied upon.

6. Both sides filed evidence. The opposition came to be heard by video conference on 15 July 2020. Ms Claire Evans, of Graham Watt & Co, represented the applicant. The opponent did not attend the hearing, but did file written submissions in lieu of attendance.

Evidence and relevant dates

7. As the two earlier marks had been registered for more than five years on the date on which the contested application was filed, Section 6A of the Act applies, which states:

“6A (1) This section applies where

(a) an application for registration of a trade mark has been published,

(b) there is an earlier trade mark of a kind falling within section 6(1)(a),
(b) or (ba) in relation to which the conditions set out in section 5(1), (2)
or (3) obtain, and

(c) the registration procedure for the earlier trade mark was completed
before the start of the relevant period .

(1A) In this section “the relevant period” means the period of 5 years ending with the date of the application for registration mentioned in subsection (1)(a) or (where applicable) the date of the priority claimed for that application.

(2) In opposition proceedings, the registrar shall not refuse to register the trade mark by reason of the earlier trade mark unless the use conditions are met.

(3) The use conditions are met if –

(a) within the relevant period the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with his consent in relation to the goods or services for which it is registered, or

(b) the earlier trade mark has not been so used, but there are proper reasons for non- use.

(4) For these purposes -

(a) use of a trade mark includes use in a form (the “variant form”) differing in elements which do not alter the distinctive character of the mark in the form in which it was registered (regardless of whether or not the trade mark in the variant form is also registered in the name of the proprietor), and

(b) use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.

(5) In relation to a European Union trade mark or international trade mark (EC), any reference in subsection (3) or (4) to the United Kingdom shall be construed as a reference to the European Community.

(5A) In relation to an international trade mark (EC) the reference in subsection (1)(c) to the completion of the registration procedure is to be construed as a reference to the publication by the European Union Intellectual Property Office of the matters referred to in Article 190(2) of the European Union Trade Mark Regulation.

(6) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated for the purposes of this section as if it were registered only in respect of those goods or services.”

8. The relevant period for proof of use of the marks in relation to the services for which the opponent has made a statement of use is 7 February 2014 to 6 February 2019.

9. The applicant has not provided any evidence that it was trading prior to the date on which it filed its application. Therefore, the application date, 6 February 2019, is the relevant date at which the opponent must demonstrate that it owned sufficient goodwill in the business identified by WATERMARK, in relation to the services relied upon, for the purposes of section 5(4)(a) of the Act.

10. The opponent’s evidence comes from its Director, Maxwell Thomas, who has held the position since the opponent’s incorporation in 1998. Mr Thomas’ first witness statement is dated 31 October 2019 and it adduces a single exhibit, MT1 which runs to 237 pages.

11. Mr Thomas states that the opponent and other companies within the Watermark Company Group have built over 350 homes over the past ten years under the WATERMARK brand. He states that, during the relevant period for proof of use, the opponent and other companies within the group had 4000 to 4400 customers in relation to holiday lets and house sales. During the relevant period, 26 properties were built under THE WATERMARK and WATERMARK brands. 99 residential homes were sold, including resales. The evidence shows that all the properties have been built at the Cotswold Water Park.

12. Mr Thomas gives turnover figures which he explains cover all aspects of the opponent’s business, including holiday lets, management of properties, leisure park facilities, construction, development and sale of residential and holiday properties:

Year ended	Turnover (£)
30.04.2014	1,922,641
30.04.2015	2,617,030
30.04.2016	3,804,546
30.04.2017	4,853,698
30.04.2018	2,071,637

13. Mr Thomas states that each of these years saw the opponent spend about £30,000 on marketing THE WATERMARK and WATERMARK. The opponent used a PR company, P1 Communications, to assist with marketing campaigns and the printing and circulation of branded brochures. Pages 1 to 109 of Exhibit MT1 comprise samples of PR activity reports from P1 Communications. Mr Thomas highlights page numbers as purportedly showing use of the mark in relation to holiday lets and construction, development and subsequent sale of residential and holiday properties. Some of the pages show screenshots of Facebook posts about Watermark at The Cotswolds Water Park. The report for June 2016 reveals a modest amount of interest; for example, one post reached 312 users and engaged 17, another reached 135 people. A total of 1,199 people were reached on Facebook in the month as a whole, with 138 new 'likes'. A video posted on Facebook in August 2016 was entitled "It's your home away from home. Your investment. Your weekend retreat...Watermark: Find out more about our homes for sale...". Mr Thomas states that the opponent's Facebook account has over 1000 followers (the screenshot of its Facebook page on page 135 shows use of Watermark); its Instagram account has nearly 300 followers (pages 131 to 134, showing Watermark); and its Twitter account has over 1,500 followers. The screenshot showing on page 136 shows Watermark Holidays.

14. In September 2016, a post under "Watermark, Cotswolds" showed a picture of a house by a lake and the title "Our selfbuild plots offer a unique opportunity to design your own bespoke home". Another said "Find our why holiday lodges at Watermark are as appealing in the autumn months as they are in the summer...". An article published on 9 September 2016 about living near waterfronts in the *Daily Mail* said "Holiday home developers have not been slow to pick up on the stress-busting qualities of a water-side environment. Watermark in the Cotswolds, a 90-minute drive

down the M4 from London, has been targeted at city types.” An article a few days later, published in the *Telegraph*, referred to a Watermark property called Super Grand Hampton, costing £850,000, with an annual service charge of £2,865 and ground rent of £1,580.

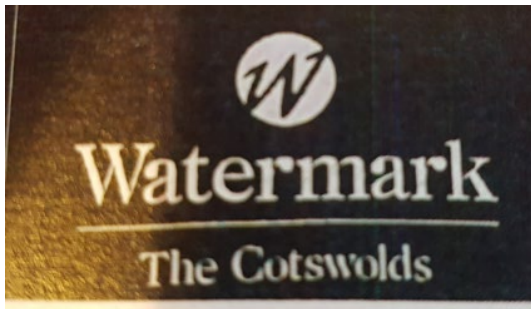
15. A Facebook post in October 2016 under the heading Watermark said “‘Try before you buy’ with a holiday at our Cotswolds lodges – if you decide to buy, the cost of your holiday will be deducted from the property purchase price”. A post in January 2017 said “At Watermark buyers can design their own homes...”. An article in *The Cheshire Magazine*, with a circulation of 20,500, began “Watermark is a private paradise of lakeside living within the Cotswolds; an elegant enclave of 66 private wooden-framed residences designated around five carp-filled lakes, two golf courses, a hotel and the Four Pillars world-reputed spa. ... Watermark created this luxurious paradise 20 years ago... The area is favoured by two types of people: the investor who is either seeking a healthy return on a second property or fabulous bolt hole, and the holiday visitor looking for a centrally-located, luxurious, child-friendly outdoors environment.”

16. An advertisement in the November 2014 issue of *Grand Designs* magazine referred to the Watermark development as allowing residency for up to eleven months a year. An article about new builds in the Cotswolds in *What House?* (unique monthly users 420,000) showed an interior photograph credited as Watermark and refers to an owner and manager of several properties on the Watermark development.

17. Mr Thomas exhibits brochures and flyers which he states have been distributed throughout the relevant period. He states that the brochures and flyers relate to holiday leisure services, construction and development of residential and holiday homes. The first brochure (page 137) is dated in 2005 and bears The Watermark in the following form:



and is entitled “Holidays and short breaks in the Cotswold lakes”. The brochure also shows use of the plain words The Watermark. Mr Thomas states that brochures have been printed and distributed throughout the relevant period and exhibits a copy of an invoice dated 7 December 2017 in relation to the second print run of the brochure which appear at pages 174 and 175, costing £1,537.20.² By this time, the mark is shown as:



18. The proof for a quarter-page advertisement to be shown in The Sunday Times on 29 March 2015 is exhibited at page 160:

² Page 176.

accord **PROOF FOR APPROVAL**
A4 single page PDF
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APPROVAL DEADLINE: Thursday, 19 Mar 15, 12:00pm
Brand name: Watermark Cotswolds Ltd
Baseline date: Sunday, 19 Mar 15
Sales type: CMV
PlacementID: 905147

Media name: THE SUNDAY TIMES
Sheet Count: page 1188 x 132 wvd
Order number: 41503861
Placement: Watermark Cotswolds - The Sunday



Lakeside Homes in the Cotswolds from £495,000

Large rooftop terrace with panoramic views of the lakes and countryside,
1660 sq ft with vaulted ceilings and 3 en-suite bedrooms

- 10 Lodges released in January and only 5 remaining
- Your holiday home 365 days a year
- Golf, Sailing, Spa & Gym, Water Skiing, Fishing

jules@watermarkcotswolds.com
01285 869031 watermarkcotswolds.com


Watermark
The Cotswolds

19. Page 165 of the exhibit shows either a flyer, a page from a brochure or an advertisement (undated) which refers to The Watermark as a collection of lakeside holiday homes in the Cotswolds, less than two hours drive from London and ‘gated, secure and fully managed”. Page 229 of the exhibit comprises an information page about the service charge, which covers the services provided under the bullet points, in addition to the leisure facilities outlined beneath the bullet points:

Service Charges on The Peninsula, The Landings, Summer Lake (four nominated members per lodge), Isis lakes & Windrush Lakes (two nominated members per lodge). Spring Lake owners have the option to join The Watermark Club.

This includes:

- 24 hour security
- Refuse collection
- Pest control
- Sewage system
- TV system
- Accounting costs
- Professional fees
- Grounds maintenance
- Misc repairs & equipment replacement
- Lake maintenance
- Managing agents' fees
- Electricity (on site - not individual lodge bills)
- Site manager costs
- Groundsmen's wages
- Site lighting

Owners on all the Watermark Lakes (except Spring Lakes, who can opt to join) enjoy membership to the Watermark Club via the service charge. These memberships are not transferable and apply to the nominees only. You get to enjoy the following activities:

De Vere Gym & Spa – Lodge owners have access to The Cotswolds De Vere Hotel and Spa facilities. All bookings must go through the Watermark Brasserie reception on Spring Lake, subject to availability.

The Gym – Lodge owners benefit from use of the gym. The fully air-conditioned gym, overlooking the ski lake, is equipped with the latest cardiovascular equipment and has a range of free weights. There are well equipped changing room facilities with lockers, showers and hairdryers.

Golf - As an owner, you are entitled to golf for the nominated members at either of the following golf courses up to 25 times per year. All golf can be booked up to seven days in advance for the nominated members and additional green fees can be booked at subsidised rates. All bookings should be made at the Watermark Brasserie reception on Spring Lake and are subject to availability. Tel: 01285 860606

Wrag Barn Golf Club - This is an 18-hole challenging golf course just outside the historic town of Highworth. A maximum 18 handicap is recommended to play here. Golf is not available before 12pm on Saturdays or Sundays and a strict dress code is operated for all golfers (golf shoes must be worn at all times on the course and jeans, trainers, tracksuit bottoms & collarless shirts are not allowed on course or in the clubhouse). All bookings must go through the Watermark Brasserie reception on Spring Lake, subject to availability.

South Cerney Golf Course - This 18 hole course is only a 5 minute drive from the resorts, on the outskirts of the village of South Cerney. All bookings must go through the Watermark Brasserie reception on Spring Lake, subject to availability.

20. Page 168 indicates that there are five lakes around which the opponent has built its properties and page 169 says that 'Summer Lake' is "Watermark's latest development", comprising 51 detached luxury lakeside holiday homes, offering " a unique opportunity to choose your plot and let us build your bespoke second home. Only 28 plots remaining, starting from £725,000". Pages 215 to 218 of the exhibits comprise architectural drawings or floor plans of the interior layouts for Summer Lake properties, from August 2017.

21. Pages 170 to 173 are said to comprise an example of the opponent's booking form for customers wishing to stay at the opponent's rental properties. I note that the production date of the form is dated 2008. However, page 212 comprises an email sent to a customer who had booked to stay in one of the opponent's properties for a month; this is dated 21 April 2016, at a cost of £1700. Mr Thomas states the screenshots from the opponent's website, watermarkcotswolds.com, shown between

pages 193 to 211 of the exhibit, date from February 2014 to February 2019. There is little evidence of any dating, although I notice that page 196 bears a copyright date of 2019. Although the screenshots from page 193 to 202 do not appear to have been obtained from the Internet Archive, the Wayback Machine, pages 203 to 211 have been obtained from the Wayback Machine and show use of Watermark on the screens on the following dates: 1 August 2014, 2 August 2014, 5 August 2015, 13 October 2015, 19 October 2016, 29 October 2016 and 20 July 2018. The information on the home page relates to being able to own a Watermark home or to rent one for a holiday.

22. The applicant challenged the opponent's evidence that it provides residential homes, as opposed to holiday homes. Ms Evans, the applicant's trade mark attorney, filed a witness statement dated 14 February 2020 exhibiting a screenshot (Exhibit CE2) from the website of the Cotswold District Council, along with the 'Guidance Notice for Holiday accommodation within Cotswold District mentioned in the screenshot.

23. Exhibit CE2 is undated. In essence, the document concerns restricted occupancy conditions for holiday accommodation developments in the Cotswolds "to ensure that the accommodation is not used as a principal or primary residence".

24. The opponent answered the applicant's challenge by way of a second witness statement from Mr Thomas, dated 5 May 2020. Mr Thomas states that the Cotswold District council did not place a blanket restriction upon local holiday home occupancy. He also states:

"Since the Cotswold District Council changed the occupation rules of second homes in our developments within the Cotswold Water Park to 365 days a year on 6 January 2015, a number of owners have opted to stay in their properties year-round and, effectively, treat them as their main home. In nearly all cases 100% rates are payable which is normally the distinction between a whole time living property and a second home where often a discount against the rates is applied."

Proof of use

25. In *Walton International Ltd & Anor v Verweij Fashion BV* [2018] EWHC 1608 (Ch) (28 June 2018), Arnold J. (as he then was) summarised the case law on genuine use of trade marks, referring to judgments from the Court of Justice of the European Union (“CJEU”):

“114. The CJEU has considered what amounts to “genuine use” of a trade mark in a series of cases: Case C-40/01 *Ansul BV v Ajax Brandbeveiliging BV* [2003] ECR I-2439, *La Mer* (cited above), Case C-416/04 P *Sunrider Corp v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [2006] ECR I-4237, Case C-442/07 *Verein Radetsky-Order v Bunderversammlung Kamaradschaft ‘Feldmarschall Radetsky’* [2008] ECR I-9223, Case C-495/07 *Silberquelle GmbH v Maselli-Strickmode GmbH* [2009] ECR I-2759, Case C-149/11 *Leno Merken BV v Hagelkruis Beheer BV* [EU:C:2012:816], [2013] ETMR 16, Case C-609/11 P *Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG* [EU:C:2013:592], [2014] ETMR, Case C-141/13 P *Reber Holding & Co KG v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:C:2014:2089] and Case C-689/15 *W.F. Gözze Frottierweberei GmbH v Verein Bremer Baumwollbörse* [EU:C:2017:434], [2017] Bus LR 1795.

115. The principles established by these cases may be summarised as follows:

(1) Genuine use means actual use of the trade mark by the proprietor or by a third party with authority to use the mark: *Ansul* at [35] and [37].

(2) The use must be more than merely token, that is to say, serving solely to preserve the rights conferred by the registration of the mark: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Leno* at [29]; *Centrotherm* at [71]; *Reber* at [29].

(3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end user by enabling him to distinguish the goods or services from

others which have another origin: Ansul at [36]; Sunrider at [70]; Verein at [13]; Silberquelle at [17]; Leno at [29]; Centrotherm at [71]. Accordingly, affixing of a trade mark on goods as a label of quality is not genuine use unless it guarantees, additionally and simultaneously, to consumers that those goods come from a single undertaking under the control of which the goods are manufactured and which is responsible for their quality: Gözze at [43]-[51].

(4) Use of the mark must relate to goods or services which are already marketed or which are about to be marketed and for which preparations to secure customers are under way, particularly in the form of advertising campaigns: Ansul at [37]. Internal use by the proprietor does not suffice: Ansul at [37]; Verein at [14] and [22]. Nor does the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter: Silberquelle at [20]-[21]. But use by a non-profit making association can constitute genuine use: Verein at [16]-[23].

(5) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, that is to say, use in accordance with the commercial *raison d'être* of the mark, which is to create or preserve an outlet for the goods or services that bear the mark: Ansul at [37]-[38]; Verein at [14]; Silberquelle at [18]; Centrotherm at [71]; Reber at [29].

(6) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including: (a) whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods and services in question; (b) the nature of the goods or services; (c) the characteristics of the market concerned; (d) the scale and frequency of use of the mark; (e) whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them; (f) the evidence that the proprietor is able to provide; and (g) the territorial extent of the use: Ansul at [38] and [39]; La Mer at [22]-[23]; Sunrider at [70]-[71], [76]; Leno at [29]-[30], [56]; Centrotherm at [72]-[76]; Reber at [29], [32]-[34].

(7) Use of the mark need not always be quantitatively significant for it to be deemed genuine. Even minimal use may qualify as genuine use if it is deemed to be justified in the economic sector concerned for the purpose of creating or preserving market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor. Thus there is no de minimis rule: *Ansul* at [39]; *La Mer* at [21], [24] and [25]; *Sunrider* at [72] and [76]-[77]; *Leno* at [55].

(8) It is not the case that every proven commercial use of the mark may automatically be deemed to constitute genuine use: *Reber* at [32].”

26. The onus is on the opponent, as the proprietor of the earlier marks, to show use because Section 100 of the Act states:

“If in any civil proceedings under this Act a question arises as to the use to which a registered trade mark has been put, it is for the proprietor to show what use has been made of it.”

27. The opponent’s evidence could have been better marshalled; for example, there is a fair amount of repetition and there is a lack of breakdown of the turnover figures to reflect the different services claimed. However, these flaws are not necessarily fatal to the opponent’s case. An assessment of genuine use is a global assessment, which includes looking at the evidential picture as a whole, not whether each individual piece of evidence shows use by itself.³

28. The opponent’s evidence shows that it has built 350 properties over the past ten years and that there were 4000 to 4400 customers in relation to holiday lets and house sales during the relevant period, with 26 properties being built during the relevant period. This shows that the bulk of properties were built previously to the relevant period, but I consider the 26 properties to reflect continuation of the opponent’s trade

³ Case T-415/09, *New Yorker SHK Jeans GmbH & Co. KG v OHIM*, GC.

in which there was a greater deal of activity at an earlier stage to get the business up and running (to develop the site). Although the properties are all at one location, that is not a bar to a finding of genuine use. For example, famous individual shops and hotels in London are in only one location (such as Claridge's and Harrods). The evidence shows that the opponent markets its properties and holiday lets in the national press and that it particularly targets people who live in London, since the properties are near enough to be weekend retreats or holiday lets. £30,000 per year was spent on advertising, which is not an insignificant amount, and the evidence shows that the marketing took place regularly, throughout each year.

29. The applicant submits that if there has been use of the opponent's marks in class 37, it is in relation to construction and development of holiday properties, not residential properties. The evidence shows that the opponent's properties appear as conventional houses; that is to say, they do not look like chalets or other types of holiday homes, such as large static caravan styles. The article in *The Telegraph*, in September 2016, referred to the Hampton costing £850,000. A Facebook post in January 2017 stated that buyers can design their own homes, and the page from a brochure, at page 168 of Mr Thomas' exhibit, refers to Watermark's 'latest development' offering a unique opportunity to choose a plot and build a bespoke second home at Summer Lake. Although this is undated, architectural plans from 2017 are shown in relation to the Summer Lake plots, which dates the brochure within the relevant period. In September 2016, a Facebook post referred to selfbuild plots with the opportunity to design a bespoke home. The applicant's undated evidence about the local council imposing occupancy restrictions was answered by the opponent, showing that within the relevant period (2015), the restrictions were lifted, allowing occupancy 365 days a year. Putting the evidence together as a whole, I consider that there has been genuine use in relation to *construction and development of residential and holiday properties*, in Class 37.

30. In relation to the class 36 services relied upon, management of property and accommodation, I note that the article in *The Telegraph* referred to an annual service charge of £2,865 and ground rent of £1,580. The services provided are shown in paragraph 19 of this decision. However, I also note that, at page 174 of the exhibit, it is stated that "Watermark is fully managed and maintained by Mainstay, our on-site

team, offering professional support round-the-clock”. That raises the question as to whether the opponent has made use of its marks, as opposed to Mainstay; and, whether it can be said that the opponent has maintained or created a share in the market for management of property and accommodation. There is very little evidence about these claimed services which would show that it is The Watermark (or Watermark), as opposed to Mainstay, which consumers regard as responsible for the services covered by the service charge. There are third-party invoices raised for e.g. repair services, addressed to an individual at Watermark (pages 23 to 228 of the Exhibit), but they specify that the owner is to pay, not the opponent. It looks more as though the opponent has acted as a conduit for the third party to provide its services to the owner. Managing properties which are holiday lets is part and parcel of the opponent’s holiday accommodation business; it is not the maintenance or creation of a place in the market for managing properties and accommodation of which others can avail themselves. I find that there are too many gaps in the evidence to find that the opponent can rely on *management of property and accommodation*, in Class 36.⁴

31. The applicant submits that if there has been use, it is not of the mark as registered or an acceptable variant. It is true that the evidence shows that early use of the opponent’s mark, prior to the relevant period, was The Watermark (or a mildly stylised version of it), but that use within the relevant period was of Watermark.

32. In *Nirvana Trade Mark*, BL O/262/06, Mr Richard Arnold Q.C. (as he then was) as the Appointed Person summarised the test under s.46(2) of the Act as follows:

"33. The first question [in a case of this kind] is what sign was presented as the trade mark on the goods and in the marketing materials during the relevant period...

34. The second question is whether that sign differs from the registered trade mark in elements which do not alter the latter’s distinctive character. As can be seen from the discussion above, this second question breaks down in the sub-

⁴ *Awareness Limited v Plymouth City Council*, O/236/13 Mr Daniel Alexander QC, sitting as the Appointed Person.

questions, (a) what is the distinctive character of the registered trade mark, (b) what are the differences between the mark used and the registered trade mark and (c) do the differences identified in (b) alter the distinctive character identified in (a)? An affirmative answer to the second question does not depend upon the average consumer not registering the differences at all."

33. The distinctive character of the registered mark lies in the whole, but Watermark is by far the most dominant and distinctive part of 'The' and 'Watermark'. It is 'The' which is absent from the mark in use.

34. In *Hyphen GmbH v EU IPO*, Case T-146/15, the General Court set out the following approach to the assessment of whether the addition of additional components is likely to alter the form of the registered mark to a material extent (my emphasis):

"28. ..a finding of distinctive character in the registered mark calls for an assessment of the distinctive or dominant character of the components added, on the basis of the intrinsic qualities of each of those components, as well as on the relative position of the different components within the arrangement of the trade mark (see judgment of 10 June 2010, *ATLAS TRANSPORT*, T-482/08, not published, EU:T:2010:229, paragraph 31 and the case-law cited; judgments of 5 December 2013, *Maestro de Oliva*, T-4/12, not published, EU:T:2013:628, paragraph 24, and 12 March 2014, *Borrajo Canelo v OHIM — Tecnoazúcar (PALMA MULATA)*, T-381/12, not published, EU:T:2014:119, paragraph 30).

29 For the purposes of that finding, account must be taken of the intrinsic qualities and, in particular, the greater or lesser degree of distinctive character of the [registered] mark used solely as part of a complex trade mark or jointly with another mark. The weaker the distinctive character, the easier it will be to alter it by adding a component that is itself distinctive, and the more the mark will lose its ability to be perceived as an indication of the origin of the good. The reverse is also true (judgment of 24 September 2015, *Klement v OHIM* —

Bullerjan (Form of an oven), T-317/14, not published, EU:T:2015:689, paragraph 33).

30 It has also been held that where a mark is constituted or composed of a number of elements and one or more of them is not distinctive, the alteration of those elements or their omission is not such as to alter the distinctive character of that trade mark as a whole (judgment of 21 January 2015, *Sabores de Navarra v OHIM — Frutas Solano (KIT, EL SABOR DE NAVARRA)*, T-46/13, not published, EU:T:2015:39, paragraph 37 and the case-law cited).

31 It must also be remembered that, in order for the second subparagraph of Article 15(1)(a) of Regulation No 207/2009 to apply, the additions to the registered mark must not alter the distinctive character of the mark in the form in which it was registered, in particular because of their ancillary position in the sign and their weak distinctive character (judgment of 21 June 2012, *Fruit of the Loom v OHIM — Blueshore Management (FRUIT)*, T-514/10, not published, EU:T:2012:316, paragraph 38).

32 It is in the light of those considerations that it must be determined whether the Board of Appeal was correct in finding, in paragraph 9 of the contested decision, that it had not been proven that the European Union trade mark rights had been used in a manner so as to preserve them either in the form registered or in any other form that constituted an allowable difference in accordance with the second subparagraph of Article 15(1)(a) of Regulation No 207/2009.”

35. These findings indicate that the relative distinctiveness of the registered mark and the components added to (or omitted from) it in use are relevant factors to take into account in the required assessment. The applicant submits that the omission of ‘The’ makes a difference because it no longer refers to a definitive, specific Watermark. If the common element was weak, then the addition of ‘The’ might make a difference; for example, ‘Jeans’ or ‘The Jeans’, the latter being a statement that the jeans are the ones to have, the ‘definitive’ jeans. I think the reality is that the average consumer will regard Watermark as indicating the same trade origin as The Watermark because the

omission of 'The' does not alter the distinctive character of the mark: Watermark is the element which gives the mark as a whole its distinctive character.

36. Consequently, I find that the opponent may rely only upon its earlier mark 2408316 THE WATERMARK in relation to *construction and development of residential and holiday properties*, in Class 37.

37. I have set out the opponent's pleaded case at the start of this decision. To recap, the opponent relied upon 2387534 for management of property and accommodation to oppose the applicant's class 36 services. It did not rely upon 2408316 to oppose the applicant's class 36 services; this mark was relied upon only to oppose the applicant's class 37 services. As the opponent may not rely upon 2387534, which was the only earlier registration relied upon against the applicant's class 36 services, the opposition against the applicant's class 36 services fails as it has no basis. I note that the table in the opponent's written submissions in lieu of a hearing, at paragraph 21, appears to indicate that its opposition to both of the applicant's classes was based upon both of its earlier marks. This is not what was pleaded and cannot be considered any further. The opponent did not attend the hearing, so it was not possible for me to ask it about this anomaly.

Section 5(2)(b) of the Act

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

“(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.”

39. The following principles are gleaned from the decisions of the CJEU 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 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 might believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

Comparison of services

40. In comparing the respective specifications, all relevant factors should be considered, as per *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc.* where the CJEU stated at paragraph 23 of its judgment:

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

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

“82 ... there is a close connection between [the goods], 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...”.

42. Additionally, the criteria identified in *British Sugar Plc v James Robertson & Sons Limited (“Treat”)* [1996] R.P.C. 281 for assessing similarity between goods and services also include an assessment of the channels of trade of the respective goods or services.

43. In *YouView TV Ltd v Total Ltd* [2012] EWHC 3158 (Ch) at [12] Floyd J said:

“... 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.”

44. The parties' respective services are:

Earlier mark	Application
Construction and development of residential and holiday properties.	Construction and development of residential and commercial property.

45. The opponent's 'construction and development of residential properties' is identical to the applicant's 'construction and development of residential property'.

46. There is a high degree of similarity between the opponent's 'construction and development of residential and holiday properties' and the applicant's 'construction and development of commercial property'. Whilst the uses of the buildings may differ, the parties' services share the same nature: they are property construction services. They also share purpose: to develop and build properties. They may share the same trade channels, with developers and building contractors building residential, holiday and commercial property, depending on the contract. Both parties' services will entail site surveys, drawing up of architectural plans, internal fitting, and adherence to building and planning regulations.

The average consumer and the purchasing process

47. The average consumer is deemed to be reasonably well informed and reasonably observant and circumspect. For the purpose of assessing the likelihood of confusion, it must be borne in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question: *Lloyd Schuhfabrik Meyer*, Case C-342/97.

48. The selection of the parties' services will entail a high level of attention as the building of residential, holiday and commercial properties is expensive, entails many planning and fitting decisions and the customer will be concerned about the build quality both for their use and for future value. The purchasing process will be primarily visual, as shown in the opponent's evidence: on the basis of the website, brochures, flyers and a visit to the location to inspect plans and documents. However, there could

also be an aural aspect to the decision; for instance, word of mouth recommendations and telephone enquiries.

Comparison of marks

49. 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 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.”

50. It is necessary to take into account the distinctive and dominant components of the marks and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions created by the marks.

51. The marks to be compared are:

Opponent's mark	Applicant's mark
THE WATERMARK	Watermark Homes

52. As already found earlier in this decision, WATERMARK is the dominant and distinctive component of the opponent's mark. It is this component which gives the mark its overall impression. Ms Evans accepted that WATERMARK is the dominant

element. Watermark is also the distinctive and dominant component of the applicant's mark, Homes being descriptive. It is Watermark which carries the most weight in creating the overall impression of the applicant's mark.

53. The marks are visually and aurally similar to between a medium and high degree. The longest and most dominant component in each mark is Watermark, the other words being much shorter. The focus on pronunciation of the earlier mark will be on the word WATERMARK, not on THE; and Watermark is the first word which will be heard in the later mark. There is a degree of conceptual difference because the applicant's mark contains the concept of 'homes', which is absent from the earlier mark. However, this is a descriptive word. I do not think that the addition of the definite article in the earlier mark detracts from the fact that the shared dominant concept of both marks is WATERMARK (a faint marking within paper which can be seen against the light). The marks are conceptually similar to a high degree.

Distinctive character of the earlier mark

54. In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV* the CJEU stated that:⁵

“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

⁵ Case C-342/97.

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).”

55. At the hearing, Ms Evans accepted that the earlier mark is inherently distinctive. I agree. It is a dictionary word which does not have any meaning or allusion in relation to the services for which it is registered. I find that it has a medium level of inherent distinctive character.

56. Despite the volume of evidence, I cannot find that the opponent can rely upon an enhanced distinctive character acquired through use. There is no indication as to the size of the housing market, which must be great, by any standards. The volume of properties sold is not high and the Facebook engagement is also at a modest level. It is not possible to say what proportion of the turnover is attributable to the construction and development services. The opponent is not entitled to rely upon an enhanced level of distinctive character through use made of the mark.

Likelihood of confusion

57. Deciding whether there is a likelihood of confusion is not scientific; it is a matter of considering all the factors, weighing them and looking at their combined effect, in accordance with the authorities set out earlier in this decision. One of those principles states that a lesser degree of similarity between goods and services may be offset by a greater degree of similarity between the trade marks, and vice versa. I have found the services to be identical and highly similar and the marks to be visually and aurally similar to a medium to high degree, and conceptually highly similar. The earlier mark has a medium level of distinctive character. These are all factors pointing in the opponent’s favour.

58. The factor which points in the applicant’s favour is that the services will be purchased with a high degree of attention. This could militate against a likelihood of

confusion. However, even with a close inspection, it is my conclusion that the average consumer will conclude that the differences between the marks do not indicate different undertakings. 'Homes' is descriptive in the context of construction, particularly residential construction, and the addition of 'THE' is unremarkable. If these additional elements are not much noted, which is likely, there will be direct confusion. If they are noted, their banality will simply lead the average consumer to conclude that the marks are branding variations used by the same or linked undertakings. There is a likelihood of confusion under section 5(2)(b) of the Act.

59. For completeness, I will add here that even if I had found that the opponent could rely upon management of property and accommodation, it would not have improved the outcome under section 5(2)(b) for the opponent. The opponent had only pleaded the earlier right which covers management of property and accommodation against the applicant's class 36 services, *investment services relating to residential and commercial property*. I cannot see any meaningful similarity between the services within the parameters of the caselaw cited earlier in this decision and there is no explanation from the opponent as to why they are similar. There would be no likelihood of confusion.

Section 5(2)(b) outcome

60. The opposition under section 5(2)(b) succeeds against the applicant's class 37 services but fails against the applicant's class 36 services.

Section 5(4)(a) of the Act: passing off

61. Section 5(4)(a) states:

"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, or

(b)...

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of “an earlier right” in relation to the trade mark.”

62. The three elements which the opponent must show are well known. 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).”

63. Guidance is given in paragraphs 184 to 188 of Halsbury’s Laws of England (4th Edition) Vol. 48 (1995 reissue) 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."

64. The date when the applicant applied to register its trade mark, 6 February 2019, is the relevant date for the purposes of section 5(4)(a) of the Act.

65. 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.”

66. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O/410/11, Mr Daniel Alexander QC, sitting as the Appointed Person, said, in connection with sufficiency of evidence:

“17. Key does not dispute the correctness of these principles or criticise the Hearing Officer for applying them. Instead, relying on the decision of Richard Arnold QC, Appointed Person, in *Pan World Brands v. Tripp (Pan World)* [2008] RPC 2, Key submits that if evidence is given about goodwill which is not obviously incredible and is unchallenged by countervailing evidence or by cross-examination, it is not open to the Hearing Officer to reject it. Key refers to Tribunal Practice Note TPN 5/2007 which is to similar effect. Key submits that this is the position here and that the Hearing Officer was therefore wrong to have concluded that Key's goodwill was insufficient to found a s.5(4)(a) attack. It is therefore necessary first to consider what *Pan World* was and was not saying.

18. In *Pan World*, the Appointed Person said that, although documentary records of use were not required, mere assertion of use of a mark by a witness did not constitute evidence sufficient to defeat an application for revocation for non-use (see [31]). He did not regard a tribunal evaluating the evidence as bound to accept everything said by a witness without analysing what it amounts to. He pointed out at [37] that Hearing Officers were entitled to assess evidence

critically and referred to the observations of Wilberforce J in *NODOZ Trade Mark* [1962] RPC 1 at 7:

“...in a case where one single act is relied on it does seem to me that that single act ought to be established by, if not conclusive proof, at any rate overwhelmingly convincing proof. It seems to me that the fewer the acts relied on the more solidly ought they to be established.”

19. *Pan World* and *NODOZ* were applications for revocation for non-use. The approach to use is not the same as in a s.5(4)(a) case. As Floyd J said in *Minimax*, it is possible for a party to have made no real use of a mark for a period of five years but to retain goodwill sufficient to support a passing off action. Conversely, use sufficient to prevent revocation for non-use may be insufficient to found a case of passing off.

20. However, the approach to evaluation of evidence of use is similar: the less extensive the evidence of use relied on, the more solid it must be. The Registrar is not obliged to accept – and in some circumstances may be obliged to reject – a conclusory assertion by a witness that it has a given goodwill at the relevant date or that the use by a third party of a similar mark would amount to misrepresentation, when the material relied upon in support does not bear that out.

21. That point was also made by Laddie J in *DIXY FRIED CHICKEN TM* [2003] EWHC 2902 (Ch) and, more recently, in *Williams and Williams v. Canaries Seaschool SLU (CLUB SAIL)* [2010] RPC 32, Geoffrey Hobbs QC, Appointed Person, said at [38]:

“...it is not obligatory to regard the written evidence of any particular witness as sufficient, in the absence of cross-examination, to establish the fact or matter (s)he was seeking to establish.”

22. Overall, the adequacy of evidence falls to be assessed by reference to the Lord Mansfield’s aphorism from *Blatch v. Archer* (1774) 1 Cowp 63 at 65, cited,

inter alia by Lord Bingham in *Fairchild v. Glenhaven Financial Services Ltd* [2002] UKHL 22 [2203] 1 AC 32 and in *CLUB SAIL*:

“...all evidence is to be weighed according to the proof which it was in the power of one side to have produced, and in the power of the other to have contradicted.”

67. The pleadings under section 5(4)(a) are wider than those under section 5(2)(b): the opponent relies upon ‘Management of property and accommodation; renting and leasing of accommodation and property; construction and development of residential and holiday properties’ against all of the applicant’s services.

68. I have not found any use by the opponent in relation to management of property and accommodation and certainly no use that would indicate that goodwill in the provision of such services would accrue to the opponent. It may not rely upon these services.

69. At the hearing, Ms Evans conceded that the opponent has goodwill in rental and leasing of accommodation and property. I consider that the opponent’s evidence also shows that there is goodwill attached to the opponent’s business in construction and development of residential and holiday properties by association with the sign WATERMARK. Although the turnover figures are not segmented between the various services, my analysis of the evidence earlier in this decision applies here, too. The opponent has had a continuous business of residential property construction and development in the Cotswold Water Park for well over 15 years prior to the relevant date and has sold a number of properties using the sign WATERMARK. The opponent’s reach has not been confined to the locality of the Cotswolds; its advertising has been national and it clearly targets potential clients based in London. The circumstances are comparable to those in *Student Union Lettings Limited v Essex Student Lets Limited* [2018] EWHC 419 (IPEC) in which it was found that the customers (the students) would come from various parts of the UK and goodwill would therefore not be limited to the respective localities of the parties providing the letting services (Leicester and Essex).

70. A substantial number of its customers would believe that the applicant's services under its mark Watermark Homes were provided by the opponent. Damage would inevitably follow.⁶ The passing off claim succeeds in relation to the identical and highly similar services for which the section 5(2)(b) ground succeeded.

71. That leaves the applicant's class 36 services, for which the section 5(2)(b) ground failed. There is no requirement under section 5(4)(a) that the services be similar, although the further the distance between them, the more of a task the opponent faces to prove misrepresentation and damage. In *Harrods Limited v Harroddian School Limited* [1996] RPC 697 (CA), Millet L.J. made the following findings about the lack of a requirement for the parties to operate in the a common field of activity, and about the additional burden of establishing misrepresentation and damage when they do not:

“There is no requirement that the defendant should be carrying on a business which competes with that of the plaintiff or which would compete with any natural extension of the plaintiff's business. The expression “common field of activity” was coined by *Wynn-Parry J. in McCulloch v. May* (1948) 65 R.P.C. 58, when he dismissed the plaintiff's claim for want of this factor. This was contrary to numerous previous authorities (see, for example, *Eastman Photographic Materials Co. Ltd. v. John Griffiths Cycle Corporation Ltd.* (1898) 15 R.P.C. 105 (cameras and bicycles); *Walter v. Ashton* [1902] 2 Ch. 282 (The Times newspaper and bicycles) and is now discredited. In the *Advocaat* case Lord Diplock expressly recognised that an action for passing off would lie although “the plaintiff and the defendant were not competing traders in the same line of business”. In the *Lego case Falconer J.* acted on evidence that the public had been deceived into thinking that the plaintiffs, who were manufacturers of plastic toy construction kits, had diversified into the manufacture of plastic irrigation equipment for the domestic garden. What the plaintiff in an action for passing off must prove is not the existence of a common field of activity but likely confusion among the common customers of the parties.

⁶ *W.S. Foster & Son Limited v. Brooks Brothers UK Limited* [2013] EWPC 18, paragraph 55.

The absence of a common field of activity, therefore, is not fatal; but it is not irrelevant either. In deciding whether there is a likelihood of confusion, it is an important and highly relevant consideration

‘...whether there is any kind of association, or could be in the minds of the public any kind of association, between the field of activities of the plaintiff and the field of activities of the defendant’:

Annabel's (Berkeley Square) Ltd. v. G. Schock (trading as Annabel's Escort Agency) [1972] R.P.C. 838 at page 844 per Russell L.J.

In the *Lego case Falconer J.* likewise held that the proximity of the defendant's field of activity to that of the plaintiff was a factor to be taken into account when deciding whether the defendant's conduct would cause the necessary confusion.

Where the plaintiff's business name is a household name the degree of overlap between the fields of activity of the parties' respective businesses may often be a less important consideration in assessing whether there is likely to be confusion, but in my opinion it is always a relevant factor to be taken into account.

Where there is no or only a tenuous degree of overlap between the parties' respective fields of activity the burden of proving the likelihood of confusion and resulting damage is a heavy one. In *Stringfellow v. McCain Foods (G.B.) Ltd.* [1984] R.P.C. 501 Slade L.J. said (at page 535) that the further removed from one another the respective fields of activities, the less likely was it that any member of the public could reasonably be confused into thinking that the one business was connected with the other; and he added (at page 545) that

‘even if it considers that there is a limited risk of confusion of this nature, the court should not, in my opinion, readily infer the likelihood of resulting damage to the plaintiffs as against an innocent defendant in a completely different line of business. In such a case the onus falling on plaintiffs to

show that damage to their business reputation is in truth likely to ensue and to cause them more than minimal loss is in my opinion a heavy one.’

In the same case Stephenson L.J. said at page 547:

‘...in a case such as the present the burden of satisfying Lord Diplock's requirements in the *Advocaat* case, in particular the fourth and fifth requirements, is a heavy burden; how heavy I am not sure the judge fully appreciated. If he had, he might not have granted the respondents relief. When the alleged “passer off” seeks and gets no benefit from using another trader's name and trades in a field far removed from competing with him, there must, in my judgment, be clear and cogent proof of actual or possible confusion or connection, and of actual damage or real likelihood of damage to the respondents' property in their goodwill, which must, as Lord Fraser said in the *Advocaat* case, be substantial.’ ”

72. In *LUMOS* [2013] EWCA Civ 590, Lord Justice Lloyd observed:

“If the same mark is used in relation to goods of two entirely different natures, of kinds which no ordinary person would suppose could be connected, then the use of the mark by one party is unlikely to be found to amount to a representation that its goods are from the same trade origin as those of the other user. If the Defendants had used the mark LUMOS in relation to, let us say, electric lights or light fittings, then it might be fair to say that no-one would suppose that the use of the same mark suggested that such goods came from the same source as the Claimant's skincare products. (Compare the unsuccessful attempt by Granada Television to prevent Ford from selling a car under the name Granada: *Granada Group Ltd v Ford Motor Company Ltd* [1973] RPC 49.) The Defendants sought to show that the skin care and nail care sectors of the beauty industry are quite distinct, but they cannot be said to be so distinct and separate that no-one could suppose that the use of the same mark in both sectors carried a representation of common origin or business association. For one thing, that is belied by the evidence that some well-known brand names are used in both sectors, as already mentioned.”

73. I also consider, in this case, that the construction and development sector is not so distinct from property investment. The opponent's evidence is peppered with encouragement from the opponent to potential customers to buy one of its properties as an investment, as well as for a relaxing retreat. Press articles picked up on the investment potential. Property developments are seen as investments and investment from third parties is often needed to get the development off the ground. I note that the applicant itself seeks to register its mark for both its property construction and development services and for its property investment services. Given the closeness of the applicant's mark to the opponent's sign in relation to which it has goodwill for construction and development of residential and holiday properties, I consider that the use of the application would create a misrepresentation that the parties' services had a common origin or business association and damage would follow.

74. The section 5(4)(a) ground succeeds against all of the applicant's services.

Overall outcome

75. The opposition succeeds in full.

Costs

76. The opponent has been successful and is entitled to a contribution towards its costs. These are usually based upon the scale of costs, published in Tribunal Practice Notice 2/2016. The opponent has submitted:

“...the Opponent requests that ... the Applicant [is] ordered to bear the costs and fees of these proceedings on an off-scale basis, taking into account the amendment and re-filing of the Applicant's TM8 and counterstatement as well as the Opponent's time in dealing with the CMC and the resulting amendment and re-filing of the Applicant's evidence and submissions”.

77. The case management conference (“CMC”) was appointed as a result of the opponent's objection to the applicant's evidence because it contained a mixture of fact

and submission, the latter having no place in a witness statement since the opponent would have to deal with it in evidence in reply. Moreover, the opponent objected that the deponent (Ms Evans) was not in a position to give evidence about the opponent.

78. The Tribunal gave its view that the evidence was admissible; that any submissions contained within the witness statement would be treated as such by the Hearing Officer; and that the Hearing Officer would decide what weight to give to the statements of fact.

79. Although evidence should not contain submissions, it is a feature of this Tribunal, and doubtless others, that parties' evidence often does contain a mixture of fact and submission. Hearing Officers are used to differentiating between them and to weighing the facts that are contained in witness statements. None of this is unusual.

80. However, the opponent was not satisfied with the approach and so a CMC was appointed, which I held. Since the parties were before me, I took the opportunity to direct that Ms Evans, for the applicant, separate her facts from her submissions and refile them as separate documents, which she subsequently did. I also took the opportunity to point out to the opponent's representative that the opponent's section 3(6) ground, as pleaded, was unsustainable in the light of *Sky Plc & Ors v Skykick UK Ltd & Anor*, Court of Justice of the European Union, case C-371/18. The opponent had not sought to withdraw the ground until I pointed this out. Without that withdrawal, the applicant would have had to file evidence to meet the allegation of bad faith. In the circumstances, I consider the CMC to be a score-draw and no costs for it are awarded to either side.

81. The opponent's other reason for requesting off-scale costs was because the applicant's TM8 and counterstatement had required amending and re-filing. Again, this is not unusual before this Tribunal. The issues raised by the Tribunal were i) that the applicant had not specified for which of the opponent's services it required proof of use; and ii) its denial of the section 3(6) ground required more explanation. An amended counterstatement was duly filed. Such situations are the very reason why there is a scale of costs. In *AMARO GAYO COFFEE*, BL O/257/18, Mr Geoffrey Hobbs QC, sitting as the Appointed Person, explained:

“The long established practice in Registry proceedings is to require payment of a contribution to the costs of a successful party, with the amount of the contribution being determined by reference to published scale figures. The scale figures are treated as norms to be applied or departed from with greater or lesser willingness according to the nature and circumstances of the case. The use of scale figures in this way makes it possible for the decision taker to assess costs without investigating whether or why there are: (a) disparities between the levels of costs incurred by the parties to the proceedings in hand; or (b) disparities between the levels of costs in those proceedings and the levels of costs incurred by the parties to other proceedings of the same or similar nature. The award of costs is required to reflect the effort and expenditure to which it relates without inflation for the purpose of imposing a financial penalty by way of punishment on the paying party.”

82. The present case does not warrant off-scale costs. Accordingly, I award costs from the scale to the opponent on the following basis:

Official fee	£200
Preparing the notice of opposition and considering the defence and counterstatement	£350
Filing evidence and considering and commenting on the applicant’s evidence	£1000
Written submissions in lieu of a hearing	£300
Total	£1850

83. I order Watermark Homes Limited to pay to Watermark Leisure Group Limited the sum of **£1850**. This sum is to be paid within twenty-one days 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 27th day of August 2020

Judi Pike

For the Registrar,

the Comptroller-General