

O/772/19

TRADE MARKS ACT 1994

SIX TRADE MARKS REGISTERED IN THE NAME OF LOCH NESS SPIRITS LTD

AND


APPLICATIONS 502351 – 356

BY DUNCAN TAYLOR SCOTCH WHISKY LTD

FOR DECLARATIONS THAT THE REGISTRATIONS ARE INVALID

Background and pleadings

1. These are consolidated proceedings brought by Duncan Taylor Scotch Whisky Limited (“the applicant”) on 18th November 2018 to invalidate six trade marks registered by Loch Ness Spirits Limited (“the proprietor”). The trade marks are:

Trade Mark Number	Mark	Goods	Filing date
3117377	LOCH NESS GIN	Class 33: Alcoholic spirits	11/07/15
3142521	LOCH NESS VODKA	Class 33: Vodka	30/12/15
3147826		Class 33: Spirits and liqueurs all produced in Scotland.	3/02/16
3154593	LOCH NESS RUM	Class 33: Rum	12/03/16
3215150	LOCH NESS SPIRITS	Classes 18: Leather and imitations of leather, bags, umbrellas, parasols, walking sticks, harness, saddlery, collars, leashes and animal clothing. Class 25: Clothing, headgear. Class 33: Absinthe; aquavit, namely a grain or potato-based spirit, flavoured with herbs and spices, the main ingredient being caraway or dill; brandy, fruit brandy; fruit liqueurs; gin; honey-flavoured liqueur; rum; vodka; Scotch whisky and Scotch whisky-based beverages all produced in Scotland.	25/02/17
3232077	LOCH NESS WHISKY	Class 33: Scotch whisky and Scotch whisky-based beverages all produced in Scotland.	18/05/17

2. The grounds for invalidation are based on ss.47(2)(b) and 5(4)(a) of the Trade Marks Act 1994 (“the Act”), which (so far as relevant) are as follows:

“47 (2) The registration of a trade mark may be declared invalid on the ground-

(a) -

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

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

(2) -

(3) An application for a declaration of invalidity may be made by any person, and may be made either to the registrar or to the court.... ,

(4) -

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

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

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

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“5(4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or

(b) [.....]

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

3. Part of Article 5 of the Relative Grounds Order 2007¹ is also relevant. This is the relevant part:

“5.—(1) Only the persons specified in paragraph (2) may make an application for a declaration of invalidity on the grounds in section 47(2) of the Trade Marks Act 1994 (relative grounds).

(2) Those persons are—

(a)-

(b) in the case of an application on the ground in section 47(2)(b) of that Act, the proprietor of the earlier right.

(3) So much of section 47(3) of that Act as provides that any person may make an application for a declaration of invalidity shall have effect subject to this article.”

4. The applicant’s case, in summary, is that:

- (i) It was originally a merchant and broker of Scotch whisky casks within the whisky industry and is the owner of one of the largest privately-held collections of Scotch whisky casks;
- (ii) It took a decision to move away from brokering of whisky in cask form to focus on the production and marketing of the applicant’s own brands;
- (iii) It is now a producer of Scotch whisky and other spirits;
- (iv) One of the applicant’s first brands was LOCH NESS whisky;

¹ SI 2007/1976

- (v) This was brought to market by a wholly owned subsidiary of the applicant called The Original Loch Ness Whisky Company Limited, which was incorporated in May 2008;
- (vi) The mark has been in continuous use since that date by the applicant, or with its consent, and goodwill has been acquired under the mark;
- (vii) Use of the contested marks amounts to a misrepresentation that the proprietor is connected to the applicant;
- (viii) This will result in damage to the applicant, including diversion of sales and loss of control of the applicant's goodwill;
- (ix) The applicant is therefore the proprietor of an earlier right within the meaning of s.5(4)(a) of the Act.

5. Consequently, the applicant says that the contested marks should not have been registered and should now be declared invalid.

6. The proprietor filed counterstatements denying the grounds for invalidation. I note the following points:

- (i) The applicant was put to proof of the goodwill referred to in the applications and that any relevant goodwill was more than trivial in extent at the dates of the applications to register the contested marks ("the relevant dates");
- (ii) The single example of use included in the applications for invalidation to illustrate the claimed earlier right appeared to be part of a label for whisky marketed by The Original Loch Ness Whisky Company Limited rather than by the applicant;
- (iii) Loch Ness is a well-known place in Scotland;
- (iv) Scotland is associated with spirit production, especially whisky;
- (v) LOCH NESS is therefore liable to be taken as an indication of geographical origin (rather than the trade origin) of spirits, and is therefore not a distinctive mark for such goods;
- (vi) The most dominant and memorable element of the label mark relied on by the applicant is therefore the device of a monstrous sea creature (i.e. the Loch Ness monster) rather than the words LOCH NESS;

- (vii) Consequently, use of the contested marks does not amount to a misrepresentation to the public;
- (viii) Use of the contested marks would not damage the applicant's goodwill (if there is any).

Representation

7. The applicant is represented by Murgitroyd, Trade Mark Attorneys. The proprietor is represented by Cloch, Solicitors. Neither side asked for a hearing preferring to file written submissions in lieu. I have taken these into account.

Evidence

8. I have read all the evidence. The following summary is sufficient to set out the relevant facts (insofar as these can be gleaned from the evidence).

The applicant's evidence

9. The applicant's evidence consists of a short witness statement dated 8th March 2019 by Mr Euan Shand. Mr Shand is the applicant's Chairman. Since 1st May 2009, he has also been a director of The Original Scotch Whisky Company Limited, which he says is "*a sister company*" to the applicant. Mr Shand says that:

- (i) The LOCH NESS trade mark has been in continuous use by the applicant since 2008;
- (ii) The mark is "*applied*" [to the goods] by The Original Loch Ness Whisky Company Limited under an implied licence from the applicant;
- (iii) The LOCH NESS mark has been applied to whisky by The Loch Ness Whisky Company Limited since 1998, but use since 2008 has been under an implied licence from the applicant;
- (iv) Between 3 December 2009 and 19th February 2019, the applicant's sales ledger shows that £65k worth of whisky was sold under the mark on the wholesale market;

- (v) These sales were made to retailers throughout the world, but predominantly to UK retailers.

9. In support of these claims, Mr Shand provides 8 exhibits. The first includes an historical web page dated 24th January 2008 obtained via the WayBack Machine². The website at lochnesswhisky.co.uk is that of The Loch Ness Whisky Company Limited (company number SC166584). The web page shows a bottle of, and the packaging for, a single malt whisky. Both bear the words LOCH NESS and the device of a sea monster. This exhibit also includes pages from the applicant's own website at duncantaylor.com, which show a range of whiskies for sale, one of which is LOCH NESS. The pages from the applicant's website are not dated. They appear to be from 2019, i.e. after these proceedings started.

10. Exhibit ECS02 consists of a copy of a page from the lochnesswhisky.co.uk website in 2019. This shows a picture of a bottle of whisky bearing the same trade dress as described in the previous paragraph, but now used in relation to a five-year-old blended whisky. The company marketing the product appears to be The Original Loch Ness Whisky Company Limited (emphasis added). However, the copyright claim at the bottom of the page references The Loch Ness Whisky Company Limited, company number SC166584 (i.e. the same company named on the web page from 2008).

11. Exhibit ECS03 consists of pages from the website masterofmalt.com, which appears to be an online retailer of spirits. The web pages are not dated, but are clearly from 2019 (i.e. after these proceedings started). They show a single malt whisky for sale bearing a label with the words LOCH NESS. The picture in evidence is of very poor quality. The name of the distiller/bottler cannot be made out. However, the accompanying details indicate that the whisky is 10 years old and was distilled and bottled by the applicant. The product is listed for sale in pounds sterling, indicating that the website is aimed, at least in part, at UK consumers. There are two customer reviews. The first, dated March 2017, refers to the purchase of the whisky in Scotland in 2005. The reviewer recalls drinking the product six years later "*back in*

² See exhibit ECS01

Australia.” The second review, dated November 2016, refers to the 10-year old whisky being good value at A\$60. I take this to be Australian dollars. If so, both reviewers appear to be Australian customers. Further, if the first reviewer bought the whisky in 2005, this was before the applicant claims to have become associated with LOCH NESS whisky in 2008. Similarly, the 10-year old whisky the second reviewer commented upon in 2016 must have been distilled in 2006, also prior to the applicant’s claimed involvement with the product.

12. Exhibits ECS04, ECS05, ECS06 and ECS07 are undated pictures of bottles of malt whiskies bearing the trade dress mentioned above, including the words LOCH NESS. The pictures of single malt whiskies in ECS04, ECS05 and ECS07 are not of sufficient quality for me to make out the name of the distiller/bottler. I note that Mr Shand says that the product shown in ECS04 (a miniature bottle of single malt) is a whisky that “*we produce and sell.*” Exhibit ECS06 is clear enough to read. It shows a five-year old blended whisky. The only company name visible on the label is The Original Scotch Whisky Company Limited (not Duncan Taylor).

13. Finally, exhibit ECS08 is said to consist of an extract from the Duncan Taylor sales ledger for LOCH NESS whisky. Mr Shand says this shows sales of £63k worth of LOCH NESS whisky (at wholesale prices) between 3rd December 2009 and 19th February 2019. These are worldwide sales, but Mr Shand says that they were predominantly to UK retailers. The extract in evidence does not provide any customer information, but the location of the buyers is shown. The majority of the sales were to UK locations. However, the value of overseas sales was greater than the value of UK sales. According to my calculations, approximately £22170 worth of UK sales occurred between 3rd December 2009 and the first relevant date in July 2015. Around £23240 of UK sales occurred prior to the latest relevant date in May 2017.

14. I also note that:

- (i) Sales up to August 2013 were recorded as Loch Ness whisky, which was sold for around £130 per case (£21-22 per bottle);

- (ii) Sales after that date were recorded as Loch Ness 5-year old whisky, which was sold for around £90 per case (around £15 per bottle);
- (iii) The volume of sales fell over time;
- (iv) Over the two years 2013 and 2014, there were 29 sales to 12 UK locations amounting to £3460 worth of whisky;
- (v) In 2015, there were only 8 sales to 3 UK locations amounting to £1327 worth of whisky;
- (vi) In 2016, there were 10 sales to 6 UK locations amounting to £1067 worth of whisky;
- (vii) There were no recorded sales to UK locations between 1st January 2017 and the latest relevant date in May 2017.

The proprietor's evidence

15. The proprietor's evidence consists of:

- (i) Witness statements from Dr Lorien Cameron-Ross and Kevin Cameron Ross, who are the proprietor's directors and owners;
- (ii) Witness statements by Ms N, Mr S, Mr JM and Mr SM, who are all involved in the food and drink sector in Scotland;
- (iii) A witness statement by Philip Hannay, who is a solicitor at Cloch, solicitors.

16. The proprietor was incorporated in October 2015 and started trading under the name LOCH NESS SPIRITS. Dr Cameron-Ross says that the words LOCH NESS were chosen because her family have lived on the banks of Loch Ness for over 500 years and the proprietor's distillery is there. It makes craft spirits at Loch Ness. According to Dr Cameron-Ross, the botanicals that go in the proprietor's spirits grow at Loch Ness. After setting up domain names, websites and social media accounts, it started selling products to the public on 16th July 2016. The company's turnover between 1st April 2017 and 31st March 2018 was around £84k.

17. The proprietor trades from a retail store near Inverness as well as online. All the company's sales are in the UK.

18. The proprietor has won awards for its LOCH NESS gin. This appears to have been its principal product, at least up until the date of Dr Cameron-Ross' statement in May 2019.

19. Dr Cameron-Ross says that, prior to these proceedings, she had never heard of, or seen whisky products with the LOCH NESS label shown in the applicant's evidence, except for the 5-year old blended whisky shown in exhibit ECS06 to Mr Shand's statement. She came across this whisky in 2017 after the proprietor was notified about applications by Loch Ness Whisky Distillery Limited and Spirit of Nessie Limited to register LOCH NESS WHISKY and LOCH NESS DISTILLING COMPANY LTD, respectively. Research into these companies led Dr Cameron-Ross to the website of lochnesswhisky.co.uk, as shown in exhibit ECS02 to Mr Shand's statement. She recalls that no whisky was offered for sale online. Her husband searched for the company shown on the website (company number SC166584) and found that it had been dissolved in 2010. Dr Cameron-Ross therefore assumed that the website was inactive.

20. Dr Cameron-Ross is unaware of any confusion with the whiskies shown in the applicant's evidence despite the fact that, on the applicant's evidence, the parties have been selling their respective products concurrently since July 2016.

21. Kevin Cameron-Ross' statement accords with the evidence of his wife, Dr Lorien Cameron-Ross.

22. Mr SM is a journalist and former barman. In both roles he has been involved in the food and drink sector in Scotland. His evidence is that he has never come across the whiskies shown in the applicant's evidence. He also says that, even if he had been aware of the applicant's products, he would not associate them with the proprietor or its products. This is "*mainly because of the many LOCH NESS products out there.*"

23. Mr JM is a Business Development Manager for Scotland Food and Drink. In this role he looks after brewers, distillers and food companies in the Scottish Highlands and islands. Mr JM gives similar evidence to Mr SM.

24. Mr S owns Scotland's oldest gin bar as well as a craft distillery. He also writes and broadcasts about gin and whisky. He therefore claims to have in-depth knowledge of key local products in the spirits trade aimed at UK and Scottish markets. Mr S gives similar evidence to Mr SM and Mr JM.

25. Ms N has been director of Scottish Tourism Alliance since October 2017. She has held other positions previously, including Director of Destination Loch Ness from 2009 to 2012. Her family owns the Heathmount Hotel in Inverness and she sells alcohol on "*her vessels*." Ms N gives similar evidence to Mr SM, Mr JM and Mr S.

26. Mr Hannay's evidence is that documents obtained from Companies House³ show:

- (i) The applicant was incorporated in 1961 as Duncan Taylor Company Ltd and changed its name in 2010 to Duncan Taylor Scotch Whisky Company Ltd;
- (ii) The applicant's accounts for the period December 2007 to December 2016 made no provision for the acquisition or amortisation of goodwill;
- (iii) There is no record of The Original Loch Ness Whisky Company Ltd or The Loch Ness Whisky Company Ltd in the applicant's accounts, either in the note headed 'subsidiary undertakings' or elsewhere;
- (iv) The Loch Ness Whisky Company Limited was incorporated in 1996 under number SC166584, was only ever registered in that name, and was dissolved in 2010;
- (v) Neither the applicant nor Mr Shand were directors or shareholders of The Loch Ness Whisky Company Limited;
- (vi) The last filed accounts to 31 May 2008 show that The Loch Ness Whisky Company Limited traded in a small way prior to its dissolution;

³ See exhibits LOC-PAH-01 to 07

- (vii) Company number SC342695 was incorporated in May 2008 as MountWest 806 Ltd and soon after changed its name to The Original Loch Ness Whisky Company Ltd;
- (viii) Between 2009 and 2016, The Original Loch Ness Whisky Company Ltd had 3 directors, one of which was Mr Shand;
- (ix) The directors each owned one third of the issued share capital (i.e. the applicant company did not own any shares in The Original Loch Ness Whisky Company Ltd);
- (x) Dormant company accounts were filed for The Original Loch Ness Whisky Company Ltd for each year between 2009 and 2016.

27. Mr Hannay also provides evidence about searches of the company and trade mark registers which show that third parties have incorporated companies with the words LOCH NESS, some of which also own registered trade marks⁴.

The applicant's evidence in reply

28. On 7th June 2019 the Office notified the parties that the proprietor's evidence had been accepted and gave the applicant one month in which to indicate if it intended to file evidence in reply. On 13th June, the applicant's representative indicated that intended to do so. The applicant's representative subsequently filed written submissions responding to the proprietor's evidence and arguments. No further evidence of fact was provided.

Decision

Entitlement to file the applications

29. The first question is whether, if the applicant's evidence is sufficient to establish that a protectable goodwill existed in the UK at the relevant dates under the name LOCH NESS, the applicant has established that it is the owner of the goodwill and any associated earlier right.

⁴ See exhibits LOC-PAH-9 and 10

30. The applicant's pleaded case is that LOCH NESS whisky was brought to market in 2008 by The Original Loch Ness Whisky Company Limited. The mark has subsequently been used by the applicant, or with its consent. In fact, the only independent documentary evidence identifying the applicant as the bottler/distiller of LOCH NESS whisky is the extract from the website of spirits retailer, masterofmalt.com. However, the web page in question dates from 2019. This is long after the relevant dates in these proceedings. It also post-dates the start of these proceedings. Accordingly, in assessing whether these web pages show that the product was publicly associated with the applicant prior to the relevant dates in 2015 – 2017, I must approach this evidence with a degree of caution. I approach the evidential value of the pages from the applicant's own website at duncantaylor.com, which also appear to have been downloaded in 2019, with a similar degree of caution.

31. The only independent documentary evidence showing use of LOCH NESS in relation to whisky which pre-dates the relevant dates is the copy of the home page for the website at lochnesswhisky.co.uk. This is from January 2008. However, this was the website of The Loch Ness Whisky Company Limited (company number SC166584). The proprietor's evidence shows that the applicant had no corporate connection with this company. Consequently, there is no possible basis on which the applicant can claim the benefit of any goodwill generated by this company.

32. Further, the only fully legible label on LOCH NESS whisky in evidence (which is from after the relevant dates - exhibit ECS06) shows the undertaking responsible for the whisky as The Original Loch Ness Whisky Company Limited.

33. The applicant's pleaded case is that The Original Loch Ness Whisky Company Limited is a wholly owned subsidiary of the applicant. The proprietor's evidence shows that is not the case. In fact, the applicant does not appear to have ever owned shares in the company. The sole connection between them is that Mr Shand has been a director of both companies since May 2009. In his evidence, Mr Shand claims that The Original Loch Ness Whisky Company Limited has been applying and using the LOCH NESS mark under an implied licence from the applicant since 2008.

However, the proprietor's evidence indicates that The Original Loch Ness Whisky Company Limited filed dormant company accounts between 2009 and 2016, i.e. in the years leading up to the relevant dates. At the very least, this called for an explanation from Mr Shand. However, the applicant chose not to file evidence in reply. Instead it provided written submissions in reply from the applicant's legal representative. According to these submissions, Mr Shand, in his capacity as a director of The Original Loch Ness Whisky Company Limited, granted the applicant an implied licence to use the mark. As the proprietor's representative has pointed out, this attempt to reconcile the applicant's position with the publicly available facts turns the applicant's original account of the relationship between the owner and user of the unregistered mark on its head. Further, if the applicant wanted to amend its case in this respect it should have (a) applied to amend its pleadings, and (b) filed evidence in reply from Mr Shand, or from someone else with direct and contemporaneous knowledge of this matter, explaining the true user/owner position. This is all the more so since the evidential challenge to clearly show who had been using the mark and who had acquired the resulting goodwill (if any) was clearly signposted from the outset in the proprietor's counterstatement.

34. Absent an agreement, ownership of goodwill is a question of fact: who would the public regard as the person responsible for the goods/services offered under the mark? If LOCH NESS whisky was marketed as a product of The Original Loch Ness Whisky Company Limited, then (absent an agreement in the applicant's favour) that company would own any goodwill generated under the mark.

35. Therefore, if the applicant's representative's account of the user/owner position is to be believed, i.e. The Original Loch Ness Whisky Company Limited is the owner of any goodwill generated by use of the mark by the applicant, then the applications must be rejected. This is because Article 5 of the Relative Grounds Order 2007 only permits applications under s.47(2)(b) from "*the proprietor of the earlier right.*" It is true that the proprietor of an earlier right is defined in s.5(4) of the Act as a person "*entitled to prevent the use of a trade mark.*" However, this would not include the applicant simply because it and The Original Loch Ness Whisky Company Limited have one director in common. Granting a 'licence' to use an unregistered mark is no more than agreeing to refrain from suing the 'licensed' user for passing off. Such a

'licence' would not usually give the 'licensee' a right to sue for passing off. Consequently, if the owner of any goodwill is The Original Loch Ness Whisky Company Limited, then the applications must be rejected because they were brought in the wrong name.

36. I have not forgotten that Mr Shand provides sales data for LOCH NESS whisky which he says comes the applicant's sales ledger. Given his apparent difficulty in distinguishing between the activities of the applicant and those of The Original Loch Ness Whisky Company Limited, I approach his evidence on this point with caution. In any event, the mere fact that sales data was entered in the applicant's sales ledger does not mean that the relevant public would have perceived the applicant as being responsible for LOCH NESS whisky. For example, if the marketing and sales invoices (as well as the whisky bottles) bore the name of The Original Loch Ness Whisky Company Limited, the public would have regarded that company as the owner of any goodwill generated by the sales. Unfortunately, the applicant has not filed any marketing material for LOCH NESS whisky which pre-dates the relevant dates (except ECS01, which is irrelevant), and nor has it provided copies of sales invoices to any customers. Therefore, it is not possible to look at the sales material from a customer perspective in order to identify the owner of any resulting goodwill.

37. I conclude that the applicant has not shown that it is the owner of any goodwill generated under the name LOCH NESS in relation to whisky. This is sufficient reason to reject the applications on this basis alone.

Existence of goodwill at the relevant dates

38. In *SWORDERS TM*⁵ I summarised the position in s.5(4)(a) proceedings as follows:

'Strictly, the relevant date for assessing whether s.5(4)(a) applies is always the date of the application for registration or, if there is a priority date, that date: see Article 4 of Directive 89/104. However, where the applicant has

⁵ Case BL O-212-06. Approved by Mr D Alexander QC as the Appointed Person in *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11

used the mark before the date of the application it is necessary to consider what the position would have been at the date of the start of the behaviour complained about, and then to assess whether the position would have been any different at the later date when the application was made.’ ”

39. So far, I have referred to the relevant dates as being the dates of the applications to register the contested marks. However, as the above summary recognises, where the contested mark was used prior to the application for registration, it may also be necessary to consider the position at earlier dates. The proprietor was incorporated in October 2015. This was after the filing of the first of the contested marks (application 3117377 – LOCH NESS GIN) in July 2015. Further, the proprietor did not start selling goods to the public until July 2016, by which time applications to register four of the six contested marks had been filed. There is no evidence of use of LOCH NESS WHISKY prior to the filing date of the application to register that mark. There is some evidence of use of LOCH NESS SPIRITS prior to the filing date of the application to register trade mark 3215150, but not enough for anything to turn on the difference between the date of first use and the filing date.

40. The proprietor says that if the applicant has established any goodwill under LOCH NESS at the relevant dates (which it disputes), it is trivial and insufficient to base a passing off action. In this connection, the proprietor’s representative draws my attention to *Hart v Relentless Records*⁶, in which Jacob J. (as he then was) said that:

“62. In my view the law of passing off does not protect a goodwill of trivial extent. Before trade mark registration was introduced in 1875 there was a right of property created merely by putting a mark into use for a short while. It was an unregistered trade mark right. But the action for its infringement is now barred by s.2(2) of the Trade Marks Act 1994. The provision goes back to the very first registration Act of 1875, s.1. Prior to then you had a property right on which you could sue, once you had put the mark into use. Even then a little time was needed, see per Upjohn L.J. in BALI Trade Mark [1969] R.P.C. 472.

⁶ [2002] EWHC 1984 (Ch)

The whole point of that case turned on the difference between what was needed to establish a common law trade mark and passing off claim. If a trivial goodwill is enough for the latter, then the difference between the two is vanishingly small. That cannot be the case. It is also noteworthy that before the relevant date of registration of the BALI mark (1938) the BALI mark had been used “but had not acquired any significant reputation” (the trial judge’s finding). Again that shows one is looking for more than a minimal reputation.”

41. However, a small business can protect signs which are distinctive of that business under the law of passing off even though its reputation may be small (as opposed to trivial). In *Stacey v 2020 Communications*⁷, Millett J. stated that:

“There is also evidence that Mr. Stacey has an established reputation, although it may be on a small scale, in the name, and that that reputation preceded that of the defendant. There is, therefore, a serious question to be tried, and I have to dispose of this motion on the basis of the balance of convenience.”

See also: *Stannard v Reay*⁸, *Teleworks v Telework Group*⁹ and *Lumos Skincare Limited v Sweet Squared Limited and others*¹⁰.

42. It is true that the applicant’s claimed UK sales under LOCH NESS prior to the relevant dates amount to only £22K - £23k worth of whisky over around 4.5 to 6.5 years. Over the two years 2013 and 2014, there were only 29 sales to 12 UK locations amounting to a total of £3460 worth of whisky. And sales appear to have reduced further after that. This is indeed a small-scale trade. However, if the use in 2013/14 (and later where relevant) followed earlier use of the mark on a slightly large scale between 2009 and 2012, I would be slow to reject the applicant’s case purely the basis that the extent of the use claimed is trivial. Particularly, where small-scale use is relied on, it is important for the party claiming to have acquired an actionable goodwill to provide evidence showing the nature of the use relied on, as well as how,

⁷ [1991] FSR 49

⁸ [1967] FSR 140 (High Court)

⁹ [2002] RPC 27 (High Court)

¹⁰ [2013] EWCA Civ 590 (Court of Appeal)

where and with whom the mark was used prior to the relevant date(s) so as to attract the claimed goodwill.

43. In *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)*¹¹, Pumfrey J. stated:

“27. There is one major problem in assessing a passing off claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under s.11 of the 1938 Act (see Smith Hayden & Co. Ltd's Application (OVAX) (1946) 63 R.P.C. 97 as qualified by BALI Trade Mark [1969] R.P.C. 472). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

28. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date. Once raised, the applicant must rebut the prima facie case. Obviously, he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of probabilities that passing off will occur.”

44. However, in *Minimax GmbH & Co KG v Chubb Fire Limited*¹² Floyd J. (as he then was) stated that:

“[The above] observations are obviously intended as helpful guidelines as to the way in which a person relying on section 5(4)(a) can raise a case to be

¹¹ [2002] RPC 19

¹² [2008] EWHC 1960 (Pat)

answered of passing off. I do not understand Pumfrey J. to be laying down any absolute requirements as to the nature of evidence which needs to be filed in every case. The essential is that the evidence should show, at least prima facie, that the opponent's reputation extends to the goods comprised in the application in the applicant's specification of goods. It must also do so as of the relevant date, which is, at least in the first instance, the date of application."

45. I bear this guidance in mind. I find that the vagueness in the applicant's evidence about who was using the mark between 2008 and the relevant dates extends to the sufficiency and reliability of the applicant's evidence to establish that a protectable goodwill existed under the LOCH NESS mark at the relevant dates. In particular:

- (i) The applicant's initial claim that the mark was used by The Original Loch Ness Whisky Company Limited under an implied licence from the applicant appears irreconcilable with the proprietor's evidence that the company was dormant during the relevant period;
- (ii) This and the apparent attempt to rely on use of the LOCH NESS mark in January 2008 by a company with no corporate (or other apparent) connection to the applicant casts doubt on the accuracy and, therefore, the reliability of Mr Shand's evidence;
- (iii) The applicant has produced no exhibits clearly showing use of the contested mark by it, or by The Original Loch Ness Whisky Company Limited, dated prior to the start of these proceedings;
- (iv) The applicant has not shown how it marketed the LOCH NESS whisky product during the relevant period and attracted the retail customers mentioned in its evidence;
- (v) The applicant has not filed any sales invoices or explained why they are not available;
- (vi) The applicant has not identified any of the retailers to whom it claims to have sold LOCH NESS whisky.

46. The significance of point (iii) above is heightened by the fact that the applicant and its advisors clearly know how to use internet tools to show how websites looked

at times in the past. Despite this, it has only provided copies of pages from its own website, lochnesswhisky.co.uk, and the masterofmalt.com websites from dates after the start of these proceedings.

47. My doubts about the weight that should be attached to the applicant's evidence are further heightened by the fact that the flimsiness of the applicant's evidence was highlighted in the proprietor's evidence and submissions in response to it. Yet the applicant filed no further evidence. For example, I do not attach much weight to the evidence of those who gave evidence on behalf of the proprietor to the effect that they had not come across the mark relied on by the applicant. The fact that the small-scale use claimed by the applicant escaped the notice of four people in the relevant sector is not especially surprising. However, if the applicant had customers, I find it surprising that the applicant did not rise to this challenge and provide unequivocal evidence that it had UK customers at the relevant dates.

48. I am aware of the requirement to consider the applicant's evidence as a whole. However, standing back and looking at the evidence this way raises more questions than it answers and leaves me in serious doubt as to whether either the applicant or The Original Loch Ness Whisky Company Limited had acquired a protectable goodwill in the UK under the mark LOCH NESS at any of the relevant dates.

49. Consequently, even if the applicant had shown that it was entitled to make the applications on the case as pleaded (but significantly contradicted by the evidence), I would still have rejected the applications. This is because the evidence of the very existence of a protectable goodwill is too vague, poorly supported and, in some respects unreliable, to establish a passing off right at the relevant dates.

Misrepresentation

50. In the light of my findings about the entitlement of the applicant to bring the applications and the absence of persuasive evidence that a protectable goodwill existed at the relevant dates, it is not strictly necessary for me to say anything about misrepresentation. However, given that the parties have made arguments about it, and recognising that I could be wrong about one or both of my principal findings, I

will deal with this issue briefly. In order to do so, I will have to assume, contrary to my findings, that the applicant had a protectable goodwill at the relevant dates.

51. The applicant's case, in brief, is that:

- (i) LOCH NESS is the dominant element on the labels used on its whisky and those words are distinctive of its product;
- (ii) The dominant element of the proprietor's marks is, in each case, LOCH NESS (GIN, RUM, SPIRITS, WHISKY and VODKA being merely descriptive);
- (iii) The goods are the same or similar (or in the case of application 3215150, likely to be taken as the applicant's merchandise);
- (iv) It takes at least 3 years to distil and age whisky in order to bring it to market, so it is common for distillers of whisky to make and sell other spirits to generate income before they can sell their whisky;
- (v) Use of the contested marks therefore creates a likelihood that the public will be deceived into believing that the marks and/or their users are the same, which is a misrepresentation.

52. The proprietor's case, again in brief, is that:

- (i) LOCH NESS is descriptive of the geographical origin of the goods at issue and therefore not *prima facie* distinctive;
- (ii) Third parties have registered companies with names including LOCH NESS, some of which have registered trade marks;
- (iii) The goods are not the same even in the case of whisky because the applicant's product appears to be a blended whisky;
- (iv) Spirits are selected through mainly visual means;
- (v) In the light of points (i) – (iv)) above, the distinctive trade dress of the proprietor's goods would distinguish them from the applicant's product;
- (vi) There is no evidence on confusion despite the fact that, on the applicant's evidence, both parties have been selling spirits concurrently under their marks since July 2016.

53. The point about whisky-makers producing other spirits whilst their whisky matures was made in submissions. I do not know this to be a fact. There is no evidence. It is not even said to be a notorious fact. Therefore, I take no account of it.

54. Nevertheless, I accept that the respective goods are the same or highly similar, except for the goods in classes 18 and 25 covered by application 3215150, which are dissimilar and usually traded in a different field of commercial activity.

55. The perceived difference between the parties' whiskies and the trade dress used by the proprietor are irrelevant. This is because they are not part of the registered marks. I must therefore consider the effect of all normal and fair use of the marks, which includes use in relation to blended whisky and without any specific trade dress (beyond that included in the figurative mark registered under No.3147826).

56. Third party registrations of companies with names including LOCH NESS is also irrelevant. This is because register entries do not show that the names are in use as trade names or trade marks (or when), and frequently they are not. Some of the proprietor's witnesses give evidence that there are many Loch Ness products "*out there*" - however, without evidence as to what these products are and when they became available, this is of no evidential value.

57. Given (a) the limited length and extent of the proprietor's use of the contested marks, and (b) the even more limited extent of the applicant's use during the same period (if any), there is no effective honest concurrent use, and no conclusions can be drawn from the lack of actual confusion to date.

58. There may be more substance in the proprietor's argument that LOCH NESS is descriptive of the geographical origin of spirits produced in that place. For example, if there was evidence that the use of water from the loch is relevant to the characteristics of the spirits, there would be a strong case for finding that the name is descriptive and non-distinctive. However, there is no such evidence. It is also arguable that the name of one of the largest and best-known Scottish lochs is apt to describe the location of anyone producing or selling spirits around the loch. This possibility (again, there is no evidence that there are multiple producers of whisky

based around LOCH NESS) suggests that the name is inherently low in distinctiveness for spirits. However, I note that the proprietor itself registered six LOCH NESS marks despite making little or no use of them prior to the dates of the applications. It must therefore be assumed that the proprietor considered that the marks were capable of distinguishing the goods of a particular undertaking.

59. Therefore, whilst I acknowledge that LOCH NESS may be a weak mark for spirits drinks, on the evidence before me, I do not accept the proprietor's submission that it should be regarded as so weak that the omission of the monster device and/or label shown in the applicant's evidence and/or the addition of the figurative element in trade mark No. 3147826, is sufficient to avoid a likelihood of deception and misrepresentation.

60. Similarly, I consider that whisky, gin, rum, vodka, other spirits, and absinthe are inherently similar goods that, if the applicant's mark is protected under the law of passing off then (again stressing that this is on the evidence before me) use of the contested marks in relation to any of them would probably constitute a misrepresentation to the public.

61. The use of trade mark No. 3215150 in relation to goods in classes 18 and 25, would not constitute a misrepresentation.

Damage

62. Given that the applicant's goods and those goods covered by the contested marks are (mostly) traded within the same field of commercial activity, damage would follow a finding of misrepresentation. This is because, in these circumstances, confusion about the trade source of the proprietor's spirits would be likely to lead to diversion of sales from the user of the mark relied on by the applicant, to the proprietor.

Costs

63. The proprietor has been successful and is entitled to an award of costs. The proprietor seeks costs above the usual scale. The written submissions of the proprietor's representative lists 13 reasons why off-scale costs are justified. I have considered them all. I find that, whether considered individually or collectively, they do not justify off-scale costs. This is a normal commercial dispute about trade marks. There is nothing sufficiently unreasonable about the applicant's behaviour to justify off-scale costs. It is true that I have expressed doubts about the accuracy and reliability of some of Mr Shand's evidence. However, this does not mean that he has knowingly given false evidence. It is also true that I have found Mr Shand's evidence insufficient to establish the matters on which the applicant relies. It does not follow that the applicant did not believe in its own case. I see no reason to find that the applications were vexatious. I will therefore award on-scale costs bearing in mind that there were six applications to be dealt with, but there was a great deal of overlap and repetition between the cases.

64. I assess costs as follows:

- (i) Considering the applications and filing counterstatements - £800
- (ii) Considering the applicant's evidence and filing evidence in response - £2000;
- (iii) Providing written submissions in lieu of hearing – £400

65. I therefore order Duncan Taylor Scotch Whisky Limited to pay Loch Ness Spirits Limited the sum of £3200. This sum is to be paid within 21 days of the end of the period allowed for appeal or, if there is an appeal, within 21 days of the conclusion of the appeal proceedings (subject to any order of the appellate tribunal).

Dated 13th December 2019

Allan James
For the Registrar