

O-382-16

IN THE MATTER OF THE TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION, NO 3109363 IN THE NAME OF
RUSSELL SHARP

AND IN THE MATTER OF AN APPEAL FROM THE DECISION OF HEATHER
HARRISON DATED 6TH APRIL 2016 (O/175/16)

DECISION

1. This is an appeal from the decision of Ms Heather Harrison, for the Registrar, dated 6th April 2016, where she dismissed the opposition of C & C IP SARL under s 5(2)(b) of the Trade Marks Act 1994, which was based on its Community (now European) trade mark (No 10,904,101). C & C IP SARL now appeals.
2. The mark applied for by Mr Sharp is CALEDONIAN for goods in Class 33 namely “Gin, Scotch Whisky produced in Scotland” and the Opponent’s mark is CALEDONIA which is registered in Class 32 for “Beers, lagers, ales, porters and beverages containing beer, larger, ale or porter”.

Admissibility of evidence

3. Both before the registrar and on appeal, Mr Sharp appended exhibits to his submissions. As a fast track opposition, the normal evidence rounds prescribed by rule 20 of the Trade Marks Rules 2008 do not take place. Instead, the Opposition is decided without evidence unless the registrar gives leave to a party to file it under rule 20(4).
4. Mr Sharp did not seek leave to file evidence before the Hearing Officer (Decision, paragraph 6) and the evidence he did file was not considered. The Hearing Officer also noted that, even if she had considered it, the evidence would not have assisted Mr Sharp.
5. On appeal, a party has no general right to file evidence and applications to file evidence are considered in accordance with the requirements set out by Denning LJ in *Ladd v Marshall* [1954] 1 WLR 1489 at 1491.
6. Where the parties have *elected* a fast track opposition in which evidence cannot normally be filed, an Appellate tribunal should, in my view, be even slower in admitting fresh evidence than it would be in other cases. If this were not the case, the case might have to be remitted for a second non-fast track opposition so that the new (and only) evidence can be considered. This would entirely defeat the whole point of electing a fast track opposition in the first place. Alternatively, the appeal would in effect have to become the first hearing of the case which is also undesirable.

7. In any event, Mr Sharp did not apply to file any evidence on appeal and so, like the Hearing Officer, I will not consider the evidence he filed. Indeed, even if his evidence had been considered, it would not have assisted as it did not relate to any relevant issue.

Standard of appeal

8. It is well established that the appeal to the Appointed Person is by way of review. The Hearing Officer needs to make a distinct error of principle or be clearly wrong: *Reef TM* [2002] EWCA Civ 763, [2003] RPC 5. More recently in *Okotoks Ld & Anor v Fine & Country Ltd & Ors* [2013] EWCA Civ 672, [2014] FSR 11, Lewison LJ said:

50. The Court of Appeal is not here to retry the case. Our function is to review the judgment and order of the trial judge to see if it is wrong. If the judge has applied the wrong legal test, then it is our duty to say so. But in many cases the appellant's complaint is not that the judge has misdirected himself in law, but that he has incorrectly applied the right test. In the case of many of the grounds of appeal this is the position here. Many of the points which the judge was called upon to decide were essentially value judgments, or what in the current jargon are called multi-factorial assessments. An appeal court must be especially cautious about interfering with a trial judge's decisions of this kind. There are many examples of statements to this effect. I take as representative Lord Hoffmann's statement in *Designers Guild Ltd v Russell Williams (Textiles) Ltd* [2000] 1 WLR 2416, 2423:

“Secondly, because the decision involves the application of a not altogether precise legal standard to a combination of features of varying importance, I think that this falls within the class of case in which an appellate court should not reverse a judge's decision unless he has erred in principle.”

9. In *Fage UK Ltd & Anor v Chobani UK Ltd & Anor* [2014] EWCA Civ 5 Lewison LJ explained further:

114. Appellate courts have been repeatedly warned, by recent cases at the highest level, not to interfere with findings of fact by trial judges, unless compelled to do so. This applies not only to findings of primary fact, but also to the evaluation of those facts and to inferences to be drawn from them. The best known of these cases are: *Biogen Inc v Medeva plc* [1997] RPC1; *Piglowska v Piglowski* [1999] 1 WLR 1360; *Datec Electronics Holdings Ltd v United Parcels Service Ltd* [2007] UKHL 23 [2007] 1 WLR 1325; *Re B (A Child) (Care Proceedings: Threshold Criteria)* [2013] UKSC 33 [2013] 1 WLR 1911 and most recently and comprehensively *McGraddie v McGraddie* [2013] UKSC 58 [2013] 1 WLR 2477. These are all decisions either of the House of Lords or of the Supreme Court. The reasons for this approach are many. They include:

- i) The expertise of a trial judge is in determining what facts are relevant to the legal issues to be decided, and what those facts are if they are disputed.
- ii) The trial is not a dress rehearsal. It is the first and last night of the show.
- iii) Duplication of the trial judge's role on appeal is a disproportionate use of the limited resources of an appellate court, and will seldom lead to a different outcome in an individual case.
- iv) In making his decisions the trial judge will have regard to the whole of the sea of evidence presented to him, whereas an appellate court will only be island hopping.
- v) The atmosphere of the courtroom cannot, in any event, be recreated by reference to documents (including transcripts of evidence).
- vi) Thus even if it were possible to duplicate the role of the trial judge, it cannot in practice be done.

115. It is also important to have in mind the role of a judgment given after trial. The primary function of a first instance judge is to find facts and identify the crucial legal points and to advance reasons for deciding them in a particular way. He should give his reasons in sufficient detail to show the parties and, if need be, the Court of Appeal the principles on which he has acted and the reasons that have led him to his decision. They need not be elaborate. There is no duty on a judge,

in giving his reasons, to deal with every argument presented by counsel in support of his case. His function is to reach conclusions and give reasons to support his view, not to spell out every matter as if summing up to a jury. Nor need he deal at any length with matters that are not disputed. It is sufficient if what he says shows the basis on which he has acted. These are not controversial observations: see *Customs and Excise Commissioners v A* [2002] EWCA Civ 1039 [2003] Fam 55; *Bekoe v Broomes* [2005] UKPC 39; *Argos Ltd v Office of Fair Trading* [2006] EWCA Civ 1318; [2006] UKCLR 1135.

10. I will apply these principles in respect of this appeal.

The factual basis of the Hearing Officer's decision

11. As there was no evidence before the Hearing Officer, she had to use her own experience of the marketplace to make various factual findings. Not only is this inevitable in a fast track opposition, but it is entirely appropriate in oppositions more generally. The Court of Appeal summarised the position in *Marks and Spencer v Interflora* [2012] EWCA Civ 1501, [2013] FSR 21:

49. More recently in *esure Insurance Ltd v Direct Line Insurance Plc* [2008] RPC 34 Arden LJ said (§ 56):

“The services sold by the parties were identical and were of a kind familiar to members of the public. In those circumstances, I see no reason why the hearing officer should not have decided the issue of similarity on his own in the absence of evidence apart from the marks themselves and evidence as to the goods or services to which they were, or, in the case of esure's mark, were to be applied.”

50. In such cases it is clear as a matter of domestic law that not only is the ultimate issue one for the judge, rather than the witnesses; but also that the judge can reach a conclusion in the absence of evidence from consumers. He or she is in the position of a notional juror, using his or her own common sense and experience of the world: *Re GE Trade Mark* [1973] RPC 297, 321; *esure Insurance Ltd v Direct Line Insurance plc* [2008] RPC 919, 938.

12. I also note the comment of Daniel Alexander QC, sitting as the Appointed Person, in *O2 Holdings Ltd* [2011] RPC 22:

60. In the context of an appeal, once an experienced hearing officer has made an evaluation, an appellate tribunal needs to have very sound reasons for substituting its own view and implicitly thereby saying that it is better equipped with knowledge of the relevant field of commerce to evaluate the mark than the registrar.

13. The Hearing Officer set out her purchasing experience of the relevant goods in her Decision:

24. In my experience, these goods are sold through a range of channels including restaurants, bars and public houses. They are also commonly sold in supermarkets, off licences and their online equivalents. In restaurants, bars and public houses, the goods are likely to be on display, for example, in bottles or in optics behind the bar, or on drinks menus, where the trade mark will be visible. While I do not discount that there may be an aural component in the selection and ordering of the goods in bars, restaurants and public houses, this is likely to take place after a visual inspection of the bottles/drinks menu (see *Simonds Farsons Cisk plc v Office for Harmonization in the Internal Market (Trade Marks and Designs)* (OHIM), Case T-3/04 (GC)). In retail premises, the goods at issue are likely to 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 most likely select the goods having viewed an image displayed on a web page. I am therefore of the view that the selection of the goods at issue will be primarily visual, although aural considerations will play a part.

25. In general, these goods are not terribly expensive. However, whether selecting the goods in retail or in licensed premises, the average consumer will choose a particular type, flavour or strength of beverage. Consequently, the average consumer will, in my view, pay an average degree of attention to the selection of the goods.

14. Further factual findings were made later in her Decision:

38. Beers and beverages containing beers are clearly alcoholic beverages, as are gin and whisky. The goods at issue are consumed for a pleasurable drinking experience, which may include the intoxicating effects of alcohol. The users, namely adults over 18, are identical. In addition, the goods are sold through the same channels, for example in retail premises such as supermarkets and off-licences, or in restaurants and bars.

39. Having said that, there is a notable difference in the alcoholic content of the goods at issue. In retail premises, spirits are usually sold in large bottles, while beers are sold in smaller bottles or cans. In restaurants and bars, gin would normally be dispensed into a tall glass and mixed with other spirits or a non-alcoholic beverage (such as tonic water) to make a long drink. The same may apply to whisky but whisky is also frequently sold for consumption by itself. Spirits are generally dispensed in small measures, often from optics displayed behind the bar. By contrast, beers would customarily be sold in half pint or pint measures dispensed from a tap, or be sold in bottles. While beverages containing beers are likely to consist of beers mixed with non alcoholic beverages (for example, with lemonade to make shandy), like beer they would be sold in half pint or pint measures and are likely to be perceived as beer-based beverages. In retail premises, the goods at issue are not normally sold on the same shelf and, while I accept that they may be sold in the same aisle, there is ordinarily a clear demarcation between the area for spirits and that for beers and beverages containing beers. Although the base ingredients for all the goods at issue may be the same (e.g. grain or malt), the production methods are different, gin and whisky being made by distillation and beers by fermentation. I do not consider that there is a complementary relationship between the goods of the earlier mark and those in the applied-for specification, neither being essential or important for the consumption of the other. It is possible that there may be a degree of competition between the goods at issue, though I do not consider that the competitive choice between drinking beers (or beverages containing beers) on the one hand and gin or whisky on the other will be commonly made. In my experience, producers of beers do not routinely also produce either gin or whisky, or vice versa. Bearing all of the above in mind, I find that the goods are similar but only to a low degree.

Hearing Officer's assessment

15. The Appellant accepts that the Hearing Officer identified the correct law, but submits that after so doing did not correctly apply the principles she had identified.
16. There was no dispute, as there could not be, in relation to the Hearing Officer's finding that the mark CALENDONIAN and CALENDONIA have a very high degree of similarity (Decision, paragraphs 45 to 47). However, the Appellant argues that the goods are more similar than suggested by the Hearing Officer, who found that they are similar to a low degree (Decision, paragraph 39).
17. The Hearing Officer referred to two cases of the General Court which dealt with the issue of whether certain alcoholic beverages were similar or not. The first was T-175/06 *Coca Cola v OHIM* [2008] ECR II-1055 (*MEZZOPANE*) where the court compared wine on the one hand, and beer, ale and porter on the other.
18. The General Court made a number of observations which can be summarised as follows: first, that end users consume wine or beer during a meal or as an aperitif (paragraph 63);

secondly, that the methods of production are fundamentally different (at paragraph 64); thirdly, that the difference in colour, aroma and taste leads the relevant consumer to perceive the products as different (paragraph 65) and this is the case despite the goods satisfying the same need (paragraph 66); fourthly, that wine and beer are not complementary goods (paragraph 67); fifthly, that there is a degree of competition between wine and beer (paragraph 68); sixthly, that the differences of methods of production make it unlikely that the same undertaking would produce and market the two types of beverage at the same time (paragraph 69); and finally, and crucially, that the average Austrian consumer will consider “it normal for wines, on the one hand, and beers, ale and porter, on the other, to come from different undertakings” (paragraph 69).

19. The second case referred to by the Hearing Officer was T-430/07 *Bodegas Montebello* (ECLI:EU:T:2009:127), which has been officially published only in French and Spanish. This case involved a comparison between wine and rum and the Court concluded the goods to be very different and made the following observations: first, the processes of manufacture are different as are the taste, colour and aroma (paragraph 29); secondly, rum comes from the Caribbean region and the fact that wine was eventually made in that region is irrelevant (paragraph 30); thirdly, wine is normally consumed during a meal but rum is not and so they are consumed at different times (paragraph 31); fourthly, the alcoholic content is different (paragraph 32); fifthly, rum will be sold in specialist shops rather than in general stores and further that they would not be sold on the same shelves in supermarkets (paragraph 33); sixthly, that there is no complementary character between rum and wine (paragraph 34 and 36); and finally, that wine and rum are not in competition (paragraph 36).

20. A third case, not mentioned by the Hearing Officer, which seems to be the closest factually to the instant case is T-584/10 *Yilmaz v OHIM* (ECLI:EU:T:2012:518). In this case, the goods found to be dissimilar were a spirit (Tequila) and beer. In making its assessment, the General Court applied the approach from *MEZZOPANE* and started at paragraph 51:

...the differences between those goods [that is Tequila and beer], in respect of all the relevant factors relating to them, are clearer and more substantial than the differences between beer and wine established by the Court in *MEZZOPANE*, with the result that those differences make it even more unlikely that the relevant public would believe that the same undertaking would produce and market the two types of beverage at the same time.

21. The General Court went on at paragraph 54:

In that regard, it must be borne in mind, in particular, that, while the goods to be compared in the present case belong to the same general category of beverages, and more specifically to the category of alcoholic beverages, they are different in particular as regards their ingredients, method of production, colour, smell and taste, with the result that the average consumer perceives them to be different in nature. Those goods are not normally displayed in the same shelves in the areas of supermarkets and other outlets selling drinks. As regards their use, a significant difference between the goods is that beer quenches thirst which is not normally the case for the alcoholic beverages covered by the mark applied for. While it is true that those goods may be consumed in the same places and on the same occasions and satisfy the same need – for example, enjoyment of a drink during a meal or as an aperitif – the fact remains that they do not belong to the same family of alcoholic beverages and that the consumer perceives them as two distinct products, as the Court held, so far as concerns beer and wine, in paragraph 66 of *MEZZOPANE*.

22. The Court then went to state that the existence of alcoholic cocktails does not affect this conclusion (paragraph 55); that Tequila and beer are not complementary (paragraph 56); and, furthermore, that there is a lower degree of competition between Tequila and beer than there is between wine and beer (paragraph 57). Ultimately, the Court upheld the Board of Appeal's finding that the goods were dissimilar (at paragraph 72, which upheld the finding at R 1162/2009-2 *TEQUILA CUERVO*, paragraph 44).
23. While it is true that each of the three assessments by the General Court are factual findings based on a different relevant public than in the instant case, it is clear that the Court's view is that in general there is either no similarity, or very little similarity, between beer (and wine) on one hand, and spirits on the other.
24. In addition to these General Court cases, the Hearing Officer referred to a decision by Geoffrey Hobbs QC, sitting as an Appointed Person, in *BALMORAL TM* [1999] RPC 297. While the Hearing Officer did not set out the relevant passage, I will:
- At the heart of the argument addressed to me on behalf of the application is the proposition that whisky and wines are materially different.
- I am willing to accept that wine production and the production of whisky are activities which call for the exercise of perceptibly different skills directed to the production of qualitatively different alcoholic drinks. It may be the case that few undertakings produce both whisky and wines and it may be the case that the same trade mark is seldom used to signify that whisky and wines emanate from one and the same producer. However, I am not able to say on the basis of the materials before me whether there is any substance in either of those points. Beyond that, I consider that the arguments advanced on behalf of the applicant over-emphasise the part played by producers and under-emphasise the part played by other traders in the business of buying and selling whisky and wines.
- It is common to find whisky and wines bought and sold by merchants whose customers expect them to stock and sell both kinds of products. Many such merchants like to be known for the range and quality of the products they sell. The goodwill they enjoy is affected by the judgment they exercise when deciding what to offer their customers. In some cases the exercise of judgment is backed by the use of "own brand" or "merchant-specific" labelling. Those who supply retail customers may be licensed to do so under an "off-licence" or a licence for "on and off sales" in appropriate circumstances. It is not unusual for resellers of whisky and wines to be suppliers of bar services as well.
- When the overall pattern of trade is considered in terms of the factors identified by Jacob J. in the *British Sugar* case (uses, users and physical nature of the relevant goods and services; channels of distribution, positioning in retail outlets, competitive leanings and market segmentation) it seems clear to me that suppliers of wines should be regarded as trading in close proximity to suppliers of whisky and suppliers of bar services. In my view the degree of proximity is such that people in the market for those goods or services would readily accept a suggestion to the effect that a supplier of whisky or bar services was also engaged in the business of supplying wines.
25. Once more these statements are factual determinations as to the British market in 1998 when the hearing took place. However, they do view the market very differently from the General Court in the cases mentioned above.
26. Having considered this case law (albeit not *Yilmaz*) the Hearing Officer, based on her own experience, considered whether whisky and beer were similar (Decision, paragraph 39, which is set out above). The Hearing Officer's decision in this respect closely

followed the approach adopted by the General Court in *MEZZOPANE*. Indeed, following that approach, it would have been entirely possible to conclude that beer and whisky were not similar at all. However, the Hearing Officer, probably mindful of the points made by Mr Hobbs in *BALMORAL* as to the British market for wine and spirits, concluded that the goods were similar to only a low degree. Such a finding is entirely proper and in accordance with case law.

Interdependency principle

27. The Hearing Officer referred herself to the interdependency principle (Decision, paragraph 51), which means that a lesser degree of similarity between the trade marks might be offset by a greater similarity between the respective goods and vice versa (see, in particular, C-39/97 *Canon KK v MGM* [1998] I-5525 at paragraph 17). The Appellant argues, however, that the Hearing Officer did not properly apply this principle in her decision. He also indicated that she took into account an irrelevant consideration, namely that “the average consumer will not mistakenly purchase gin in the belief that it is beer or a related product” and some further statements supporting this regarding how drinks are ordered (Decision, paragraph 53). The Appellant accepted the fact that there would be no mistaken purchase, but submitted that it is the wrong test to assess the likelihood of confusion.
28. I will address the second matter first. There are two sorts of confusion: direct confusion and indirect confusion. In relation to confusion stemming from a comparison of marks the distinction was explained by Ian Purvis QC, sitting as the Appointed Person, in *LA Sugar v By Back Beat* (O/375/10) at paragraph 14. However, the principles of direct and indirect confusion are not confined to the comparison of marks, but extend to the overall global comparison. Direct confusion is where the average consumer simply believes, with “no process of reasoning”, that the goods sold under the mark in front of them come from the same undertaking as the goods bearing a similar (or identical) earlier mark which they imperfectly recollect. Indirect confusion, on the other hand, is where the average consumer sees the marks on the particular goods and assumes that the common elements (be they in the mark or the similarity of the goods) mean that there is a connection – an economic link – between the undertaking selling the goods in front of them and the undertaking they imperfectly remember selling goods under the earlier mark. So for example, the consumer will say to themselves: “I know that I have never seen X selling lager before, but I know they sell cider, and so it makes sense that X has extended its brand to some new similar product like lager”.
29. Direct confusion is unlikely to arise where the goods are not identical or close to being so. To take an extreme example, a person going into a shop with the intention of buying beer is very unlikely to end up buying soap thinking it is beer. However, a person going into a shop to buy a mechanical pencil might end up buying a fountain pen where the barrel of the pen and pencil are the same; or more appropriate to the instant case, they might pick up a four pack of cider believing it to be cans of lager. Accordingly, the statement by the Hearing Officer that the average consumer would not accidentally buy gin in the belief that it is beer is little more than saying there would be no direct confusion. As such, that finding could not be criticised; indeed, on the facts set out by the Hearing Officer there was little else she could conclude.

30. However, this is a case where indirect, rather than direct, confusion is more pertinent. Yet it is clear that the Hearing Officer also properly considered this form of confusion in paragraph 53:

...Even if the consumer does become aware of both products, I do not consider that s/he would perceive them as coming from the same or economically linked undertakings. Rather, the low degree of similarity between the goods, coupled with the average distinctive character of the earlier mark, means that the average consumer will attribute the similarity between the trade marks to coincidence not economic connection.

31. This leaves only the issue of whether the Hearing Officer properly took account of the interdependency principle in her decision. Her assessment of the likelihood of confusion began by bringing together her preliminary findings, namely that the marks were highly similar, but the goods were similar to only a low degree (Decision, paragraph 52).

32. It is not the case that once it has been found that two marks are very similar any finding of similarity between the goods is sufficient to create a likelihood of confusion. If the similarity between the goods is on the cusp of being dissimilar then even where the later mark is highly similar it may not be enough to create any likelihood of confusion.

33. Hearing Officers routinely use phrases like “high degree” or “low degree” of similarity, but these phrases cannot be treated as quasi-numerical scales where a certain number of points equals a likelihood of confusion. They are indicators to readers of the decision (including appellate courts and tribunals) what the Hearing Officer thought of the similarity of the relevant mark or goods so as to help explain their reasoning and no more. Indeed, the value judgment involved in assessing similarity means that the borderline between what a person might describe as, for example, similar to a very high degree and similar to a high degree will vary between Hearing Officers. However, as these words are guides to the reasoning of the Hearing Officer, rather than a precise scale, this does not matter.

34. Accordingly, in the instant case, where the Hearing Officer used the phrase “low degree of similarity” in relation to the goods it presents a band of “low similarity” which she was indicating. As I have found that it was proper for the Hearing Officer to find that there was low degree of similarity, I should not go on and give my reading of her phrase to make an assessment as this would be a value judgment and so little more than me substituting my view for that of the Hearing Officer. All I need say is that if the Hearing Officer viewed the similarity of the goods to be “low enough” then it is open to her to find, applying the interdependence principle, that even with a very high degree of similarity between the marks there is no likelihood of confusion. This is exactly what she did.

35. Accordingly, I dismiss the appeal and uphold the Hearing Officer’s Decision. The Respondent did not appear and only filed a short Respondent’s Notice drafted by Mr Sharp himself and in those circumstances, I make no order as to costs.

PHILLIP JOHNSON
THE APPOINTED PERSON
8th August 2016

For Appellant: Paul Kelly of FR Kelly

For Respondent: Did not appear