

O/1189/23

TRADE MARKS ACT 1994

**IN THE MATTER OF REGISTRATION NO.
UK00003536824 BY CANE & GRAIN INTERNATIONAL LTD
FOR THE FOLLOWING TRADE MARK:**

CANE & GRAIN INTERNATIONAL

**AS A TRADE MARK IN CLASS 33
AND
AN APPLICATION FOR A DECLARATION OF INVALIDITY
UNDER NO 505051
BY WHYTE AND MACKAY LIMITED**

BACKGROUND AND PLEADINGS

1. Cane & Grain International Ltd (“the proprietor”) applied to register the trade mark shown on the cover page of this decision (“the proprietor’s mark”) in the UK on 24 September 2020. It was registered on 19 March 2021 in respect of the following goods:

Class 33: *Distilled spirits*

2. On 28 June 2022, Whyte and Mackay Limited (“the applicant”) filed an application to invalidate the proprietor’s trade mark under section 47 of the Trade Marks Act (“the Act”). The applicant relies upon section 5(2)(b) of the Act. The invalidation is directed at the registration in its entirety. The applicant relies on the following trade mark:

CANE AND GRAIN

UK registration no.3476150

Filing date 19 March 2020; date of entry in register 9 August 2020

Relying on the following goods:

Class 33: *Scotch whisky; Scotch whisky based liqueurs.*

3. The applicant claims that there is a likelihood of confusion because the proprietor’s mark is similar to its own mark and the respective goods are either identical or substantially identical.¹ The applicant filed a defence and counterstatement denying the claims made.

4. The applicant is represented by Murgitroyd & Company; the proprietor is represented by Harper Macleod LLP. The proprietor filed evidence. The applicant filed submissions. No hearing was requested. The applicant filed submissions in lieu of a hearing.

¹ Form TM26(I), question 5

5. Although the UK has left the EU, section 6(3)(a) of the European Union (Withdrawal) Act 2018 requires tribunals to apply EU-derived national law in accordance with EU law as it stood at the end of the transition period. The provisions of the Act relied on in these proceedings are derived from an EU Directive. This is why this decision continues to make reference to the trade mark case-law of EU courts.

EVIDENCE

6. As set out above, only the proprietor filed evidence in these proceedings. The proprietor's evidence came in the form of the witness statement of Mr Brian Woods dated 6 April 2023, and was accompanied by 1 exhibit. Mr Woods is the Managing Director of the proprietor. The exhibit is of an invoice that was issued by a consultancy firm that the proprietor states was appointed to design a logo for the proprietor's mark. I do not intend to summarise the evidence or the parties' submissions in full at this stage. However, I have taken them all into consideration in reaching my decision and will refer to them below, where necessary.

PRELIMINARY ISSUES

7. In its witness statement and its counterstatement the proprietor makes a number of submissions that I will address briefly here. The proprietor states the applicant was notified when they applied for the mark, discussions were entered into between the parties and the proprietor is relying on the cancellation applicant choosing not to oppose the application as "*evidence that the opponent itself did not consider that the two trademarks were similar and/or did not consider that the two trademarks were registered in respect of identical or similar goods*". The fact that the applicant has chosen to apply for invalidation of the proprietor's mark rather than opposition proceedings does not indicate that the applicant did not determine that the goods and marks were similar or identical. It is entirely the applicant's choice whether it decides to raise an invalidation or opposition proceedings for a registered mark, and instigation of the invalidation proceedings indicates that the applicant does consider that there is a likelihood of confusion.

8. The proprietor claims that it has been using its mark before the date of application, but gives no information on the extent of any use or when it occurred. Therefore, this argument does not assist the proprietor.

9. Finally, whilst the proprietor recognises in its counterstatement evidence has not been requested of the applicant's mark as it is not subject to proof of use provisions, as it completed its registration less than five years before the registration date of the proprietor's mark. The proprietor submits that "*the opponent is not actually making any use of the trade mark upon which its cancellation proceedings rely*". As correctly stated by the proprietor, the mark is not subject to proof of use and, therefore, this is irrelevant.

Section 5(2)(b): legislation and case law

10. Section 5(2)(b) has application in invalidation proceedings pursuant to section 47 of the Act, which reads as follows:

"47. (1) [...]

(2) Subject to subsections (2A) and (2G), the registration of a trade mark may be declared invalid on the ground-

(a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or

(b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.

(2ZA) [...]

(2A) The registration of a trade mark may not be declared invalid on the ground that there is an earlier trade mark unless –

(a) the registration procedure for the earlier trade mark was completed within the period of five years ending with the date of the application for the declaration,

(b) the registration procedure for the earlier trade mark was not completed before that date, or

(c) the use conditions are met.

(5) Where the grounds of invalidity exist in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

(5A) [...]

(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made:

Provided that this shall not affect transactions past and closed.”

11. Section 5(2)(b) of the Act reads as follows:

“(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 or association with the earlier trade mark.”

12. 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:

(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 impression 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 might believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

THE COMPARISON OF THE GOODS

13. The goods to be compared are as follows:

The proprietor's goods	The applicant's goods
<u>Class 33</u> <i>Distilled spirits</i>	<u>Class 33</u> <i>Scotch whisky; Scotch whisky based liqueurs.</i>

14. When making the comparison, all relevant factors relating to the goods in the specifications should be taken into account. In the judgment of the Court of Justice of the European Union ("CJEU") in *Canon*, Case C-39/97, the court stated at paragraph 23 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.”

15. Guidance on this issue has come from Jacob J. (as he then was) in the *Treat* case, [1996] R.P.C. 281, where he identified the factors for assessing similarity as:

- (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.

16. In *Gérard Meric v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* case T-133/05, the General Court (“GC”) stated:

“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 the trade mark application (Case T-388/00 Institut für

Lernsysteme v OHIM – Educational Services (ELS) [2002] ECR II-4301, paragraph 53) or when the goods designated by the trade mark application are included in a more general category designated by the earlier mark”.

17. I note that within its TM8, the registered proprietor admits that Scotch whisky is a distilled spirit. However, the proprietor submits that “there is a wide range of distilled spirits each of which, in order to be described as such, must be produced using certain products, certain processes and within certain volumes of alcohol”. The proprietor then goes on to state that “gin, rum and vodka are all. It is therefore denied that the two trademarks are registered for identical goods, but it is acknowledged that they may be regarded as registered for similar goods”. I disagree with the proprietor. As scotch whisky, is a distilled spirit and will be interpreted as such by the average consumer of the goods, applying the ordinary and usual understanding of the term, I consider that “*distilled spirits*” in the proprietor’s specification is identical on the principle outlined in *Meric to “scotch whisky”* in the applicant’s specification.²

THE AVERAGE CONSUMER AND THE PURCHASING PROCESS

18. In *Hearst Holdings Inc & Anor v A.V.E.L.A. Inc & Ors* [2014] EWHC 439 (Ch), Birss J (as he then was) described the average consumer in these terms:

"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 word ‘average’ denotes that the person is typical. The term ‘average’ does not denote some form of numerical mean, mode or median.”

²In *YouView Ltd v Total Ltd* [2012] EWHC 3158 (Ch) at [12] Floyd J stated “*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.*”

19. I consider that the average consumer for the goods at issue will be a member of the general public over the age of 18 or a business user who will look to stock the goods at their stores/restaurants/bars. For the member of the general public, the goods at issue are most likely to be sold through a range of retail outlets such as supermarkets and off licences, their online equivalents or specialist suppliers (such as the producer itself). Some of the goods will be sold in restaurants, bars and public houses. In retail outlets, the goods at issue will be displayed on shelves, where they will be viewed and self-selected by the consumer. A similar process will apply to websites, where the consumer will select the goods having viewed an image displayed on a webpage. In outlets such as restaurants, bars and public houses, the goods are likely to be on display, for example, behind the counter at bars or on drinks menus.

20. For the business user, the goods are likely to be available from the producer itself or wholesale retailers. While I do not discount there may be an aural component in the selection and ordering of the goods in eating and drinking establishments or after discussions with salespersons, this is likely to take place after a visual inspection of the goods, a menu or via a catalogue or online image. The selection of the goods at issue will, therefore, be primarily visual, although I do not discount that aural considerations may play a part.

21. The goods at issue are everyday beverage products but are likely to be purchased on a semi regular basis. The cost of the goods at issue will likely be fairly inexpensive but I appreciate that for some goods, such as high-end scotch whiskey, it may be more expensive. When selecting the goods the average consumer is likely to consider such things as the origin of the goods, the age of the goods, size, flavour, and alcoholic content. The average consumer is, therefore, likely to pay a medium degree of attention during the selection process of the goods. I consider this to be the case even where the goods are on the more expensive end of the scale.

THE COMPARISON OF THE MARKS

22. 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 in *Bimbo* that:

“it is necessary to ascertain in each individual case, the overall impression made on the target public by the sign for which the 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.”

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

24. The respective marks are shown below:

Proprietor's mark	Applicant's mark
CANE & GRAIN INTERNATIONAL	CANE AND GRAIN

25. The applicant's mark consists of a word only mark 'CANE AND GRAIN' which appears in upper case. The proprietor's mark consists of the word mark 'CANE & GRAIN INTERNATIONAL'. This mark is presented in upper case. In relation to both marks, there are no other elements that contribute to the overall impression of the mark, which lies in the complete phrases. However, the words 'CANE' and 'GRAIN' are more distinctive than the ampersand and 'AND', which nevertheless play a role.

26. I note that the proprietor submits in its counterstatement that “the distinctive word “international” which is used with the registered proprietor's trade mark is clearly sufficiently distinctive to distinguish the two marks. On that basis it is denied that the two marks are similar”. I consider that 'INTERNATIONAL' in the proprietor's mark will be understood as a reference to the fact that 'CANE & GRAIN' is an

international company and therefore, will be seen purely as an indicator of the nature of the company. Consumers are, in my view, accustomed to trade marks featuring such indications regarding the nature of the undertakings responsible for them and, therefore, I do not consider that the word 'INTERNATIONAL' would hold any trade mark significance. Instead, the concept of that mark will be dominated by the words 'CANE & GRAIN', and 'CANE AND GRAIN' respectively.

27. Visually, the marks coincide in the text 'CANE' and 'GRAIN'. The word 'INTERNATIONAL' and the '&' in the proprietor's mark is not present in the applicant's mark and constitutes a visual difference. Similarly, the word 'AND' does not appear in the proprietor's mark and is another point of difference. Taking the above into account, I consider that the marks are visually similar to a medium to high degree.

28. Aurally, both marks will be given their ordinary everyday pronunciations. The ampersand will be pronounced as 'and'. The marks coincide in the pronunciation of 'CANE AND GRAIN', which is at the beginning of the proprietor's mark and the entirety of the applicant's mark. However, the additional element of 'INTERNATIONAL' in the proprietor's mark creates a point of aural difference. Taking the above into account, I consider that the marks will be similar to a high degree.

29. I consider that the words 'CANE & GRAIN' in the marks are ordinary English words and will be given their ordinary meanings. Cane will be interpreted as either bamboo/sugar cane or an instrument of punishment. The ampersand will be given the meaning of 'and' as referenced previously. Finally, 'GRAIN' will be interpreted as a cultivated cereal such as rice or wheat, although I recognise that some consumers may consider 'GRAIN' in reference to the texture of a surface. However, in relation to the goods at issue being spirits, I consider that the average consumer is most likely to interpret the marks as referring to sugar cane and grain of cultivated cereal such as wheat. I consider that the marks will share the same conceptual hook. I consider this to be the case even if the average consumer relies on an alternative definition of the words 'CANE & GRAIN'. Regardless of any allusiveness of the 'CANE & GRAIN' element, they are both ingredients used to create different distilled spirits. Consequently, I consider that the concept attributed to the marks would be the same, resulting in the marks being conceptually identical.

DISTINCTIVE CHARACTER OF EARLIER MARK

30. 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 C108/97 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).”

31. Registered trade marks possess various degrees of inherent distinctive character, ranging from the very low, because they are suggestive or allusive of a characteristic of the goods or services, to those with high inherent distinctive character, such as invented words which have no allusive qualities. The distinctiveness of a mark can be enhanced by virtue of the use made of it. The applicant makes no claim to enhanced distinctiveness through the use made of the earlier mark and has not filed

evidence of use, therefore I only have the inherent distinctiveness of the mark to consider.

32. The applicant's mark consists of the words 'CANE & GRAIN'. The words are allusive of the goods that the mark is protected for, as previously mentioned, 'CANE' and 'GRAIN' are both raw materials that are used in the creation of distilled drinks such as rum and whisky. The mark alludes to one of the ingredients used in the creation of scotch whisky, in particular the grain. Taking this into account, I consider that the marks are inherently distinctive to a low degree.

LIKELIHOOD OF CONFUSION

33. Confusion can be direct or indirect. Direct confusion involves the average consumer mistaking one mark for the other, while indirect confusion is where the average consumer realises the marks are not the same but puts the similarity that exists between the marks and the goods down to the responsible undertakings being the same or related. There is no scientific formula to apply in determining whether there is a likelihood of confusion; rather, it is a global assessment where a number of factors need to be borne in mind. The first is the interdependency principle, i.e. a lesser degree of similarity between the respective trade marks may be offset by a greater degree of similarity between the respective goods or vice versa. As I mentioned above, it is necessary for me to keep in mind the distinctive character of the applicant's trade mark, the average consumer of the goods and the nature of the purchasing process. In doing so, I must be mindful of the fact that the average consumer rarely has the opportunity to make direct comparisons between trade marks and must instead rely upon the imperfect picture of them that he has retained in his mind.

34. I have found the marks to be visually similar to a medium to high degree and aurally similar to a high degree. Conceptually, I have found the marks to be identical. I have found the degree of inherent distinctiveness of the earlier mark to be medium. I have found average consumers to be members of the general public and professionals/business users. I have found that the purchasing process will be visual, although I do not discount aural considerations. I have found that the degree of

attention paid during the purchasing process is medium. I have found the goods to be identical.

35. While I have found the applicant's mark to have a low degree of distinctive character, being a factor in the applicant's favour, this does not automatically give rise to a finding of no likelihood of confusion between the parties.³ Contrary to the proprietor's submission, I consider that the differences between the marks are insufficient to avoid confusion, taking into account the principle of imperfect recollection. I am of the view that the common use of 'CANE' and 'GRAIN', which I have recognised are the more distinct elements of the marks will result in the consumer misremembering and/or inaccurately recalling the parties' marks for one another. This is particularly the case given that the marks share the 'CANE' and 'GRAIN' element, at the beginning of the marks, where it is considered a greater degree of attention is paid. Further, I agree with the applicant's submission that the word 'AND' and the ampersand are recognised as representing the same thing,⁴ which would also contribute to the marks being misremembered/inaccurately recalled. In addition, I have found the marks to be visually similar to a medium to high degree, aurally similar to a high degree and conceptually, either identical or similar to a high degree. I consider that the average consumer will not mistake one mark for the other. Consequently, I consider that there exists a likelihood of direct confusion between the marks at issue.

36. Indirect confusion was described in the following terms by Iain Purvis K.C., sitting as the Appointed Person, in *L.A. Sugar Limited v By Back Beat Inc*, Case BL-O/375/10:

"16. Although direct confusion and indirect confusion both involve mistakes on the part of the consumer, it is important to remember that these mistakes are very different in nature. Direct confusion involves no process of reasoning – it is a simple matter of mistaking one mark for another. Indirect confusion, on the other hand, only arises where the consumer has actually recognized that the later mark is different from the earlier mark. It therefore requires a mental

³ *L'Oréal SA v OHIM*, Case C-235/05 P.

⁴ Applicant's submissions in lieu of a hearing, paragraph 14

process of some kind on the part of the consumer when or she sees the later mark, which may be conscious or subconscious but, analysed in formal terms, is something along the following lines: “The later mark is different from the earlier mark, but also has something in common with it. Taking account of the common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark.

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

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

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

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

37. Whilst I note that the examples set out by Mr Purvis are not exhaustive, I consider that this particular case falls within category (b) above. On this basis, I am of the view that the differences between the marks will be overlooked for the same reasons set out above. Applying the reasoning above in relation to the ampersand and use of the word ‘and’, if the average consumer identifies the ‘INTERNATIONAL’ element at the end of the mark, I consider that the differences between the marks will be seen as indicative of a sub-brand or brand extension from the same or economically linked undertaking. In particular, the average consumers will be of the view that the goods are intended for an international market. Consequently, I consider that there is

a likelihood of indirect confusion between the marks. I make this finding having taken into consideration the low distinctive character of the proprietor's mark. Consequently, I consider that there is a likelihood of indirect confusion between the marks.

CONCLUSION

38. The ground for invalidation under section 47(2) of the Act based on section 5(2)(b) has succeeded in full. Under section 47(6) UK trade mark registration 3536829 is deemed never to have been made.

COSTS

39. The applicant has been successful and it is entitled to a contribution towards its costs, based upon the scale published in Tribunal Practice Note 2/2016. In the circumstances, I award the applicant the sum of £500 as a contribution towards its costs. The sum is calculated as follows:

Preparing the application and considering the counterstatement:	£200
Filing submissions	£100
Official fee:	£200
Total	£500

40. I, therefore, order Cane & Grain International Ltd to pay Whyte and Mackay Limited the sum of £500. The above sum should be paid within twenty-one days of the expiry of the appeal period or, if there is an appeal, within twenty-one days of the conclusion of the appeal proceedings.

Dated this 18th day of December 2023

A Klass

**For the Registrar,
the Comptroller-General**