



OUTER HOUSE, COURT OF SESSION

[2023] CSOH 66

A293/22

OPINION OF LORD BRAID

In the Appeal under section 76 of the Trade Marks Act 1994

D&M WINCHESTER LIMITED

Appellant

against

COLEBURN DISTILLERY LIMITED

Respondent

**Appellant: A McWhirter; Lindsays LLP**

**Respondent: U Tariq; Burness Paull LLP**

5 October 2023

[1] This is an appeal against the decision of the United Kingdom Intellectual Property Office (UKIPO) dated 25 October 2022 in consolidated opposition and revocation trade mark proceedings involving the parties. The appeal is brought in terms of section 76 of the Trade Marks Act 1994, which provides for an appeal to this court from any such decision.

**Background**

[2] The appellant is the owner and landlord of the site of the former Coleburn Distillery, Rothes, Elgin. It does not currently produce any whisky, but provides whisky sales, cask storage and management services. Casks are stored within warehouses on the site which are operated by the appellant. The appellant also hosts events on the site, for example in conjunction with the

Spirit of Speyside Whisky Festival. The appellant intends to develop the site. Its plans include the creation of a luxury hotel, restaurant, spa and conference facilities, and the recommencement of whisky production. It wishes to use the name Coleburn as part of the redevelopment.

Accordingly, on 24 February 2021 it applied to the UKIPO to register the following trademark in the UK: COLEBURN, in classes 32, 33, 39, 40, 41, 43 and 44.

[3] The appellant does not use all of the warehouses on the site. One of the bonded warehouses - a dunnage warehouse - is leased by the appellant to Aceo Ltd, in terms of a lease dated 24 April and 9 May 2014. The respondent (which has the same controlling mind as Aceo) was incorporated on 20 March 2014. It is the owner of trade mark COLEBURN (No UK00003051460), registered in classes 33, 39 and 40; and COLEBURN (No UK00912792214), registered in classes 33, 39 and 40. (The second mark is a cloned EU mark added to the register as a result of the UK's departure from the European Union.) The appellant does not now dispute that Aceo has the consent of the respondent to use its COLEBURN trademarks. At its Coleburn warehouse on the site, Aceo offers a comprehensive cask management service which includes cask storage, HMRC administration, sampling, strength testing, regauging, cask monitoring, cask repairs, cask racking and re-racking, disgorging and filling and blending, visits to casks, invitation to whisky functions and events, bottling, logistics and design labelling services. Aceo describes this service as its Coleburn Service. That service has around 150 customers. Aceo also conducts tours of the Coleburn warehouse.

[4] The respondent opposed the appellant's application. The opposition was based on the following sections of the Trade Marks Act 1994: 5(1) (identity of marks and goods/services); 5(2)(a) (identity of marks, similarity of goods/services and risk of confusion); and 3(6) (bad faith). For its part, the appellant filed an application to revoke the respondent's marks on the grounds of non-use, in terms of section 46 of the 1994 Act. The proceedings were conjoined.

[5] In its decision on the conjoined proceedings, the UKIPO revoked the respondent's trade marks in classes 33 and 40 on the basis of non-use in terms of section 46(1)(a). However, the hearing officer found that genuine use had been proved in respect of some of the goods and services in class 39 and concluded that a fair specification of the respondent's trademarks was:

Warehousing and storage services for whisky maturation; bonded warehousing services; whisky bottling services, arranging and conducting of tours relating to whisky warehousing (the "Revised Specification").

[6] The UKIPO also dismissed the respondent's opposition to the appellant's trade mark in respect of classes 32, 41, 43 and 44. The appellant's trade mark was registered in those classes. The respondent's opposition was successful on all three grounds relied upon by it in relation to the following classes:

Class 33: Alcoholic beverages; whisky; malt whisky; scotch whisky; whisky-based liqueurs.

Class 39: Arranging of distillery tours; organisation of tours of whisky distilleries; sightseeing tours; booking and reservation services for tours; tourist guide services; bonded storage; bonded warehousing; cask warehousing services for alcoholic spirits; bottling services.

Class 40: Distillery services; whisky distillery services.

In brief, the hearing officer found, first, that in terms of section 5(1) of the 1994 Act the appellant's trade mark was identical to the respondent's trade marks (which is not disputed) and related to the same goods or services protected by the Revised Specification of the respondent's trademarks. Second, he found that in terms of section 5(2)(a) of the Act the appellant's trade mark was identical to the respondent's trademarks and related to goods or services similar to the Revised Specification such that there was a likelihood of confusion on the part of the average consumer between the marks. Third, he found that in terms of section 3(6) of the Act the appellant had sought to register its trade mark in bad faith in relation to classes 33, 39 and 40.

**The questions for the court**

[7] The appellant challenges the UKIPO's decision in relation to the Revised Specification of the respondent's trademarks as well as the decisions in relation to sections 3(6), 5(1) and 5(2)(a) of the Act. The appellant asks the court the following questions:

- Question 1: Was the hearing officer incorrect to find that the respondent had demonstrated genuine use of the CDL trade marks in respect of the Revised Specification? Should he have revoked the CDL trade marks in their entirety under section 46(1)(a) or (b) of the 1994 Act?
- Question 2: Was the hearing officer incorrect in his assessment of whether the goods and services were identical and accordingly incorrect to refuse the appellant's application for the DMW trade mark in respect of goods and services not connected with warehousing under section 5(1) of the Act?
- Question 3: Was the hearing officer incorrect to find that there was similarity between the Revised Specification and the class 3, 39 and 40 goods and services?
- Question 4: Was the hearing officer incorrect to find that there was a likelihood of confusion on the part of the average consumer in terms of section 5(2)(a) of the Act?
- Question 5: Was the hearing officer incorrect to find the appellant had made its application in bad faith and accordingly incorrect to refuse the application on the basis of section 3(6) of the Act?

The appellant invites the court to answer all five questions in the affirmative.

**The Appeal: standard of review**

[8] RCS 55.19(10) provides that an appeal under section 76 is a “re-hearing”. Before answering any of the questions, there is a preliminary issue to consider, namely, the nature of the appeal, standing the terms of that rule, and the standard of review.

***Agreed legal principles***

[9] The parties lodged a note of agreed legal principles for the purposes of the appeal. In relation to this issue, they agreed the following (which I have adapted slightly in the interests of clarity):

- (i) (As just noted) an appeal under section 76 of the Trade Marks Act 1994 is a rehearing. However, it is not a rehearing in the fullest sense. The form of the appeal is in substance one of a review of the decision. The court is permitted to look at the evidence that was led before the hearing officer.
- (ii) The court may interfere with findings of primary fact where it is shown that there was an error of principle or that the hearing officer was wrong.
- (iii) “Wrong” in this context means that the hearing officer has made an error of law, which might involve asking the wrong question, failing to take account of relevant matters or taking into account irrelevant matters.
- (iv) Absent an error of law in that sense, the court would be justified in concluding that the decision of the hearing officer was wrong only if the hearing officer’s conclusion was “outside the bounds within which reasonable disagreement is possible”. (This formulation is derived from the Supreme Court case *Actavis Group PTC v ICOS Corporation* [2019] UKSC 15 at [81], discussed below.)

[10] It might be thought that these agreed principles provided sufficient guidance for the court as to how to approach the five questions. In answering each question, the court’s task

would be to ascertain, first, whether the hearing officer erred in the sense conveyed by the second and third of the agreed principles; failing which, to ask whether the decision was outwith the bounds of reasonable disagreement. Indeed, that was the basis upon which both parties approached each of the five questions.

[11] However, a significant amount of time was taken up at the appeal hearing on argument as to whether the decision must be “plainly” wrong before the court would be entitled to interfere with it, and whether *Actavis* has brought about a change in the standard of review since this very issue was considered at length, including an exhaustive review of the English authorities, by Lady Wolffe in *CCHG Ltd t/a Vaporized v Vapouriz Ltd (OH)* 2017 SLT 907. (As an aside, *Vaporized* was the first Scottish appeal under section 76; this is believed to be only the second.) Lady Wolffe held that this court should not interfere with the decision of a hearing officer unless it could be demonstrated that there was a distinct error of principle or that the decision was “plainly wrong” in the sense explained by Lord Reed in *Henderson v Foxworth Investments Ltd* 2014 SC (UKSC) 203 at paragraph 62, namely, that the decision under appeal was one that no reasonable judge could have reached (paras [98] to [99]). She also held that an appellate court required to approach the review of a multi-factorial assessment, which involved a nuanced and evaluative assessment by a person exercising a specialised jurisdiction after weighing up certain factors, with an appropriate degree of circumspection (para [95]); and that, given that the 1994 Act was of UK wide application, it was desirable that the approach in Scotland should be the same as that in England (para [96]).

[12] Counsel for the appellant submitted that the English approach had changed in light of *Actavis*. Although that was a case involving a patent and obviousness, the same principles applied when it came to review of an evaluative decision in a trademark application. Lord Hodge (with whom Lady Hale, Lord Kerr, Lord Sumption and Lord Briggs agreed) concluded, after reviewing certain of the authorities, that an appellate court would be justified in

differing from a trial judge's assessment of obviousness if it were to reach the view that the judge's conclusion was outside the bounds within which reasonable disagreement is possible. This is the formulation expressed in the parties' agreed principles. However, the passage does not end there. Lord Hodge went on to say that the appellate court must be satisfied that the trial judge was wrong, and referred, by way of analogy, to *In re B (A Child) (Care Proceedings: Threshold Criteria)* [2013] UKSC 33; [2013] 1 WLR 1911, paragraphs 90-93 per Lord Neuberger; and paragraph 203 per Lady Hale. It is on this basis that appellant argues that the test since *Actavis* is merely whether the decision maker was "wrong" as opposed to "plainly" wrong. Neither party referred me to *In Re B*, but the passages referred to by Lord Hodge support the appellant's argument that an appellate court reviewing an evaluative decision may correct it if it is able to say that the decision was wrong. In particular, Lady Hale stated at paragraph 203 that "plainly" adds nothing helpful, unless to explain that the appellate court must be in one of the three states of mind described by Lord Neuberger at paragraph 93 considering the trial judge's decision "on balance wrong", "wrong", or "insupportable". Indeed, the proposition that an appellate court which considered the decision under review to be wrong should be able to correct it seems unanswerable.

[13] However, read in context, Lord Hodge clearly equated being wrong with reaching a decision outside the bounds within which reasonable disagreement was possible. The appellant submitted that was a lower hurdle for an appellant than showing that the decision was one which no reasonable decision maker could have reached while counsel for the respondent submitted that they were two different ways of saying the same thing. It seems to me that the latter formulation is more aptly used when considering a discretionary decision, rather than an evaluative one. That said, if two different decision makers could reasonably reach decision A or decision B, at the opposite ends of the reasonableness spectrum, one could also say that those decisions were both within the bounds within which reasonable disagreement is possible; and

equally, that a decision outwith those bounds was one which no reasonable decision maker could have reached, and ultimately it is hard to detect any difference of substance between the two formulations. It follows, in light of what Lord Reed said in *Henderson*, that any such decision could also be described as plainly wrong. All of this suggests that the test for what is “wrong” has not substantively changed; simply that the means of expressing it has been refined.

[14] Before leaving *Actavis*, whereas the parties in this case have agreed that the court may intervene if there is an error of principle or law, failing which it may do so if the hearing officer was wrong, Lord Hodge, at paragraph 80, described an error of principle as not being confined to an error of law but included an error in the evaluation of the facts.

[15] I conclude that the parties’ agreed statement of principles perhaps complicates matters unduly, and I will proceed on the basis that the court may intervene if the hearing officer has erred in principle. Such an error may be either (i) an error of law; or (ii) the hearing officer having reached a decision which lies outside the bounds within which reasonable disagreement is possible. It is unnecessary to decide, expressly, whether the hearing officer was “plainly” wrong.

[16] With that somewhat lengthy preamble out of the way, I now turn to consider the questions themselves.

### **Question 1: Genuine Use**

[17] Section 46 of the Act provides, so far as material:

#### **“46. — Revocation of registration.**

(1) The registration of a trade mark may be revoked on any of the following grounds—

(a) that within the period of five years following the date of completion of the registration procedure it has not been put to genuine use in the United Kingdom, by the proprietor or with his consent, in relation to the goods or services for which



it is registered, and there are no proper reasons for non-use;

(b) that such use has been suspended for an uninterrupted period of five years, and there are no proper reasons for non-use;"

*Agreed principles*

[18] The parties' note of agreed legal principles was to the following effect, the propositions all being taken from *Walton International Ltd & Anr v Verweij Fashion BV* [2018] EWH 1608 (Ch) and cases cited therein (the Walton principles), all as referred to by the hearing officer at paragraph [20] of his decision (the italicised parts of what follows do not appear in the parties' agreed statement, but were included in the hearing officer's summary of the principles: neither party asserts that he erred in that regard):

- (i) Genuine use means actual use of the trade mark by the proprietor or by a third party with authority to use the mark.
- (ii) The use must be more than merely token, that is to say, serving solely to preserve the rights conferred by the registration of the mark.
- (iii) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end user by enabling them to distinguish the goods or services from others which have another origin. Accordingly, affixing of a trademark on goods as a label of quality is not genuine use unless it guarantees, additionally and simultaneously, to consumers that those goods come from a single undertaking under the control of which the goods are manufactured and which is responsible for their quality.
- (iv) Use of the mark must relate to goods or services which are already marketed or which are about to be marketed and for which preparations to secure customers are under way, particularly in the form of advertising campaigns: internal use by the

proprietor does not suffice, [nor] does the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter.

(v) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, that is to say, use in accordance with the commercial *raison d'être* of the mark, which is to create or preserve an outlet for the goods or services that bear the mark.

(vi) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including:

- (a) whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods and services in question;
- (b) the nature of the goods or services;
- (c) the characteristics of the market concerned;
- (d) the scale and frequency of use of the mark;
- (e) whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them;
- (f) the evidence that the proprietor is able to provide; and
- (g) the territorial extent of the use.

(vii) Use of the mark need not always be quantitatively significant for it to be deemed genuine. Even minimal use may qualify as genuine use if it is deemed to be justified in the economic sector concerned for the purpose of creating or preserving market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor. There is no *de minimis* rule.

- (viii) It is not the case that every proven commercial use of the mark may automatically be deemed to constitute genuine use.
- (ix) The burden lies on the registered proprietor to prove use.
- (x) When it comes to proof of use for the purpose of determining the extent (if any) to which the protection conferred by registration of a trade mark can legitimately be maintained, the hearing officer must form a view as to what the evidence does and just as importantly what it does not show (per section 100 of the Act) with regard to the actuality of use in relation to goods or services covered by the registration.

### *The hearing officer's approach*

[19] Having set out the principles, the hearing officer purported to apply them in reaching his decision as to genuine use. He referred to the case of *Naazneen Investments Ltd v OHM*, Case T-250/13 as an example of a case where the sale of EUR800 worth of non-alcoholic beverages under a mark over a 5 year period which had been accepted was not purely to maintain the trade mark registration, was insufficient in the economic sector concerned for the purposes of maintaining or creating market share for the goods covered by that mark, and where the use was accordingly held not to be genuine. He then moved on to consider whether genuine use had been established in each of the classes under consideration. In relation to class 33, he found that there was nothing in the evidence to demonstrate any use in respect of the wide category of drinks indicated by the specified goods "Alcoholic beverages (except beers)". To the extent that use was relied upon, it was in respect of the narrow category of whisky. After a careful consideration of all of the evidence, and having noted that further evidence which might have been available was not produced, the hearing officer concluded that the evidence was insufficient to demonstrate genuine use in respect of whisky or any other goods in class 33 during the period in question.

[20] The hearing officer then carried out the same exercise in relation to class 39, which is the subject of the present appeal. He summarised the evidence in support of use, in each case cross-referring to those parts of the witness statements, and the exhibits, upon which he relied. He found, under reference to witness statements and exhibits:

- that Aceo offers a comprehensive case management service including cask storage, HMRC administration, sampling, strength testing, regauging, cask monitoring, cask repairs, cask racking and re-racking, disgorging and filling and blending, visits to casks, invitations to whisky functions and events as well as bottling, logistics and design labelling services;
- that promotional brochures were sent out to all customers, with a representation of the Coleburn mark on its front cover;
- that Aceo has around 150 customers receiving the “Coleburn Service”;
- that Aceo has conducted well over 1000 warehouse tours since 2014 including customers of whisky companies who use Aceo’s cask storage and management services, as well as members of the public and whisky enthusiasts; that the tours are advertised on Aceo’s website and in newsletters; and one company, Speyside Tours, regularly brings visitors to the Aceo site;
- that Members’ Day events and tours are held for over 100 customers of Aceo’s “Coleburn Service”;
- Newsletters are distributed to “Coleburn Service” customers with their invoices;
- As of April 2016, Aceo was holding 6,000 casks of whisky in its Coleburn warehouses.

He went on to observe that this evidence illustrated the nature of Aceo’s business under the Coleburn branding and clearly showed activities since 2014 growing to nearly half a million

pounds a year. The use shown did not support or justify the retention of all of the broad terms specified but were described by the terms:

“warehousing and storage services for whisky maturation; bonded warehousing services; whisky bottling services, arranging and conducting of tours [insofar as they relate to whisky warehousing].”

He found that to that extent, genuine use had been established.

[21] Finally, the hearing officer carried out the same exercise for class 40, concluding that genuine use had not been established in relation to it.

### ***Submissions***

[22] Counsel for the appellant submitted that the hearing officer had erred in a number of respects. First, he had erred in accepting the witness statement evidence as sufficient, when there ought to have been documentary evidence available to substantiate the assertions made: see *Awareness Limited v Plymouth City Council*, Case BL O/236/13, paragraph 22: although it was not necessary to exhibit any particular type of documentation, where it was likely that such documentation existed, and little or none was provided, a tribunal will be justified in rejecting the evidence as insufficiently solid. Second, he had erred by failing to have regard to the economic sector and the market concerned, in deciding that there was genuine use in relation to whisky warehousing. Regard must be had to all the facts and circumstances to establish whether the commercial exploitation was real, that is, whether it was to maintain or create a share in the market: *Nazneen Investments Ltd v OHIM*, C-252/15. The hearing officer had failed to consider what the market actually was, and what the nature of the services was. Had he done so, he would have found, on the evidence, that the respondent’s services were plainly only of use to people who already owned a cask of whisky. It was self-evidently a niche market. The individuals concerned were extremely well informed and circumspect when it came to choosing a provider. The services relied upon as establishing genuine use were all provided to persons

who were already customers, who visited the warehouse to look at their own whisky. Moreover, the weight of the evidence showed that the brand was Aceo, not Coleburn. The evidence about tours showed that they were directed at existing customers of Aceo, not the general public.

Mr Odim's evidence about the extent to which tours were attended by members of the general public did not stand up to scrutiny. Use of the trademark on a promotional item, such as the festive bottle of whisky sent to existing customers at Christmas 2018, was not evidence of genuine use. If the hearing officer had recognised that the service was aimed at wealthy investors, he would have identified the brand as Aceo, not Coleburn.

[23] Counsel for the respondent referred in detail to the evidence relied upon by the hearing officer in making the findings narrated above. Mr Odim had confirmed at paragraphs 12 and 13 of his witness statement dated 28 April 2021, vouched by exhibits, that Aceo provided its whisky warehousing service under the Coleburn brand. He had described the Coleburn Service at paragraph 9 of his statement dated 4 October 2021, and at paragraph 17 of that same affidavit he had set out who received the Coleburn Service brochure (which included customers and prospective customers) and when it was received. At paragraph 27 of that statement he had given evidence that a great many of the visitors who took part in tours were members of the general public and that one company, Speyside Tours, regularly brought visitors to the site. At paragraph 7 of his statement dated 10 February 2022 he had referred to a spreadsheet containing sales data of various activities under the COLEBURN mark. The front page of the brochure was branded Coleburn, as was a leaflet giving details of the warehouse services charges and fees. Although the service was provided by Aceo, the evidence showed that it was promoted as the Coleburn Service, provided by the Coleburn team. The service included bottling and labelling. The tours were all carried out under the Coleburn brand as advertising, visitor badges and banners at the warehouse all demonstrated. The hearing officer had not only been entitled to conclude that there was genuine use, he was correct to do so.

*Decision on question 1*

[24] I do not consider that the hearing officer can be said to have made an error in principle or to have erred in his conclusion that genuine use was established by the respondent. He reached a nuanced decision. He set out the correct legal principles and clearly applied those principles, not only in finding genuine use (partially) proved in relation to class 39 but in finding that it had not been proved in relation to classes 33 or 40. As the court stated in *Nazneen* at paragraph 56, there is genuine use of a trade mark where the mark is used in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered in order to create or preserve an outlet for those goods or services; and when assessing whether use of the trade mark is genuine, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark in the course of trade is real, particularly whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark, the nature of those goods or services, the characteristics of the market and the scale and frequency of use of the mark. That is precisely the exercise which the hearing officer carried out. He had regard to all the facts and circumstances. He did have regard to the nature of the services provided, and the scale and frequency of use of the mark. Although it is argued that he did not have regard to the characteristics of the market, that was made plain in the evidence which he had available to him and which he clearly considered, and there is no basis for asserting that he either ignored that evidence or did not fully understand it. It may well be the case that additional evidence could have been provided but *Awareness Ltd* is not authority for the proposition that a failure to produce documentary evidence where it exists must always be held against the party seeking to establish genuine use; simply that it might justify a decision-maker in finding that genuine use had not been established. Two further points might be made about

the appellant's submission in that regard: first, it is wrong to suggest that the respondent did not produce documentary evidence, when it did; and, second, that the hearing officer was well aware of the potential significance of failing to produce documentary evidence which existed is amply demonstrated by his approach in relation to class 33.

[25] As regards promotional use only, the 2018 Christmas bottle of whisky is, as counsel for the respondent submitted, something of a red herring in this context, since it was founded upon in relation to the unsuccessful opposition to the class 33 revocation. Beyond that, the hearing officer was entitled to find genuine use established, by application of the Walton principles. The appellant's argument that the brand was Aceo, not Coleburn, does not withstand scrutiny when one has regard to the promotional material produced. Finally, there was no obligation on the hearing officer to make any finding as to who the average consumer was in the context of deciding whether genuine use had been established.

[26] The appellant's arguments ultimately come down to no more than a disagreement with the hearing officer over the decision which he reached on the evidence, and an assertion that the evidence ought to have led him to a different conclusion. However, he made no discernible error of law, and even if other hearing officers might have reached a different view on the evidence on certain matters, such as the number of members of the general public who have attended warehouse tours, it cannot be said that the decision reached lies outwith the range of reasonable disagreement.

[27] For all these reasons, I answer the first question in the negative.

#### **Question 2 – identical goods and services? Section 5(1) of the Act**

[28] It is accepted that the specifications are identical insofar as they relate to whisky warehousing and bottling services. The dispute between the parties is in relation to tours.



[29] Section 5(1) provides:

“A trade mark shall not be registered if it is identical with an earlier trade mark and the goods or services for which the trade mark is applied for are identical with the goods or services for which the earlier trade mark is protected.”

*Agreed principles*

[30] In their note of agreed principles, the parties agreed that services can be considered as identical when the services designated by the earlier mark are included in a more general category designated by the trade mark application, or when the services designated by the trade mark application are included in a more general category designated by the earlier mark. This principle is derived from *Gérard Meric v Office for Harmonisation in the Internal Market*, Case T- 133/05, paragraph 29. It also follows from paragraph 30 of *Meric*, that the comparison must concern the description of the services covered by the marks in issue, rather than the services for which the marks are actually used.

*The hearing officer's approach*

[31] The hearing officer quoted, and had regard to, the *Meric* principle. He found that insofar as the appellant's specification described sightseeing tours, booking and reservation of services for tours, and tourist guide services, it was identical to the respondent's revised specification, insofar as it covered arranging of tours relating to whisky warehousing and conducting of tours relating to whisky warehousing. “Sightseeing tours” was a broad term that included “arranging and conducting of tours relating to whisky warehousing” and therefore included identical services. “Arranging” was a term which included booking and reservation services, and so those services were identical. Tourist guide services were identical to conducting of tours relating to whisky warehousing, because the conducting of tours involved tour guides.

### *Submissions*

[32] Counsel for the appellant submitted that the hearing officer had erred in his approach to section 5(1) by not having had regard to the make-up of the average consumer of the respondent's services, who were investors who owned casks of whisky, or brokers. The average consumer was someone who was discerning and who paid close attention to the services they were purchasing; *cf Tomatin Distillery Ltd v Tomatin Trading Company Ltd* 2022 SLT 745, paragraph [34], where the average consumer of the distillery's goods in that case was noted to be a whisky aficionado or explorer, the test being the average consumer of the goods and services "in question". The average consumer of the respondent's services could be expected to pay a high level of attention to the services it was acquiring: *cf Picasso v Office for Harmonisation in the Internal Market* (C-361/04), where the court said, at paragraph 39, that in assessing whether there was any likelihood of confusion between marks relating to motor vehicles, account must be taken of the fact that in view of the nature of the goods concerned and in particular their price and their highly technological character, the average consumer pays a particularly high level of attention at the time of purchase of such goods. The same could be said of the average consumer of the respondent's services. Against that background the hearing officer had erred in concluding that sightseeing tours were identical to whisky warehouse tours. *Meric* could be distinguished because in that case the trade mark proprietor, unlike the respondent here, had not been put to proof of use. In assessing whether a general category of service was identical to a specific category, it was relevant to take all the circumstances into account including that the average consumer was discerning and would understand that tours of whisky warehouses were not the same as whisky distillery tours. Counsel further referred to *Property Renaissance Ltd (t/a Titanic Spa) v Stanley Dock Hotel Ltd (t/a Titanic Hotel Liverpool) & Ors* [2016] EWHC 3103 (Ch) in which Henry Carr J held, *inter alia*, that a trade mark proprietor should not be allowed to monopolise the use of a trade mark in relation to a general category of goods or services simply

because he has used it in relation to a few; conversely, a proprietor cannot reasonably be expected to use a mark in relation to all possible variations of the particular goods or services covered by the registration; further, in some cases it may be possible to identify subcategories of goods or services within a general term which are capable of being viewed independently; in such cases use in relation to only one subcategory will not constitute use in relation to all other subcategories.

***Decision on question 2***

[33] I reject these submissions. As counsel for the respondent submitted, it is not a principled basis on which to distinguish *Meric* that the respondent in the present case has been put to proof of use. By the time he came to carry out the section 5(1) appraisal, the hearing officer had already cut down the specification to cover only those services where the respondent had proved use. Likewise, what was being considered in *Titanic* was what was a fair specification of the trademark in question having regard to the use which had been made of it (in other words, *Titanic* is relevant to the question of whether the Revised Specification is a fair one having regard to the use made of the respondent's trademark; rather than to the question of whether the services designated by the respective trademarks are identical). Given that the possibility or otherwise of confusion is not a relevant consideration under section 5(1), the hearing officer did not fall into error in not considering who the average consumer of the respondent's services was. Rather, he correctly identified and applied the *Meric* principle. Counsel for the appellant argued, although he did not develop the point, that simply because services "can" be considered identical did not mean that they were identical, but I think that is to read too much into the way the principle has been expressed. To say that services can be considered identical in certain circumstances is simply another way of saying that they are identical in those circumstances.

[34] In simple terms, it seems to me that the *Meric* principle is founded on the maxim that the greater includes the lesser, in the same way that “fruit” includes “apples”. The hearing officer did not err in holding that tours of whisky warehouses were one type of sight-seeing tour, or in holding that “arranging” tours included “booking and reserving” them. Thus he was correct both to apply the *Meric* principle, and in the way that he applied it.

[35] Finally, as counsel for the respondent submitted, this leads to a common sense result. If the appellant’s trademark were registered for sight-seeing tours, it would be entitled to market whisky warehouse tours under the Coleburn trademark, which would directly clash with the respondent’s mark. This would create uncertainty both for operators, and for members of the public who wished to participate in such a tour, who would be left uncertain as to whether it was being provided by the respondent or the appellant; but the very essence of a trademark is to distinguish one person’s goods and services from another’s. Although distillery tours drop down into section 5(2) (similarity), sightseeing tours do not.

[36] Accordingly, I will answer question two in the negative.

### **Question 3: Similar goods and services? Section 5(2)(a) of the Act**

[37] Section 5(2)(a) provides:

“A trade mark shall not be registered if because –

(a) it is identical with an earlier trade mark and is to be registered for goods or services similar to those for which the earlier trade mark is protected

...

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

### ***Agreed principles***

[38] Insofar as similarity is concerned the parties agreed the following principles:

- (i) There is no minimum level of similarity required under section 5(2)(a) of the Act.
- (ii) In respect of assessing whether services are “similar” the hearing officer must consider:
  - (a) The respective uses of the respective services;
  - (b) The respective users of the respective services;
  - (c) The physical nature of the acts of service;
  - (d) The respective trade channels through which the services reach the market; and
  - (e) The extent to which the respective services are competitive. This inquiry may take into account how those in trade classify services, for instance whether market research companies, who of course act for industry, put the services in the same or different sectors.

### *The hearing officer's approach*

[39] The hearing officer identified these principles in his decision. The question is whether he erred in applying them. In relation to the appellant's class 33 – alcoholic beverages; whisky; malt whisky; scotch whisky; whisky based liqueurs – he observed that these were all goods, whereas the respondent's terms describe services and consequently were different in nature. Their purpose of method and use was different with whisky and whisky-based liqueurs being drunk for pleasure, whereas the purpose of the respondent's services was to store, mature and bottle whisky. He considered that there may be overlap of trade channels, in that a whisky warehouse may also be the provider of whisky and a consumer may believe that to be the case, and there was also a complementary relationship because of the close relationship between maturing whisky and providing the end product. The consumer may expect a party that produces whisky to also offer whisky maturing services. Taking all this into account, he

concluded that there was a low to medium level of similarity. Clearly, in reaching this view he demonstrably took all of the relevant factors into account.

[40] In considering class 39 - arranging of distillery tours; organisation of tours of whisky distilleries – the hearing officer considered that these services shared a high level of similarity to the respondent's arranging and conducting of tours relating to whisky warehousing. Distillery services and whisky warehouse services are closely related and may be provided by the same or economically linked trader. A whisky maker may provide its own warehousing. Tours of such facilities may also be provided by the same or linked undertaking.

### *Submissions*

[41] Counsel for the appellant submitted that, stepping back, the appellant offered a good, whereas the respondent offered a service aimed at a completely different market. The two were not in competition and were not even complementary. There were two different publics: those who wanted to buy a bottle of whisky to drink; and those who wanted a cask stored as an investment. The hearing officer had again failed to identify who the average consumer of the respondent's services was, an error which flowed through his entire assessment, which enabled the court to intervene. In respect of class 39, the hearing officer fell into error by describing warehouse tours and distillery tours as highly similar and closely related. He had failed to apply the above principles and wrongly conflated a warehouse tour with a distillery tour. The former appealed to a much smaller customer base, which the evidence suggested was largely those who store their cask at the warehouse and are seeking to visit it. The hearing officer was plainly wrong to find there was a similarity.

[42] Counsel for the respondent submitted that the hearing officer had again reached a nuanced decision, finding similarity in relation to some goods and services but not others. Although the whisky produced by Aceo under the Coleburn mark had not constituted genuine

use, it nonetheless showed that there was a connection between whisky warehousing and whisky and that the trade channels might overlap. It could not be said that there was no similarity between whisky distillery tours and whisky warehouse tours, when Coleburn tours were advertised side by side with distillery tours.

***Decision on question 3***

[43] I do not consider that the hearing officer made an error of principle. He not only identified the correct principles, he applied them in a discriminating and nuanced fashion. No error of law can be discerned in his approach. His decision that there was similarity between the respective goods and services was a multi-factorial assessment. He took into account the various factors relied upon by the appellant. It cannot be said that his decision lies outwith the bounds in which reasonable disagreement is possible.

[44] I therefore answer question 3 in the negative.

**Question 4: confusion**

[45] To the extent that the parties' respective goods and services are similar, it is necessary to consider the second part of section 5(2)(a), namely whether such similarity gives rise to a likelihood of confusion on the part of the public.

***Agreed principles***

[46] The parties agreed the following in their note of agreed principles:

- (i) The likelihood of confusion must be appreciated globally;
- (ii) The matter must be judged through the eyes of the average consumer of the services in question;

- (iii) The average consumer is deemed to be reasonably well informed and reasonably circumspect and observant. Their attention varies according to the category of services in question;
- (iv) A lesser degree of similarity between the services may be offset by a greater degree of similarity between the marks, and *vice versa* (the interdependency principle);
- (v) There is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either *per se* or because of the use that has been made of it;
- (vi) Mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient. If the association between the marks creates a risk that the public might believe that the respective services come from the same or economically linked undertakings, there is a likelihood of confusion;
- (vii) Account must be taken of the fact that, in view of the nature of the services concerned and in particular their price and their highly technological character, the average consumer displays a particularly high level of attention at the time of purchase of such services;
- (viii) The assessment must take into account the manner in which these services are likely to be selected by the average consumer in the course of trade;
- (ix) Where it is established in fact that the objective characteristics of a given product mean that the average consumer purchases it only after a particularly careful examination, it is important in law to take into account that such a fact may reduce the likelihood of confusion between marks relating to such services at the crucial moment when the choice between the services is made.



*The hearing officer's approach*

[47] The hearing officer observed that there was no scientific formula to apply in determining whether there is a likelihood of confusion. It was a global assessment taking into account a number of factors, including the interdependency principle, ie that a lesser degree of similarity between the respective marks may be offset by a greater degree of similarity between the respective services or vice versa. Here the respective marks were identical and the respective goods and services shared a low to medium (or higher) level of similarity. He noted that all the goods and services related to the production, maturation, bottling and provision of whisky for, or to, the consumer and there may thus be overlap between the respective consumers who will range from ordinary members of the public with no more than a passing interest or fondness for whisky through to connoisseurs with a good knowledge of distilling, maturation and qualities of whisky and also trade professionals. The level of care and attention would vary across these consumers from no more than an average degree to connoisseurs/professionals who are likely to pay a higher level of attention. Taking all this into account, he concluded that there was a risk of confusion even where the consumer had a good knowledge of the industry, and likely to be an assumption that the respective goods and services were provided by the same or linked undertaking.

*Submissions*

[48] Counsel for the appellant submitted that the assessment of whether there was a likelihood of confusion or not was a multifactorial one. The average consumer of the respondent's services was the well informed broker, paying high attention to the service they were purchasing: see above. They would not be confused. Reference was again made to *Tomatin*, above. Likewise there was no risk of the average consumer being confused between a tour of the warehouse and tour of a distillery. The former appealed to a much narrower

audience. If the hearing officer had erred in identifying who the average consumer was, that was an error of law.

[49] Counsel for the respondent submitted that the hearing officer had carried out a multifactorial assessment, having regard to the very type of consumer described by the appellant as the average consumer. He had neither erred in principle, nor was he in the territory of being plainly wrong. As regards the reference to *Tomatin*, the argument was misconceived. In *Tomatin*, the focus on the whisky actually produced by the distillery was in relation to a separate passing-off argument. As *Meric* made clear, in considering similarity in a trade mark context, the comparison was with the average consumer of the goods or services for which the marks were registered. Thus, the focus on the actual characteristics of Aceo's customers was misconceived.

#### ***Decision on question 4***

[50] Again, I prefer the submissions of counsel for the respondent. I can find no error in the hearing officer's approach. His decision was a nuanced one. Further, for the reasons advanced by counsel for the respondent, the hearing officer was correct to focus on the description of the marks rather than to have regard to the use actually made of the respondent's mark, or its actual client base.

[51] I therefore answer question 4 in the negative.

#### **Question 5: Bad faith**

[52] Section 3(6) of the Act states:

"A trade mark shall not be registered if or to the extent that the application is made in bad faith".

[53] The following principles were agreed by parties in their note of agreed principles:

- (i) In order to determine whether the appellant acted in bad faith, the hearing officer was required to make an overall assessment, taking into account all the factors relevant to the case;
- (ii) The relevant time for determining whether there was bad faith on the part of the appellant is the time of filing the application for registration;
- (iii) Bad faith includes not only dishonesty, but also dealings which fall short of the standards of acceptable commercial behaviour. The appellant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry;
- (iv) A person is presumed to have acted in good faith unless the contrary is proved;
- (v) The onus is on the respondent to establish bad faith. The standard of proof is on the balance of probabilities, but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith.

*The hearing officer's approach*

[54] The hearing officer referred to *Sky Limited & Ors v Skykick UK Ltd & Ors* [2021] EWCA Civ 1121 in which the Court of Appeal summarised the law, setting out 13 principles, including those above. He asked himself three "key questions":

- (a) What, in concrete terms, was the objective that the applicant has been accused of pursuing?
- (b) Was that an objective for the purposes of which the contested application could not be properly filed? and
- (c) Was it established that the contested application was filed in pursuit of that objective?

[55] He then purported to address these three questions. Dealing with each in turn:

(a) In relation to the appellant's objective, the hearing officer noted the respondent's claim that the appellant decided to try to enter the whisky market in 2016 when it began operating its own whisky warehouses next door to the respondent's warehouses and poached or lured away several of the appellant's employees. The respondent had taken a 25 year lease from the appellant in 2014 and spent £350,000 on renovation of the warehouse and then operating under the Coleburn name. The appellant had allowed it to continue its activities for a number of years and in these circumstances it was dishonest for the appellant to apply for the mark.

(b) Here, the hearing officer stated merely that the respondent's counsel had submitted that the only intention for filing the application was to prevent the respondent from continuing to use the name Coleburn.

(c) The bulk of the hearing officer's reasoning is devoted to this question. He repeated the points made in relation to (a), and to the fact that both before and after execution of the lease, the appellant had progressed with its plans to convert the other premises into a hotel with no whisky connection. It had set up a whisky sales and cask storage website in 2018 where it purported to offer the exact same services as Aceo at the same location; and there was a misleading statement on its website that it had traditional dunnage warehouses when such warehouses were, in fact, leased to Aceo and not usable by the appellant until 2039. The argument presented for the respondent was that these facts all illustrated that the application covering classes 33, 39 and 40 (being the same services provided by the respondent) was dishonest and that the appellant was fully aware of what Aceo was doing at the premises. The hearing officer then considered the submissions made on behalf of the appellant. It had been the owner and landlord of the Coleburn Distillery site and building since 2004 and had always intended, in good faith, to use the COLEBURN trademark and had a genuine reason to protect these rights in the

UK. Reference was made to an investment brochure issued by the appellant in 2016 which described the appellant's plans for the distillery site. The hearing officer observed that this did not support the defence advanced, rather it showed a clear focus on developing a hotel, spa and conference facility on the site. However, he accepted that the appellant had been operating a whisky warehouse on the site from 2016. After considering further material he then accepted that although the appellant's original plans had been to develop the site into a hotel complex, by 2018 it had begun to develop plans for re-starting whisky production and related whisky activities. This provided it with a *prima facie* need to apply for a trade mark in 2021 because it had a business interest in the mark. However at the relevant date it would have known of Aceo's investment in the warehouse facilities and its activities under the Coleburn name in respect of certain of the service which the appellant's mark covered. He found that the *prima facie* presumption of good faith had been rebutted by the respondent, such that the onus shifted to the appellant to overcome the allegation of bad faith such that it was for it to provide a plausible explanation of the objectives and commercial logic pursued by the application. That the appellant owned the Coleburn site did not give it an automatic monopoly right to a Coleburn trade mark. It was difficult to see any reason other than an intentional act to gain rights in a mark with an almost identical footprint to the respondent's mark and to be able to provide identical services under an identical name from the same or adjoining premises. The hearing officer then returned to the theme that there was no evidence that the appellant had an intention to start providing whisky and whisky related services at the time when Aceo moved to the premises and started providing some of these services under the Coleburn name; and that there was no evidence that the respondent was aware of such intentions

before the filing of the appellant's application. He concluded that the appellant had failed to provide a plausible explanation of the objectives and commercial logic pursued by the application. Confusingly, he then stated that while it had provided a plausible explanation of the objectives and commercial logic pursued by the application, its conduct of pursuing this after leasing the warehouse to Aceo, allowing them to refurbish it and to provide services under the COLEBURN mark, and then filing for the same mark constituted conduct which departed from accepted standards of ethical behaviour or honest commercial and business practices.

[56] Accordingly, the hearing officer concluded that insofar as the appellant's goods and services clearly impinged upon the activities of the respondent, the contested application was filed in bad faith and was made to intentionally undermine the existing and legitimate business of Aceo. Consequently the ground of opposition succeeded to the same extent as the section 5 ground and in respect of the goods and services previously listed, viz: class 33 – alcoholic beverages; whisky; malt whisky; scotch whisky; whisky-based liqueurs; class 39 – arranging of distillery tours; organisation of tours of whisky distilleries; and class 40 – distillery services; whisky distillery services.

### *Submissions*

[57] Counsel for the appellant submitted that the hearing officer had erred. He had failed to consider the position as at the relevant date – 24 February 2021. He had failed to take into consideration that the respondent was operating out of only one of several warehouses, that its use of the site was limited, the lease having but one permitted use, and that it was not permitted to distil whisky at the site. The evidence had shown genuine plans on the appellant's behalf to develop a working distillery. The hearing officer had found that the respondent had made no

genuine use of the mark for whisky distilleries or tours thereof, which was inconsistent with a finding of bad faith on the part of the appellant. On the basis of *Tomatin*, above, there had been a high onus on the respondent to establish bad faith. The hearing officer had inverted the burden of proof. He had also started from the wrong time. He ought to have realised that there were a number of reasons why it was commercially prudent for the appellant to register the mark. Even if he had not made an error of law, he was plainly wrong to have found bad faith.

[58] Counsel for the respondent submitted that the hearing officer had not erred. He had clearly identified the correct principles, and stated in terms that he must ascertain what the appellant knew at the relevant date, 24 February 2021. He had taken into account the appellant's evidence but had concluded that at the filing date it would have known of Aceo's investment. His approach was consistent with the agreed principles. His conclusion that the application had been made in bad faith was based on a multi-factorial assessment, and there was no basis upon which the court could interfere with that conclusion. As regards the lease, and what it did or did not permit the respondent to do, the hearing officer had correctly observed that this raised a legal issue which was not for him to decide.

#### *Decision on question 5*

[59] I find the hearing officer's reasoning on bad faith difficult to follow. Although he begins by saying that he must answer what he identifies as the three key questions, he does not clearly answer the first two of those. His reasoning on the shifting of the onus of proof also appears to involve an unjustified inversion of the onus of proof on to the appellant and there is an inconsistency in his reasoning as to whether the appellant had or had not provided a plausible explanation of the objectives and commercial logic pursued by its application. In *Tomatin*, it was held by the Inner House that the onus was on the party asserting bad faith to establish it, and that was a high test which, in that case, had not been met. To seek and obtain trade mark

protection was to be expected, and the distillery in that case could be viewed as having acted in accordance with commercial prudence. I also note that in that case, the Lord Ordinary had found bad faith established on the basis that she concluded that the distillery had made only limited use of the trademark and had no real plans to change in the future, but the Inner House concluded that there had been use of the trademark, even if it was limited, and the application did not amount to bad faith. In the present case there is no suggestion that the appellant did not intend to use the trademark; indeed, the complaint is that it did intend to use it, to the respondent's detriment. Intention, or otherwise, to use a trademark is not the only factor to take into account in deciding whether there has been bad faith, but it is *a* factor: see *Red Bull GMBH v Sun Mark Ltd, Sea Air & Land Forwarding Ltd* [2013] ETMR 53, and cases therein cited, paragraphs 139 to 157. The issue in this case, of course, is not whether the appellant acted in good faith despite having no intention of using the trade mark but whether, despite having the intention to use it, it was nonetheless acting in bad faith. However, the hearing officer does not appear to have considered that issue at all. Indeed it seems to me that the hearing officer has conflated the issue of whether the appellant departed from accepted standards of ethical behaviour or honest commercial and business practices by deciding to establish and promote its own distillery with that of whether the trademark application itself was made in bad faith. However there is nothing dishonest about establishing a business in competition with another. To the extent that it sought to use an identical mark to that of the respondent for identical or similar goods or services, the respondent had (and has invoked) its remedy of objecting to the mark founding upon section 5 of the Act.

[60] In summary I consider that the hearing officer did err in the manner he approached good faith. Moreover, I consider that his decision on this matter does lie outwith the bounds upon which reasonable disagreement is possible.



[61] I therefore answer question 5 in the affirmative.

### **Disposal**

[62] Since the appellant has been partially successful, albeit to a limited extent, I will put the case out by order for parties to address me on the precise wording of the order to be made in light of this opinion, and on the question of expenses.