

TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK
APPLICATIONS NOS.

3231483 ICELAND LAVA

3231831

ICELAND
LAVA

&

3231488

ICELAND
LAVA
NATURAL SPRING WATER

BY ICELAND SPRING EHF
(Applicant/Respondent)

AND

IN THE MATTER OF CONSOLIDATED
OPPOSITIONS THERETO
(NOS 410128, 410130 & 410131)
BY ICELAND FOODS LIMITED
(Opponent/Appellant)

AND

IN THE MATTER OF
AN APPEAL TO THE APPOINTED PERSON
AGAINST DECISION NO. O/275/21
OF MR. ANDREW FELDON DATED
16th APRIL 2021

Mr. Philip Roberts QC instructed by Mishcon de Reya LLP appeared for the
Opponent/Appellant (Mr Simon Malynicz QC appeared before the Hearing Officer)

The Applicant/Respondent was represented by Page, White & Farrer Limited
by way of written submissions

Hearing date: Monday 26th July 2021

DECISION

Introduction

1. This is an appeal against a decision (BL O/275/21) of Mr Andrew Feldon, sitting as a Hearing Officer on behalf of the Registrar of Trade Marks, dated 16th April. By that decision the Hearing Officer rejected Consolidated Opposition Nos. 410128, 410130 & 410131 by Iceland Foods Limited (“the Opponent”) in their entirety. He ordered the Opponent to pay to Iceland Spring EHF (“the Applicant”) £1400 as a contribution towards costs.

The Application and the Oppositions

2. The Applicant filed applications to register the following three trade marks, each for the following goods in class 32: “*Mineral waters and other non-alcoholic beverages, namely natural spring water*”.

No. 3231483 ICELAND LAVA dated 16 May 2017



All three applications were published on 26 May 2017.

3. The Opponent filed oppositions against all three applications on 29 August 2017. The grounds and earlier marks/rights relied on were the same in all three oppositions. Objections to registration were taken under sections 5 (2) (b), 5 (3) and 5 (4) (a) of the Trade Marks Act 1994 (“the Act”).
4. This appeal concerns only with the S. 5 (2) (b) opposition grounds, the grounds of opposition under the other sections of the Act having failed but not appealed. In the interests of economy, therefore, I shall confine my summary of the proceedings below to the S. 5 (2) (b) case.
5. Section 5 (2) (b) of the Trade Marks Act 1994 provides that a trade mark shall not be registered if, because 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 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.

6. Under S. 5 (2) (b), the earlier marks relied on by the Opponent were:



Class 32: Beers, non-alcoholic beverages other than water, mineral and carbonated water; fruit drinks and fruit juices; syrups and other preparations for making beverages.

Class 33: Alcoholic beverages; wines, spirits and liqueurs.

Class 35: Retail supermarket services connected with the sale of toiletries, household products including cleaners, polishers, scourers, soaps, hardware, kitchen foil, electrical goods including white goods, publications and stationery, household utensils, glassware and kitchenware, foodstuffs and drinks

EUTM registration No. 2673374 ICELAND filed 19 April 2002 and registered 9 December 2014, the goods/services relied on being:

Class 32: Beers, mineral and carbonated waters and other non-alcoholic beverages; fruit drinks and fruit juices; syrups and other preparations for making beverages; all included in class 32.

Class 35: The bringing together for the benefit of others, of a variety of goods, enabling customers to conveniently view and purchase those goods in a supermarket; the bringing together, for the benefit of others, of a variety of goods, enabling customers to conveniently view and purchase those goods in a convenience store; the bringing together, for the benefit of others, of a variety of goods, enabling customers to conveniently view and purchase those goods in a food, drink and household supplies retail stores; the bringing together, for the benefit of others, of a variety of goods, enabling customers to conveniently view and purchase those goods in a food, drink, household supplies and household electrical appliance retail stores; the bringing together, for the benefit of others, of a variety of goods, enabling customers to conveniently view and purchase those goods in a food, drink, and household supplies retail stores; the bringing together, for the benefit of others, of a variety of goods, enabling customers to conveniently view and purchase those goods in a food, drink, household supplies and household electrical appliance retail stores,

the bringing together, for the benefit of others, of a variety of goods, enabling customers to conveniently view and purchase those goods from an Internet web site specialising in the marketing of food products, drink products, household supplies and household electrical appliances; the bringing together, for the benefit of others, of a variety of goods, enabling customers to conveniently view and purchase those goods from an Internet web site (including an Internet web site being accessible via a computer, computer networks, Internet enabled mobile phones, televisions, pagers, and electronic organisers) specialising in the marketing of food products, drink products, household supplies and household electrical appliances; the bringing together, for the benefit of others, of a variety of goods, enabling customers to conveniently view and purchase those goods from food products, drink products, household supplies and household electrical appliances catalogue by mail order or by means of telecommunications.

7. All three oppositions were subsequently consolidated, opposition No. 410128 being the lead file.
8. Both parties filed evidence, the Opponent's being subject to a confidentiality order. The Opponent's evidence, in so far as is relevant to this appeal, went to a claim of enhanced distinctive character. There is no need for me to comment on the detailed confidential contents in the context of this appeal.
9. The Applicant filed evidence going to the reputation and association of the country name ICELAND with natural spring water, its goods of interest.
10. The Opponent requested a hearing. The Applicant, represented by Page, White & Farrer Limited, filed written submissions in lieu of attending the hearing. The Opponent was represented by Mr Simon Malynicz QC of counsel, instructed by Mishcon de Reya LLP.

The Relevant Parts of the Hearing Officer's Decision

11. Given the way in which the Decision (and this Appeal) developed, in particular as regards the issue of distinctiveness/evidence, it is convenient to refer to the Opponent's registrations in so far as they cover classes 32/33 as the "Goods Marks", and in so far as the prior rights in class 35 are concerned, to the Opponent's "Services Marks".

The Hearing Officer's Approach

12. The Hearing Officer noted (at [20]) that the Opponent's EUTM was the subject of cancellation proceedings at EUIPO. He therefore elected to address the opposition based on the earlier UK mark first, followed by an assessment based on the EUTM, noting that any decision in the Opponent's favour based on the latter would be provisional.

Opponent's Evidence

13. The Hearing Officer determined at [61] that the Opponent's evidence failed to prove that the Goods Marks possessed enhanced distinctive character for any goods in issue.

14. The Hearing Officer determined (at [61-62]) that the Opponent's evidence proved its Services Marks had acquired enhanced distinctive character for the following class 35 services only:

UK registration No. UK 2341223: *Retail supermarket services connected with the sale of foodstuffs and drinks.*

EUTM registration no. 2673374: *The bringing together for the benefit of others, of a variety of food and drinks goods.*

Applicant's Evidence

15. With regard to the Applicant's evidence, the Hearing Officer held at [110] and [117] that it demonstrated the average consumer would perceive the word ICELAND as an indication of geographical origin and that "the country of Iceland may now claim a reputation for the quality of its natural spring water".

S. 5 (2) (b)

16. The Hearing Officer set out the Registrar's standard list of principles to be applied at appropriate points in the Decision and there is no suggestion he misdirected himself in this respect.

UK Registration No. 2341223

Comparison of Goods and Services

17. The Hearing Officer determined [84-90] that, as against the Applicant's class 32 goods "*mineral waters and other non-alcoholic beverages, namely natural spring water*":

- a) The class 32 goods of the Opponent's UK registration no. 2341223 '*non-alcoholic beverages other than water, mineral and carbonated water*' and '*fruit drinks and fruit juices*' were **similar to a medium degree**.
- b) The class 33 goods of the Opponent's UK registration no. 2341223 were **dissimilar** to the Applicant's goods.
- c) The Opponent's class 35 retail services "*Retail supermarket services connected with the sale of drinks*" were **complementary and similar** to the Applicant's goods to a medium degree.

I note in passing that no comparison was made with the Opponent's "Beers" or "syrups and other preparations for making beverages. No point has been taken on this and my assumption is the Opponent is content they can be treated as "dissimilar" and left out of account.

Average Consumer and the Purchasing Act

18. Mr Feldon determined ([93-94]) that the average consumer would be a member of the general public, mostly purchasing by a visual process but with an element of aural selection in certain circumstances.

Comparison of Marks

19. The Hearing Officer, understandably, opted to focus primarily on the Opponent's word marks and since nothing turns on the figurative marks for the purpose of this appeal, this summary is accordingly limited.
20. As regards the overall impression of the earlier marks, this was held to be the word ICELAND [99].
21. Mr Feldon then found at [102] that for the contested mark:

“The word “ICELAND” is likely to be perceived as the name of a European country which may have an association with the goods at issue. The word “LAVA” has an obvious meaning but is unlikely to be associated with the goods at issue. Therefore, it is the word “LAVA” that can be said to play a greater role in the overall impression as it is the more distinctive element.”

I note that, whilst the Hearing Officer was willing to define the perception of ICELAND here, he did not do so for LAVA beyond saying it had an “obvious meaning”. However, he did eventually deal with this later in the Decision.

22. The Hearing Officer then proceeded to determine that the marks were visually/aurally similar to, in effect, a medium degree [105-106].
23. As to conceptual similarity, Mr Feldon said this:

“107.The earlier mark ‘ICELAND’ is the name of a European country and this will be widely known and understood by the UK public. The contested mark shares that element, but also contains the word ‘LAVA’ which can be defined as ‘magma emanating from volcanoes and other vents; very hot liquid rock that comes out of a volcano’.

....

110. After careful consideration of the applicant's evidence, I am satisfied that the average consumer of natural spring water would, when faced with the word ‘ICELAND’ on such goods, perceive that term as an indication of geographical origin. The applicant has shown that the country of Iceland may now claim a reputation for the quality of its natural spring water. This is a claim supported by the reports from the OECD dated 2014 and 2017 which

the applicant provided within its evidence. These reports post-date the decision taken by the IPO Tribunal in 2012, in BL O/307/12¹.

111. I find that the earlier mark conveys the concept of the country of Iceland. The contested mark shares that concept but also conveys the notion of ‘Lava’, or hot molten rock that emanates from volcanoes, which provides a wider concept combining both words in the mind of the consumer. The concept of a country is somewhat diminished in the contested mark due to the addition of the word ‘LAVA’, and therefore these marks are conceptually similar to no more than a medium degree.”

Distinctive Character of the Earlier Marks

24. At [114-5] Mr Feldon agreed with the Opponent that, as a result of the decisions in *Formula One (C- 196/11 P Formula One Licensing v. OHIM and Halloumi (Foundation for the Protection of the Traditional Cheese of Cyprus Named Halloumi v Babel Sajt Kft. [2020] EWHC 2858 (Ch))*, he was precluded from accepting the Applicant’s claim that *“the word ‘ICELAND’ is wholly non-distinctive because it solely indicates geographical origin cannot be made in these proceedings, only in invalidity or revocation proceedings.”*

25. The Hearing Officer then said, in relation to the earlier UK Goods Mark:

“117. Inherently I find the earlier UK marks to be distinctive to a low degree in respect of all the earlier goods. The word ‘ICELAND’ will be recognised as the name of a European country, with a reputation for certain goods including fish and natural spring water... given the findings of the OECD in their reports dated 2014 and 2017... I find that the country of Iceland may now claim to have a reputation for the quality of its natural spring waters.

26. In contrast, regarding the Opponent’s earlier UK Services Mark, Mr. Feldon found:

“118. In respect of the class 35 services I find the earlier UK marks to be inherently distinctive to a medium degree. I do not think the average consumer of retail or supermarket services would make the same level of connection between a retail outlet and goods provided under such an establishment. The average consumer would not automatically assume there to be a connection between a retail outlet named ‘ICELAND’ and the country of Iceland.

¹ Decision by Mr Oliver Morris, acting as the Registrar’s Hearing Officer, in Opposition No 94461 by Iceland Spring ehf to Iceland Foods Limited’s application for UK TM 2341223 under S. 3 of the Act. Mr Morris found [71] on the evidence then before him that ICELAND had no *current* association with mineral and carbonated water but that nevertheless the public might perceive that the country would be suitable for spring water supply, i.e., as a geographical indication of origin. Consequently, he limited the registration of UK TM 2341223 to exclude *water, mineral and carbonated water* beverages.

119. However, I have found the use made of the earlier UK marks to be substantial, and sufficient to prove that the opponent enjoys a higher degree of enhanced distinctiveness in respect of 'Retail supermarket services connected with the sale of foodstuffs and drinks'."

Likelihood of Confusion

27. After instructing himself (correctly) on the relevant principles and summarising his previous findings, the Hearing Officer ruled out direct confusion, concurring with the position taken by the Opponent at the Hearing.
28. As to indirect confusion, after setting out the principles derived from *L.A. Sugar Limited v By Back Beat Inc* (BL-O/375/10, per Iain Purvis QC sitting as the Registrar's Appointed Person at [16-17]), the Hearing Officer said as regards the Goods Marks:

"130. In my opinion, the combination 'ICELAND LAVA' in the contested mark and the earlier UK mark 'ICELAND' will not be indirectly confused. Having found the earlier mark to be inherently low in distinctive character for the goods at issue, I believe that the average consumer of the contested natural spring water will perceive the word 'ICELAND' as a geographical indication of origin. I find the same to be true for the earlier goods.

131. When faced with the mark 'ICELAND' on a non-alcoholic beverage, I believe that, due to its inherently low distinctive character when applied to goods, the average UK consumer will likely interpret that element as denoting the geographical origin, being the country of Iceland. The addition of the word 'LAVA' in the contested marks may allude to the volcanic nature of Iceland, however I am not particularly persuaded by that argument. I am not convinced that the average consumer would necessarily make that connection. I am also not convinced that the addition of the word 'LAVA' would be considered to be an obvious brand extension or evolution of the earlier 'ICELAND' brand.

29. In respect of the Services Marks, Mr. Feldon found:

"132. Regarding the earlier services, for which the opponent has provided evidence of enhanced distinctiveness of the retail of food and drinks products, I find that the average consumer whilst perceiving the word 'ICELAND' on the goods at issue as the geographical origin of those goods, will not make the same assumption in respect of a retail outlet named 'ICELAND'.

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

134. Whilst I find that it is possible that the opponent's mark might be brought to mind on exposure to the contested mark, or vice-versa, I believe that this would amount to no more than association and, overall, I find no likelihood of indirect conclusion."

EUTM Registration no. 2673374

Comparison of Marks and Average Consumer

30. At [163] the Hearing Officer adopted his previous findings as to the comparison of marks "as the outcome must necessarily be the same". He similarly adopted his prior findings on the nature of the average consumer and the purchasing act.

Distinctive Character of the Earlier Mark

31. At [164-165] the Hearing Officer applied his prior findings in [117-118] as to the inherent and enhanced distinctiveness of the earlier UK mark to the earlier EUTM, namely that of low inherent distinctive character for all goods, but medium inherent and use-enhanced distinctive character for certain retail services.

Comparison of Goods and Services

32. In the case of this mark, the Hearing Officer found:

- a) The Opponent's goods "mineral and carbonated waters" were **identical** to the Applicant's "natural spring water" ([166-168]).
- b) The Opponent's class 35 retail services were **similar to a medium degree** to the Applicant's goods "where the scope of those services includes the selling of drinks" ([170]).

Likelihood of Confusion (Indirect)

33. Moving on to "Likelihood of Confusion", after again ruling out a risk of direct confusion the Hearing Officer said:

"174. I turn now to the question of indirect confusion. Whilst I accept the findings in the Formula One and Halloumi decisions², I have found the mark 'ICELAND' to be inherently low in distinctive character when applied to mineral and natural spring water. I have also found that the country of Iceland can claim a reputation for such goods based on the evidence the applicant has provided during these proceedings.

175. I find that the average consumer of the opponent's 'ICELAND' mineral and carbonated waters and other non-alcoholic beverages, will, on exposure to the contested 'ICELAND LAVA' marks, not assume there to be a link between the providers of those goods. This is because the word 'LAVA' cannot be said to be an obvious addition to the

² C-196/11 P *Formula One Licensing v. OHIM* (ECLI:EU:C:2012:314) & *Foundation for the Protection of the Traditional Cheese of Cyprus Named Halloumi v Babel Sajt Kft* [2020] EWHC 2858 (Ch)

'ICELAND' brand. The word 'ICELAND', being low in distinctive character for the goods at issue will be perceived by the average consumer as a description of the geographical origin of those goods. The average consumer will not consider the contested 'LAVA' marks to be a natural or logical brand evolution or brand extension to the earlier 'ICELAND' goods.

176. With regard to the stylised 'ICELAND LAVA' marks, I have found the 'LAVA' elements in those marks to be the dominant and more distinctive aspects of both marks. I do not ignore the fact that the word 'ICELAND' is present in both marks, however, the low degree of inherent distinctive character in the word 'ICELAND' due to the perception of a geographical place name, means that the average consumer will not expect that the goods at issue originate from the same or economically linked undertakings.

177. Given the reputation of the country of Iceland in relation to water, I consider it far more likely that the average consumer will view the presence of the word 'ICELAND' in all three of the applicant's marks as a reference to the country of origin of the goods, with the word LAVA being viewed as the name of the business. These marks will not be indirectly confused.

34. Rather inconveniently, the Hearing Officer did not expressly deal with the opposition based on the EUTM's registration for retail services although, no point has been taken on this specific omission.

Conclusion – S. 5 (2) (b)

35. The Hearing Officer wrapped up his S. 5 (2) (b) assessment thus:

“178. The opposition insofar as it is based on section 5(2)(b) and the earlier EUTM is unsuccessful against all three contested marks”.

36. He then dismissed the opposition in full at [185].

The Appeal

37. The Opponent filed an appeal on 14th May 2021. The Appeal concerns only the Decision in relation to S. 5 (2) (b) in respect of both earlier marks.

38. The grounds of appeal were:

1. There was no basis in the evidence for the Hearing Officer's view that the average UK consumer would see the word ICELAND, when used as a trade mark or as part of a trade mark, as designating geographical origin for any of the goods of the earlier marks.
2. By holding that, to the UK public the word ICELAND indicated the geographic origin of the goods covered by the later marks, as well as for the identical or similar goods or

of the earlier marks, the Hearing Officer was in effect treating the word ICELAND as lacking any distinctiveness whatsoever.

3. The said finding was based on no evidence. The Hearing Officer stated that he based his view on three documents, AM2, AM3 and AM4. But those do not provide any support for his view whatsoever. They were OECD reports aimed at evaluating the performance of Iceland against various international economic and well-being metrics. They were not concerned with the relevant goods, much less the export of such goods from Iceland to the UK or anywhere else. They discuss the low levels of contaminants in the tap water drunk by Icelandic people in their own country among a plethora of other topics. There was no basis for reaching any conclusions about the reputation, amongst any section of the UK public, of the country Iceland as a source of any goods, whether spring water, mineral water or anything else.
4. The finding was in any event not legally open to the Hearing Officer since, as registered marks, the EUTM and the UKTM were registered marks which had to be accorded some level of distinctiveness rather than being treated as signifying only geographic, rather than commercial origin.
5. The Hearing Officer's views on the meaning of ICELAND wrongly adopted a "one meaning rule" for all, leaving entirely out of account the possibility that (at least) a significant section of the relevant public would not understand ICELAND as he did. The Hearing Officer's view in this regard is tantamount to saying that there is no significant proportion of the UK general public who would take the word ICELAND in either the earlier or later marks as being indicative of commercial origin because of the OECD reports that he referred to, which was irrational and wrong.
6. The Hearing Officer's approach to the issue of distinctiveness was flawed as a matter of approach in that he wrongly considered it as part of the comparison of the marks rather than as part of the overall likelihood of confusion analysis. The comparison of marks entails comparison of visual, oral and conceptual similarities and differences rather than a focus on which aspects are distinctive or not. By introducing that factor at the comparison stage and then "double counting" it at the stage of assessing the likelihood of confusion, the Hearing Officer gave distinctiveness undue importance as a factor in the overall analysis.
7. The issue of distinctiveness was wrongly treated as a trump card, being the only factor pointing away from confusion, in circumstances where the Hearing Officer otherwise held:
 - 7.1. There was identity between certain goods and similarity with other goods and retail services;
 - 7.2. The evidence showed the appellant's retail services for water enjoyed an enhanced distinctive character and scope;
 - 7.3. There was significant similarity between the marks from each of the visual, aural and conceptual perspectives;
 - 7.4. The relevant consumer for all the goods and services was the ordinary public; and

- 7.5. The relevant consumer did not exhibit a high degree of attention when purchasing these goods and services.
8. The hearing officer's global analysis of confusion, failed to take account of (at least):
 - 8.1. A notional and fair use of each of the marks;
 - 8.2. The risk that the public might believe that the respective goods or services come from the same or economically linked undertakings;
 - 8.3. The interdependence principle; and
 - 8.4. The independent role played by the word ICELAND in the later marks.
9. The Hearing Officer ought to have found, as a minimum, that as regards the earlier EUTM, taking account of the level of distinctiveness that must be accorded to that mark, there would be a likelihood of confusion with the later marks at least insofar as the goods were identical.
10. This meant not only that the identity of goods offset any dissimilarities between the marks but also that it was appropriate to consider, notionally and fairly, a scenario where mineral water branded ICELAND LAVA, was being sold side-by-side with other mineral waters including, notionally, one branded ICELAND. The consumer could well consider the former to be a spin-off or brand extension of the latter, if not mistake them directly.
11. The Hearing Officer's finding that the average consumer would see ICELAND as designating the origin of "non-alcoholic beverages other than water" was unsupported by any reasoning or any reference to evidence. Notional and fair use would include mineral water branded ICELAND LAVA being sold in close proximity to ICELAND branded juices, for example in the same supermarket aisle.
12. The Hearing Officer failed to consider notional and fair use of the later marks in the light of his findings that the earlier registrations covering retail services enjoyed an enhanced distinctive character and scope. A notional use would envisage the use of ICELAND LAVA spring water being sold at an ICELAND supermarket on the high street.
13. In this regard, notional and fair use would also take account of the very common practice of supermarkets selling a wide variety of "own branded" products. The Hearing Officer would be well aware of this from his own experience as a consumer, but in any event was provided with significant evidence of the appellant itself carrying on this practice in respect of a wide variety of goods including juices and other non-alcoholic beverages. Brand extension was therefore wrongly appraised by the Hearing Officer because he did not consider it in this sense.
14. The Hearing Officer failed to consider the independent distinctive character of the various components of the later marks ICELAND and LAVA. By failing to accord the word ICELAND any distinctiveness, that left only one distinctive element in the later marks, LAVA, and that was a point of difference. But given that the word ICELAND was required to be treated as distinctive for the identical and similar goods (and highly distinctive in respect of the retail services, as he had found) there was no basis for

ignoring the similarities in the independently distinctive element ICELAND in the later marks and considering whether that might lead to a likelihood of confusion with earlier marks comprising ICELAND and nothing else.

15. The Hearing Officer ought to have considered that all of the later marks contained two distinctive elements, with the first and visually most important element ICELAND being identical to the earlier marks with the result that confusion was likely.
39. I note in passing that, in particular, the Appeal makes no mention of the Hearing Officer's failure to analyse the likelihood of indirect confusion based on the EUTM's registration for retail services. However, the Hearing Officer clearly had in mind that his conclusions were intended to mirror those for the earlier UK registration and the Appeal has been put forward as if he had so adopted those same conclusions, from which I take it that the Opponent is content I should proceed likewise.
40. The Applicant filed a Respondent's Notice dated 17th June 2021 which, in essence, simply denied the grounds of appeal.
41. At the hearing of the Appeal on 26th July 2021 the Opponent was represented by Mr. Philip Roberts QC, instructed by Mishcon de Reya LLP. The Applicant did not attend the Hearing but its representatives, Page, White & Farrer Limited, filed written submissions which I have read and taken into account. I am grateful to both parties' representatives, and in particular to Mr Roberts, for their helpful submissions.

Standard of Review

42. I detected no dispute as to the principles and standard to be applied, these being well-settled. An appeal against decisions taken by the Registrar is by way of review. Neither surprise at a Hearing Officer's conclusion, nor a belief that he or she has reached the wrong decision suffice to justify interference in this sort of appeal. In order to intervene I must be satisfied that there was a distinct and material error of principle in the decision in question or that the Hearing Officer was wrong - *Reef Trade Mark* [2003] RPC 5; and *Actavis Group PTC v. ICOS Corporation* [2019] UKSC 1671 at [78] to [81].
43. As will be clear from the Grounds, part of this appeal relates to the findings of fact by the Hearing Officer used to support his conclusions as to the distinctiveness of the word ICELAND for the goods in issue. Although, naturally enough, both parties pressed this on me for opposing reasons, they were agreed as to the approach to be adopted in relation to findings of primary fact, namely that, per Lord Neuberger PSC in the Supreme Court in *Re B (A Child) (Care Proceedings: Threshold Criteria)* [2013] UKSC 33 at [53] to [60]:

"53. ... where a trial judge has reached a conclusion on the primary facts, it is only in a rare case, such as where that conclusion was one (i) which there was no evidence to support, (ii) which was based on a misunderstanding of the evidence, or (iii) which no reasonable judge could have reached, that an appellate tribunal will interfere with it..."

44. It is therefore clear that whilst the bar for interfering with findings of primary fact is set very high, it can – in proper circumstances – be cleared.
45. I bear all these principles in mind.

Merits of the Appeal

46. For the sake of clarity, I understood from Mr Roberts that there was no criticism of the Hearing Officer’s findings as to:
- a) Similarity of goods/services.
 - b) The medium inherent and enhanced distinctive character of the Services Marks for the identified retail services
 - c) The degree of visual, aural and conceptual similarity of the marks.
 - d) The absence of a risk of direct confusion.
47. Mr Roberts helpfully accepted that his best case rested on EUTM No. 673374, and that if the Opponent failed on that mark, it could do no better as regards the other marks on which the opposition was based.
48. Thus, whilst making allowances for the fact the Hearing Officer approached matters the “other way round” by focussing his main analysis on the earlier UK mark, I shall focus on the EUTM case.

Grounds 1 & 3 – No Evidential Basis for Findings of Fact

49. A good deal of the Decision flows directly from the Hearing Officer’s findings of primary fact concerning the reputation of the country of Iceland for its natural spring water. These findings fed into his subsequent analysis of the distinctiveness of the word ICELAND for goods and the perception of the average consumer. If the base factual findings were wrong, the entire decision under S. 5 (2) (b) in so far as it relates to the distinctiveness of the Goods Marks is fatally undermined.
50. The core of this complaint is contained in Grounds 1 and 3 of the Appeal:
1. *There was no basis in the evidence for the Hearing Officer’s view that the average UK consumer would see the word ICELAND, when used as a trade mark or as part of a trade mark, as designating geographical origin for any of the goods of the earlier marks.*

3. *The said finding was based on no evidence. The Hearing Officer stated that he based his view on three documents, AM2, AM3 and AM4. But those do not provide any support for his view whatsoever. They were OECD reports aimed at evaluating the performance of Iceland against various international economic and well-being metrics. They were not concerned with the relevant goods, much less the export of such goods from Iceland to the UK or anywhere else. They discuss the low levels of contaminants in the tap water*

drunk by Icelandic people in their own country among a plethora of other topics. There was no basis for reaching any conclusions about the reputation, amongst any section of the UK public, of the country Iceland as a source of any goods, whether spring water, mineral water or anything else.

51. The Hearing Officer conducted his analysis in the context of UK Registration No. 2341223. However, he applied his conclusions equally to EUTM No. 673374 at [164-165].
52. In the Decision, the Hearing Officer noted repeatedly that he considered ICELAND to be the name of a country associated with the contested goods, that the Applicant's evidence demonstrated the word ICELAND had significance as an indication of geographical origin for such goods, and that Iceland has a reputation for the quality of its spring water. He said (emphasis added):

At 102: “The word Iceland is likely to be perceived as the name of a European country which may have an association with the goods in issue”

At 103: “As I have found above, the word Iceland is likely to be perceived as a geographical place name which may also be considered to have a link with the contested goods”

At 110: “After careful consideration of the applicant's evidence, I am satisfied that the average consumer of natural spring water would, when faced with the word ‘ICELAND’ on such goods, perceive that term as an indication of geographical origin. The applicant has shown that the country of Iceland may now claim a reputation for the quality of its natural spring water. This is a claim supported by the reports from the OECD dated 2014 and 2017 which the applicant provided within its evidence”.

At 117: “Inherently I find the earlier UK marks to be distinctive to a low degree in respect of all the earlier goods. The word “ICELAND” will be recognised as the name of a European country with a reputation for certain goods including fish and natural spring water” (Here the Hearing Officer refers to the Applicant's exhibits AM2, 3 and 4).

At 130: “I believe that the average consumer will perceive the word “ICELAND” as a geographical indication of origin”.

At 174: “Whilst I accept the findings in the Formula One and Halloumi decisions, I have found the mark ‘ICELAND’ to be inherently low in distinctive character when applied to mineral and natural spring water. I have also found that the country of Iceland can claim a reputation for such goods based on the evidence the applicant has provided during these proceedings”.

At 177: “Given the reputation of the country of Iceland in relation to water, I consider it far more likely that the average consumer will view the presence of the word ‘ICELAND’ in all three of the applicant's marks as a reference to the country of origin of the goods.”

53. However, the only explanation or reasoning advanced by the Hearing Officer for these conclusions is contained first in [110] when considering conceptual similarity, and secondly in [117] when assessing the distinctiveness of the earlier marks. In both cases, as quoted above, he refers back to the Applicant's evidence as supplied by Ms Asdis Magnúsdóttir.

54. The evidence that seems to have most influenced the Hearing Officer (to judge by his express references in the footnote to [117]) was exhibits AM2, AM3 and AM4. All three exhibits are copies of reports issued by the Organisation for Economic Co-operation and Development (OECD). The Hearing Officer summed up the relevant content of these exhibits as follows:

“65. Exhibit AM2 comprises an Environmental Performance Review on Iceland, dated 2014 and issued by The Organisation for Economic Co-operation and Development (“OECD”). Mr (sic) Magnúsdóttir asserts that this review supports the applicant's claim as to the excellence of the water quality in Iceland and the “historically low levels of water pollution”. The report also states that the “Groundwater is of excellent quality and does not need treatment before consumption”.

66. Exhibit AM3 is another OECD report, dated 2017 and named a ‘Better Life Index’. It states that Iceland “does well in terms of water quality, as 99% of people say they are satisfied with the quality of their water, considerably higher than the OECD average of 81% and the highest rates in the OECD”.

67. Exhibit AM4 comprises an extract from the OECD 2017 Economic Survey which shows that Iceland's ranking for water quality is number one.”

55. Mr Roberts argued in his skeleton and before me that nothing in these exhibits established that Iceland has a reputation for, for the quality of, or as a source of spring water amongst the UK public (or anyone else), or that the word ICELAND would be seen as a geographical indication of origin for such goods. He further argued that *“Given the pivotal significance of the Hearing Officer's finding that the relevant average UK consumer would view the word ‘ICELAND’ as designating the geographical origin of natural spring water, it ought to have been based on clear and cogent evidence”* and that *“notwithstanding the general reticence of appeal bodies to interfere with findings of fact derived from the evidence, applying the guidance provided by Lord Neuberger PSC in Re B (A Child) ...it would be entirely justifiable and right for the Appointed Person to interfere with that conclusion in this Appeal”*.

56. In its written submissions on appeal, the Applicant asserted that the Hearing Officer was entirely justified in reaching his conclusions, not least because at [110] he made it clear he had considered all of the Applicant's evidence, not just Exhibits AM2, 3 and 4.

57. Having been taken to exhibits AM2-4, it is readily apparent these OECD reports are specialised economic policy documents which, absent evidence to the contrary (of which there is none), are unlikely to be known to the general public or the notional average consumer in the UK.

58. For example, AM2 is an Environmental Performance Review on Iceland, dated 2014. It states “*The OECD conducts in-depth assessments of the environmental policies and programmes of selected OECD and key partner countries. (They) identify good practice and make recommendations to strengthen the reviewed countries’ policies and instruments for promoting green growth. They are conducted through a peer review process which involves countries assessing each other as equals. (They) are based on national and international data and make wide use of economic analysis*”. The review “*involved a constructive and mutually beneficial policy dialogue between Iceland and the countries participating in the OECD Working Party...* ”.
59. Furthermore, whilst each contains the information referred to by the Hearing Officer, it is clear that in context these concern the quality of the ground water and public water supply in Iceland and the perceptions/satisfaction of the Icelandic population. The reports say nothing about any association of Iceland with “natural spring water” as a product or point of origin for such goods, or any other goods, nor the extent to which the UK – or indeed any other – relevant public is aware of Iceland as a source of such goods or the quality of the same.
60. Whilst there is nothing specifically to suggest that the Hearing Officer was swayed by the additional evidence and exhibits, I have perused these too. Ms Magnusdottir’s witness statement states, for example, that “*Tap water in Iceland is widely perceived to be amongst the purest in the world; see attached articles marked Exhibit AM1*”. I cannot see that assists the Applicant. Iceland’s tap water is not in issue here and, besides, the evidence contains nothing to say that this information, or anything else contained within it, is likely to be known to the average consumer in the UK or even that the articles contained in AM1 (which are few in number) were circulated in the UK.
61. Ms Magnusdottir’s statement also asserts generally that water from Iceland is exported in large volumes but says nothing about the volumes exported to or the size of the UK market. Exhibit AM5 does indeed contain evidence that some of these sales were made in the UK. However, all that can be said of it is that it shows one specific brand, ICELANDIC GLACIAL, was offered through a single supermarket (Whole Foods Market) and three-four online retailers (including Ocado and Amazon). This is probably the high point of the evidence in so far as it addresses the exposure of “Iceland” in respect of water to the UK consumer.
62. Without any detail of sales volumes or market share etc., whether taking the said evidence either point by point or as a whole it says nothing about the perception or knowledge of the average consumer *in the UK* as regards Iceland as a source of, as being associated with, or as being reputed for, natural spring water. Neither does it support, evidentially, the proposition that the word ICELAND would be perceived as a descriptive indication of geographical origin for such, or any other, goods to the UK average consumer.
63. Thus, the evidence in question simply does not support the conclusions drawn from it by the Hearing Officer. Alternatively, the Hearing Officer misunderstood the evidence. Since

this evidence was the only basis advanced by the Hearing Officer for his findings of fact, it follows that I agree with the Opponent.

64. That is not to say such conclusions cannot in principle be reached by other means. They might be derived from reasoning. For example, Mr Feldon referred in passing to an earlier case concerning the Opponent's UK registration, BL O/307/12, in which the Registrar's Hearing Officer Mr Oliver Morris, applied (at [71]) reasoning based on joined cases C-108/97 and C-109/97 *Windsurfing Chiemsee Produktions-und Vertriebs GmbH (WSC) v Boots-und Segelzubehör Walter Huber and Franz Attenberger (Chiemsee)* to justify the exclusion of "water and mineral and carbonated waters" from registration No. 2341223. Indeed, given this case was before the Hearing Officer and that it was briefly mentioned at [117], it is possible this reasoning was in the Hearing Officer's mind. If it was, though, it did not make it into the final Decision.
65. So, taking the Decision as it is constructed, notwithstanding the caution urged by Lord Neuberger PSC in *Re B*, and not without some hesitation, I am satisfied that Grounds 1 and 3 of the appeal are meritorious. The Hearing Officer was wrong in his findings of fact and this is one of those rare cases referred to by Lord Neuberger where appellate interference is justified in so far as the Decision concerns the conflict between the earlier registrations for goods and the contested applications.

Grounds 2, 4, 5, 8-10, 14 and 15 - Additional Grounds of Appeal Dependent on Findings of Fact

66. The matters of which complaint is made in Grounds 2, 4, 5, 8-10, 14 and 15 are all derived from the Hearing Officer's underlying findings of fact as they fed into his assessment of the distinctiveness of the earlier Goods Marks. That foundation having been washed away, it is impossible to make any reasonable assessment of the matters complained of, since to do so would require me to assume the findings of fact and the resulting assessment of distinctiveness stood. Thus, those grounds of appeal, of necessity, fall away and I need say no more about them.

Ground 6 - "Double Counting" Distinctiveness

67. By Ground 6 the Opponent complains that the Hearing Officer considered distinctiveness both when comparing marks conceptually and assessing likelihood of confusion.
68. I did not identify any specific argument directed to this point in the Opponent's skeleton, nor did Mr Roberts press it at the Hearing with any vigour, preferring instead to make a more general point that the frequent mentions of ICELAND's supposedly low distinctive character are pervasive throughout the Decision and show that the earlier marks' "*Formula One*" presumed distinctiveness was ignored.
69. On the specific ground of appeal, it is true that in paragraph [110] - in the middle of assessing conceptual similarity - the Hearing Officer discusses his finding that ICELAND is likely to be perceived as an indication of geographical origin for the goods in issue based

on its evidence for a reputation therefor. On the face of it this seems to be out of place, especially as no further mention of it appears in the Hearing Officer's analysis of conceptual similarity.

70. However, on a closer examination, [110] appears to be a response to the Opponent's argument noted at [108] regarding the concept of ICELAND as being distinctive of trade origin from the Opponent. The Opponent having raised distinctiveness in this context itself, it can scarcely complain if the Hearing Officer responds to the point.
71. In any event that issue does not follow through to the Hearing Officer's conclusions on the comparison of marks. At [111] he confines himself to noting that the concept of ICELAND is "the country of Iceland". There is no "double counting" error of principle here.

Ground 7 - Distinctiveness as a Trump Card

72. By Ground 7 the Opponent complains that the issue of distinctiveness somehow trumped every other consideration in the assessment of a likelihood of confusion.
73. The point is pleaded as if it is applicable to the Hearing Officer's analysis of the conflict for both the Goods *and* Services Marks. However, this ignores the fact that the Hearing Officer acknowledged different levels of distinctiveness for each Mark category and assessed them differently. In particular, at [132] the Hearing Officer expressly recognised that ICELAND would *not* be seen as a geographical indication for the relevant retail services, so for services at least it does not appear to have been a deciding factor.
74. In any event, in a multifactorial assessment there is nothing to stop one factor being treated as a "trump card" – the complaint is really about the attribution of weight to the factor, and appellate interference with that is rare. There is certainly nothing here that merits interference on this basis.

Ground 11 - Distinctiveness of the Earlier Marks for Non-alcoholic Beverages/Notional and Fair Use

75. Ground 11 of the Appeal is as follows:

"The Hearing Officer's finding that the average consumer would see ICELAND as designating the origin of "non-alcoholic beverages other than water" was unsupported by any reasoning or any reference to evidence. Notional and fair use would include mineral water branded ICELAND LAVA being sold in close proximity to ICELAND branded juices, for example in the same supermarket aisle".

76. This seems to cover two different things. The first sentence goes to the lack of any evidenced or reasoned basis for concluding that for particular goods, ICELAND is weakly distinctive/geographically indicative. The second point goes to the consideration of "notional and fair use".
77. The Hearing Officer dealt with the distinctiveness issue as follows (*emphasis added*).

At [117]: *“Inherently I find the earlier UK marks to be distinctive to a low degree in respect of all the earlier goods. The word ‘ICELAND’ will be recognised as the name of a European country, with a reputation for certain goods including fish and natural spring water.*

At [122]: *“the earlier mark has a low degree of inherent distinctiveness in respect of the goods it covers”.*

At [131]: *“When faced with the mark ‘ICELAND’ on a non-alcoholic beverage, I believe that, due to its inherently low distinctive character when applied to goods, the average UK consumer will likely interpret that element as denoting the geographical origin, being the country of Iceland.”*

At [175]: *“The word ‘ICELAND’, being low in distinctive character for the goods at issue will be perceived by the average consumer as a description of the geographical origin of those goods”.*

78. Whilst the Hearing Officer backed up his finding for natural spring water by reference to evidence (albeit wrongly) he does not point to any evidential basis for extrapolating that to non-alcoholic beverages *other than* natural spring water.
79. Furthermore, the Hearing Officer provides no reasoning for his conclusion that for non-alcoholic beverages other than natural spring water, the inherent distinctive character of the word ICELAND is low. It does not necessarily follow, without reasoning, that a country name is automatically inherently low in distinctive character for any particular goods.
80. A Hearing Officer does not have to record the minutiae of his decision-making but *“the judgment must enable the appellate court to understand why the judge reached his decision (REEF Trade Mark [2002] EWCA Civ 763, para. 29, per Robert Walker L. J.)*. As the Decision stands, I cannot understand how the Hearing Officer reached this decision. The unreasoned conclusion constitutes an error of principle.
81. I therefore accept the first sentence of this ground of appeal.
82. As to the issue of notional and fair use referred to in the ground, the Hearing Officer’s assessment was, once again, based on his unprincipled conclusion as to the marks’ inherent distinctiveness, so once again the underlying decision of which the complaint is made ([131]) falls away, taking that element of the ground of appeal with it.

Ground 12 - Notional and Fair Use - Services Marks

83. Under Ground 12 the Opponent asserts *“The Hearing Officer failed to consider notional and fair use of the later marks in the light of his findings that the earlier registrations covering retail services enjoyed an enhanced distinctive character and scope. A notional use would envisage the use of ICELAND LAVA spring water being sold at an ICELAND*

supermarket on the high street". I took this to be a reference to use of the Contested Marks in the Opponent's own ICELAND stores.

84. The difficulty with this is that notional and fair use relates to use in competition whereas, were the Opponent to retail the Applicant's ICELAND LAVA goods in its ICELAND supermarket, in any normal or fair situation that would be use in concert with and by the consent of the Opponent. This Ground of Appeal therefore fails.

Ground 13 – "Own Brand" Use

85. By Ground 13 the Opponent seeks to suggest that its evidenced practice (and that of others) of selling "own-brand" goods should have influenced the Hearing Officer's findings on the "brand extension" aspect of "indirect confusion":

13. In this regard, notional and fair use would also take account of the very common practice of supermarkets selling a wide variety of "own branded" products. The Hearing Officer would be well aware of this from his own experience as a consumer, but in any event was provided with significant evidence of the appellant itself carrying on this practice in respect of a wide variety of goods including juices and other non-alcoholic beverages. Brand extension was therefore wrongly appraised by the Hearing Officer because he did not consider it in this sense.

86. Since this Ground is worded so as to qualify Ground 12, it applies only to the Services Marks.

87. Before the Hearing Officer, the Opponent argued that "own-brand" use of this kind should be considered in the comparison of the Opponent's retail services with the goods in issue. In his Decision, the Hearing Officer said (*emphasis added*):

"89. The opponent's class 35 services include 'Retail supermarket services connected with the sale of drinks'. These services and the contested goods may share channels of trade and may be said to be complementary. It is also the case that the consumer of supermarket services is likely to be a consumer of the contested natural spring water. Mr Malynicz referred me to Oakley (Oakley v OHIM — Venticinque (O STORE), T-116/06, EU:T:2008:399) within the context of complementarity between retail services and the goods being retailed. He added: "This is particularly the case where there is a well-established practice, and consumers are aware of it, that supermarkets often own brand a wide range of goods as well, whether this be mineral waters or cans of tomatoes. The connection is therefore one of complementarity as well as same consumers, same occasion, same purpose etc."

90. In respect of the opponent's class 35 retail services, I note that the applicant states in submissions, that there is only a very low level of similarity with its goods, however it adds that the overall differences between the marks are sufficient to avoid the risk of consumer confusion. I agree with the argument put forward by Mr Malynicz and find these goods and services to be similar to a medium degree.

88. So, the Hearing Officer factored in the general practice of marketing “own brands” into his comparison of goods/services. His process of analysing the likelihood of indirect confusion from [132-134] took account of those findings and fed into his assessment.
89. As to the Opponent’s own practice of selling “own brands” the Hearing Officer dealt with this when considering the Opponent’s evidence. At [61] he said “*Whilst the opponent has shown that it sells ‘ICELAND’ own branded food products and, to a much lesser extent, own brand beverages... I find that the evidence submitted by IFL is insufficient to prove that it has acquired an enhanced level of distinctive character or a reputation in the earlier marks, for any of the goods at issue*”. In other words, there was nothing particularly special about the Opponent’s own brand use that would justify giving it any particular weight.
90. Mr Roberts argued the point in his skeleton argument:

“If the Hearing Officer had considered the issue of indirect confusion from the perspective of the relevant average UK consumer, namely someone for whom the sign ‘ICELAND’ is distinctive of natural spring water originating from the Opponent, and if he had taken into account the common practice of supermarkets (including the Opponent) selling a wide variety of ‘own branded’ products, he would have been led to the inevitable conclusion that ‘ICELAND LAVA’ would be considered to be an obvious brand extension of the Opponent’s ‘ICELAND’ brand such that there was a likelihood of indirect confusion.”

91. In considering this issue one has to be wary of converting unremarkable “goods” use/distinctiveness into a more substantially weight-bearing “services” factor by the back door. The Hearing Officer having taken account of ‘own-branding’ in comparing services with goods, it is difficult to understand why it should be considered yet again as a standalone point in the context of indirect confusion through brand extension/sub-branding, beyond that which is implicit in those very concepts. To do so would be “double counting”. Finally, arguing that an outcome is inevitable or obvious “if only” other things had been decided differently echoes Groucho Marx’s famous line, “*If we had some eggs we could have eggs and ham, if we had some ham*”.
92. In truth the argument amounts to little more than a disagreement with the Hearing Officer. That is not the basis for a successful ground of appeal. Thus, Ground 13 fails.

Summary of Findings

93. The Appeal fails entirely in so far as it is based on the Services Marks.
94. For the Goods Marks, Grounds 1 and 3 are upheld on the basis that the Hearing Officer’s findings of primary fact were wrong, being unsupported by the evidence relied on.
95. As for the first sentence of Ground 11, the Hearing Officer’s assertion that the mark ICELAND has inherently low distinctive character was unreasoned. This constituted a reviewable error, and that Ground is therefore upheld.

Disposal

96. Having found merit in three grounds of appeal it falls to me to decide in my discretion whether I should re-appraise the matter myself or remit it back to the Registrar.
97. Mr Roberts urged on me that, if I was with him to any extent on the Appeal, I should decide the opposition myself. He pointed out, quite correctly, that the Applicant had made written submissions, was aware of the issues and had nevertheless declined to attend the Hearing. I also take into account that the Applicant was professionally represented and that I can assume that, had it any views on how I should proceed, the Applicant would have communicated them to me ahead of the Hearing. I also bear in mind that, the case having been fully argued below, a re-hearing would probably simply re-hash the existing arguments at considerable cost and delay to all concerned.
98. That said, I also bear in mind that a re-appraisal will involve assessing the distinctiveness of the word ICELAND and, if appropriate, determining the impact of that in the light of C-196/11 P *Formula One Licensing v. OHIM* (ECLI:EU:C:2012:314) & *Foundation for the Protection of the Traditional Cheese of Cyprus Named Halloumi v Babel Sajt Kft.* [2020] EWHC 2858 (Ch). This is potentially an issue on which either party might wish to have the opportunity for a further appeal, which argues in favour of remitting the case to the Registrar for re-assessment.
99. However, considering the Opponent's willingness to leave the matter in my hands, the silence of the Applicant, the full arguments below and before me (including, in the Opponent's case, as to the impact of *Formula One*) and the public interest in avoiding unnecessary delay in reaching a final determination, I conclude that it is appropriate for me to re-appraise the matter myself.

Re-appraisal

100. The relevant principles applicable to an assessment under S. 5 (2) (b) are not in dispute and have been properly set out in the Hearing Officer's Decision. I remind myself of them.
101. For the avoidance of doubt this re-appraisal concerns the Opponent's earlier trade marks to the extent they are registered for goods. Furthermore, Mr Roberts agreed that his client's best case rested on its EUTM as against the contested "word" mark and that he could do no better as between the other marks in suit.
102. I adopt the following undisputed findings of the Hearing Officer:
- a) the Applicant's goods in class 32 are identical to "mineral and carbonated water" covered by EUTM No. 2673374 ("the EUTM") in that class.
 - b) By extension from the Hearing Officer's findings as regards UK TM No. 2341223, non-alcoholic beverages and fruit drinks and fruit juices are similar to the contested goods to a medium degree.

- c) The average consumer will be a member of the general public, paying no more than a medium degree of attention selecting goods primarily by visual means or, in appropriate circumstances, by a combination of visual and aural means.
- d) The evidence of the Opponent did not establish any enhanced distinctive character or reputation in the EUTM (or any other of its marks) for the goods in issue/the goods covered by its class 32 specification.

103. The Opponent took no point on the Hearing Officer's failure to compare the contested goods with the Opponent's "beers" or "syrups and other preparations for making beverages", so I shall leave those out of account.

Applicant's Evidence

104. For the reasons given in [49-65] above, the Applicant's evidence does *not* establish that ICELAND as a country name has any association with the goods in issue, that Iceland has a reputation with the average consumer for its natural spring water, or that Iceland would be seen as an indication of geographical origin.

Overall Impression of the Marks

105. The overall impression of the EUTM is the word ICELAND, the name of a well-known European country.

106. Application No. 3231483 consists of the country name ICELAND together with the word LAVA. I concur with the Hearing Officer that the word "lava" is, in effect, magma or hot liquid rock from volcanoes, a term that is unconnected in any way with the goods, but which is associated with powerful geological imagery. In the contested mark, LAVA is the subject of the phrase ICELAND LAVA, so it is to that word which, on balance, the average consumer's attention is more drawn, ICELAND being a qualifier. In simple terms, the mark is more of a "LAVA" mark than an ICELAND mark, notwithstanding that ICELAND is the first word – the "rule" that the first part of a mark is more important is no more than a rule of thumb. Therefore, whilst the presence/role of the country name ICELAND cannot be ignored, I find that the word LAVA plays the greater role in the overall impression of ICELAND LAVA. It has no equivalent in the earlier mark and is distinctive.

Visual and Aural Similarity

107. I adopt the Hearing Officer's undisputed findings that the marks are visually similar to at least a medium degree and aurally similar to a medium degree.

Conceptual Similarity

108. In the EUTM the word ICELAND has the concept of the name of a European country.

109. I noted the Hearing Officer 's reference at [108] to the Opponent's argument that "*The vast majority of UK consumers...would consider the opponent's use of the term (ICELAND) as referring to the well-known supermarket that has a focus of frozen foods*" Bearing in mind the absence of evidence for the enhanced distinctive character/reputation of the EUTM for goods, there is nothing to suggest that the core conceptual meaning of ICELAND has been displaced, notwithstanding it may have the capacity to distinguish. It will be perceived simply as the name of a country being used as a trade mark rather than, conceptually, a reference to the Opponent's supermarket.
110. The Contested Mark combines the words ICELAND and LAVA. Iceland is a country which I find the average consumer, being reasonably well-informed, will know is particularly volcanically active, this being a matter of general common knowledge. The average consumer will also understand that LAVA is molten or rock from volcanoes. Whilst the marks share the concept of the country of ICELAND, in the Contested Mark the reference to LAVA focusses the concept of the combined words in the mark more on the country's volcanic nature, landscape and activity, diminishing the country concept somewhat.
111. Thus, notwithstanding I have approached the matter from a slightly different direction than the Hearing Officer (in particular by leaving out of account any consideration of any supposed reputation of Iceland for water), I have come to the same conclusion as Mr Feldon - the marks are therefore conceptually similar to no more than a medium degree.

Distinctive Character of the Earlier Mark

112. I remind myself of the principles for determining the distinctive character of a mark as set out in *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*, Case C-342/97 and referred to be the Hearing Officer at [113] of the Decision.
113. As accepted by the Hearing Officer, in the light of C-196/11 P *Formula One Licensing v. OHIM* (ECLI:EU:C:2012:314) I am obliged to attribute at least a "certain" degree of distinctive character to the earlier marks. The issue is, to what extent?
114. Following C-109/97 *Windsurfing Chiemsee Produktions-undVertriebs GmbH (WSC) v Boots-und Segelzubehör Walter Huber andFranz Attenberger (Chiemsee)* EU:C: 1999:230 it is clear that geographical (including country) names can be sufficiently distinctive to be registered and it follows that similar principles can be applied in assessing level of the distinctiveness of an earlier mark in opposition, notwithstanding a degree of distinctiveness cannot be denied.
115. The mere fact a sign is a country name does not, of itself, automatically condemn it to having only a low or weak distinctive character. Regard must be had to the extent to which a geographical name is associated in an origin-indicative sense with the relevant goods in the mind of the consumer or with which – despite the absence of any current association –

it is liable to be associated in the future as an indication of geographical origin (*Windsurfing* [37]).

116. The word ICELAND is the name of a European country. It is, in my view, a matter of common general knowledge that whilst it is a small country it is economically active and that the economy is modern, in line with similar countries in Scandinavia.

117. As regards “mineral and carbonated waters”, I agree with the comments of Mr Oliver Morris, the Registrar’s Hearing Officer, in Opposition BL O/307/12 [that “*water is the most natural of all products and is often sold on the basis of geographic origin. The climate of Iceland may also predicate the perception of the relevant public, a perception that the country will be suitable for spring water supply*”. It follows that even though there is no evidence the average consumer is currently aware of any reputation of Iceland for water, it is reasonable to assume the name is, in the mind of the relevant class of persons, capable of designating the geographical origin of such goods in the future.

118. Taking into account the obligation imposed by *Formula One*, I conclude that ICELAND is inherently distinctive to a low degree in respect of natural spring water and mineral and carbonated waters.

119. That leaves the consideration of distinctiveness as regards “*other non-alcoholic beverages; fruit drinks and fruit juices*”. Given the breadth of the terms, it could encompass beverages, drinks and juices which are little removed from spring/mineral water (such as lightly flavoured spring waters) for which UK consumers might see the word ICELAND as geographically indicative, or goods which are more complex or differentiated and which would not necessarily be associated with the country. The inherent distinctiveness of ICELAND for such goods may differ accordingly. Taking the best view I can of it, the word ICELAND has ordinary (or “medium”) distinctive character for such goods at best.

Likelihood of Confusion

120. I adopt and remind myself of the standard principles set out [120-122] of the Decision.

121. The Hearing Officer’s finding that there was no risk of direct confusion was not appealed and so I adopt it.

122. I have found that:

- a) The marks are visually, aurally and conceptually similar to a medium degree.
- b) The average consumer will be a member of the general public, paying no more than a medium degree of attention selecting goods primarily by visual means or, in appropriate circumstances, by a combination of visual and aural means.
- c) the Applicant’s goods in class 32 are identical to “mineral and carbonated water” covered by EUTM No. 2673374 (“the EUTM”) in that class.

- d) The Opponent's "non-alcoholic beverages and fruit drinks and fruit juices" are similar to the contested goods to a medium degree.
- e) The EUTM has a low degree of inherent distinctiveness for "mineral and carbonated water".
- f) The EUTM has an ordinary/medium degree of distinctive character for other non-alcoholic beverages; fruit drinks and fruit juices.

123. I now turn to the issue of direct confusion, the principles of which were set out at [128] of the Decision.

124. I accept that, per *Formula One* and *Halloumi*, a certain degree of distinctive character in ICELAND must be acknowledged. For the identical goods I have found that ICELAND has a low inherent distinctive character.

125. It does not follow, though, that a finding of indirect confusion thereby becomes inevitable. The tribunal "*must verify the way in which the relevant public perceives the sign which is identical to the national trade mark in the mark applied for and evaluate, if necessary, the degree of distinctiveness of that sign*" (*Formula One* [42]). Notwithstanding that verification "has its limits" (*Formula One* [43]), the decision on the substance requires the examination of the question of whether, without a finding of a lack of distinctive character of the earlier sign in the earlier trade marks, it may be found that S. 5 (2) (b) of the Act does not apply (by analogy with *Formula One*, [57] and per *Whyte and Mackay v Origin Wine*, [2015] EWHC 1271 (Ch); [2015] F.S.R. 33 at [21], per Arnold J as he then was).

126. The critical issue, in my view, is whether ICELAND has an independent distinctive character within the combined phrase ICELAND LAVA, or whether (as in *HALLOUMI*) it has been subsumed into the Contested Mark so as to displace or disguise that distinctive character for the average consumer. Put simply, on seeing the Contested Mark, does the average consumer perceive it as "A product called LAVA which comes from a shop called ICELAND", as a product called ICELAND LAVA which conjures up an image or concept of (for example) volcanic Icelandic scenery, or as a water product called ICELAND LAVA which could reasonably have come from Iceland as a geographic source.

127. In *Bimbo SA v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* (C-591/12 P) EU:C:2014:305; [2014] E.T.M.R. 41 the CJEU held at [25] that "*a component of a composite sign does not retain such an independent distinctive role if, together with the other component or components of the sign, that component forms a unit having a different meaning as compared with the meaning of those components taken separately*". The point was also emphasised by Arnold J as he then was in *Whyte & McKay v Origin Wine* at [20]: the issue of independent significance "*can only apply in circumstances where the average consumer would perceive the relevant part of the composite mark to have distinctive significance independently of the whole. It does not*

apply where the average consumer would perceive the composite mark as a unit having a different meaning to the meanings of the separate components. That includes the situation where the meaning of one of the components is qualified by another...

128. In my view this is a case where, as in *HALLOUMI* and *Whyte & McKay*, the word ICELAND in ICELAND LAVA is subsumed within the entirety of the Contested Mark such that it is viewed as a unit which conjures up an image or concept of volcanic lava in Iceland or as a water product called ICELAND LAVA in which the word ICELAND is intended to convey the geographic source of the water. I do not consider that, having regard to the mark as a whole, the average consumer would see the word ICELAND is indicating trade origin from or other economic linkage with the Opponent.
129. As to the possibility the mark might be seen as a brand extension or sub-brand of ICELAND, I do not consider this to be likely. The common element ICELAND, even at its best, is not “strikingly distinctive” if at all, in context. The word LAVA is highly distinctive in its own right, being entirely at odds in concept to the product in relation to which it is to be protected. There is no reason to think a consumer would see ICELAND LAVA as a natural or logical brand development of the Opponent’s marks.
130. As urged by Mr Roberts on appeal I must, of course, consider the possibility that perhaps a significant proportion of the average consumer cohort might nevertheless identify ICELAND in the later mark as the Opponent’s distinctive sign. Whilst I cannot entirely rule out the possibility, I bear in mind that the average consumer is reasonably well-informed and observant. As such they are likely to know about the country of Iceland and its volcanic nature. They are likely to be aware that spring water comes from a wide variety of local or international geographic sources, not least because these are goods which have been available universally in the UK for many years and will not be surprised to see the word ICELAND used to indicate the water’s source. The use of the word LAVA with the image that evokes will reinforce the geographic connection to ICELAND, a country known to be volcanic. In my view, having regard to the perceptions and expectations of the average consumer and absent evidence to the contrary, the proportion of such persons who might be confused – if any - would be insignificant if not minuscule. That does not justify a finding of indirect confusion.
131. Even if I am wrong in that, from *Duebros Limited v Heirler Cenovis GmbH* BL O/547/17, I note the comment of Mr James Mellor QC sitting as the Appointed Person that a finding of indirect confusion should not be made merely because two marks share a common element and that the mere “calling to mind” of the earlier mark is no more than association. Whilst it is possible the Opponent’s mark might be brought to mind, it would be no more than that, in effect the thought that this is a simple coincidence. This is association, not indirect confusion.
132. That leaves a consideration of the earlier mark in so far as it covers other non-alcoholic beverages, fruit drinks and fruit juices. I have found that the earlier mark has an ordinary degree of distinctive character for such goods. However, even allowing for that, I do not believe an average consumer, who is reasonably well-informed and circumspect will be

confused, for all the reasons given above. It is possible that a slightly greater proportion of the average consumer cohort might be confused but I believe that would still fall far short of being a significant proportion.

133. In reaching this conclusion, I take account of the principles of notional and fair use, and in particular the issues raised by the Opponent on appeal, namely the possibility the goods might be sold in close proximity, for example in the same supermarket aisle.

134. The Opponent had itself conceded below that this was not a case of “side-by-side” direct confusion, the marks being distinguishable. Direct confusion being excluded, in effect, the submission is because that the consumer has seen ICELAND on a water product, seeing ICELAND LAVA on a water product nearby is likely to lead that consumer to think - by reason of proximity alone – that the latter is from another brand from a common source.

135. I do not believe proximity adds anything extra to the likelihood of indirect confusion as it is ordinarily assessed. It must, by its very nature, be factored into the basic assessment. Underlying the concept of indirect confusion is the worst-case scenario that in notional and fair use the marks *will* conceivably be close together, not just that they will be sold remotely from each other. To my mind, on the facts and findings in this case, even if the goods are adjacent, the most that will happen is that the earlier mark may be called to mind by an average consumer seeing the contested mark, but only in an “associative” sense. Thus, even in this scenario I do not find a risk of indirect confusion.

136. Thus, since I have found no likelihood of confusion between the Opponent’s EUTM as registered for goods and the Contested Word Mark and taking into account the Opponent’s acceptance that it could expect to do no better as regards the other marks in suit, the opposition fails under S. 5 (2) (b).

Conclusion

137. The appeal failed entirely as regards the opposition based on the Opponent’s earlier marks in class 35.

138. I upheld the grounds 1, 3 and 11 (in part) of appeal as regards the Opponent’s earlier marks in class 32, but on re-appraisal of the opposition I determined that nonetheless there was no likelihood of confusion. The Opposition under S. 5 (2) (b) has therefore failed in its entirety.

139. **Thus, the appeal has failed, and all of the contested marks may proceed to registration.**

Costs

140. As the successful party the Applicant is entitled to an award of a contribution to its costs. Neither party argued that I should depart from the usual scale of costs.

141. The Hearing Officer made an award of £1,400 as a contribution towards the costs of the Applicant. So far as the costs of the Appeal are concerned, taking account of the fact that the Applicant did not appear at the hearing of the appeal but submitted written submissions in lieu of attendance, I order the Opponent to pay £750 by way of contribution to the costs incurred by the Applicant in dealing with this Appeal. Therefore, the Opponent must pay to the Applicant or its representatives the total sum of £2,150 within 21 days of the date of this decision.

Philip Harris
Appointed Person
2 December 2021