

TRADE MARKS ACT 1994

**IN THE MATTER OF Application No: 2101991
by Canon Kabushiki Kaisha to register a
Trade Mark and**

**IN THE MATTER OF Opposition No: 48483 by
Metro Goldwyn Mayer Incorporated.**

1. Canon Kabushiki Kaisha (CKK) 30-2, Shimomaruko, 3-chome, Ohta-ku, Tokyo, Japan applied on 5th June 1996 for the mark:

Canon

in respect of:

‘Photographic, cinematographic and optical apparatus and instruments; life-saving and teaching apparatus and instruments; apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording discs; automatic vending machines and mechanisms for coin operated apparatus; cash registers, data processing and image processing apparatus and instruments; fire-extinguishing apparatus; cameras; digital cameras; lenses; electronic flashes; motor drives; optical filters; copy stands; tripods; camera slings and straps; cameras cases; lens cases; cinecameras; projectors; projection screens; microphones; sound recording tapes; binoculars; telescopes; microscopes; glasses; sun glasses; video cameras; video camcorders; video tuners; video recorders; video tapes; video disks; televisions; electrophotographic apparatus; copying machines, apparatus and instruments; paper feeders; sorters; facsimile machines; micrographic apparatus; printers; electronic printers; laser beam printers; ink-jet printers; image processing cartridges; ink cartridges; heads; printing heads; ink cartridge holders with heads; card readers; calculators, electronic calculators; computers; computer software and firmware; computer peripherals; interface units; monitors; expansion boards; scanners, image scanners; floppy disks; magnetic cards; word processors; translating machines; study aid apparatus; semiconductors; optical fibers; measuring apparatus; X-ray photographic apparatus other than for medical use; holographic apparatus; electronic aiding apparatus for the handicapped; magnetic heads; disk drives; card readers; meters; micro motors; AC adapters; batteries; photoelectric image producing cartridges; rotary/linear encoders; solar cells; solar batteries; solar panels; integrated rooftop (shingle) solar panels; speakers; loudspeakers; liquid controlled display; board display; liquid crystal displays, ferro electric liquid crystal displays; multimedia systems, apparatus and instruments; telecommunications apparatus instruments; printed circuits, integrated circuits, semiconductor manufacturing apparatus, broadcasting apparatus, audio apparatus and equipment’. (All in Class 9).

2. The mark is opposed by Metro Goldwyn Mayer Incorporated, based on ss. 5(2), 5(3) and 5(4) of the Act. The opponents also cite s. 3(6) and s. 56 of the Act. They are the proprietors of the registration N^o. 1276742 CANNON for:

‘Production, distribution and rental of cine-films and of video cassette tapes; production of television programmes; cinema services; all included in Class 41.’

3. The applicants deny the grounds and both parties ask for their costs. The matter was heard on 22nd June 2001, where the applicants were represented by Mr Moody-Stuart of Counsel, instructed by RGC Jenkins & Co; the opponents did not attend.
4. At the hearing, Mr Moody-Stuart pointed out that all but the 5(2)(b) and bad faith grounds required varying degrees of evidence from the opponents in relation to reputation/use/goodwill under their mark. It was his view that the evidence was simply not there and thus the ss. 5(3), 5(4) and 56 ground were just hopeless. The opponents' evidence is contained in one Statutory Declaration by Mr Michael Moore, MGM's 'in house legal counsel'. He says:

'MGM is renowned throughout the world as a prestigious motion picture studio. MGM was originally founded in 1924 following the absorption by Loew's Incorporated of Goldwyn Pictures and Louis B. Mayer Productions.

MGM has always been known for producing glamorous, expensive, star-filled, first run films. MGM has produced many, of the most memorable films of all time including "Gone With The Wind", "The Wizard Of Oz", "West Side Story", "Ben Hur", "Doctor Zhivago", "Fiddler On The Roof" and "The Greatest Story Ever Told".

MGM is engaged in the production and distribution of entertainment products, including the development and production of motion pictures, television programming, home video, interactive software, music and licensed merchandise. MGM is one of only seven major motion picture studios world-wide. MGM has over 5,100 titles in its film library, and more than 8,200 episodes of television programming. It is the largest collection of feature films in the world. The motion pictures in this collection have won over 185 Academy Awards including 15 Best Picture awards.

In November of 1990, Pathe Communications Corporation ("Pathe") merged with MGM. Pathe is proprietor of UK Trademark Registration No. 1,276,742 CANNON covering "Production, distribution and rental of cine-films and of video cassettes; production of television programmes; cinema services; all included in Class 41." The trademark CANNON has been used in the United Kingdom by MGM or its predecessors-in-interest for at least the last seventeen years.

The annual worldwide sale of the products bearing the CANNON trademark over the last seven years exceeds the sum of US \$21 Million'.

5. It was pointed out to me - and was first thing that struck me about this evidence as well - that the majority of it refers to the reputation of MGM, not to that under the CANNON mark in the UK. It is claimed that the mark has been used in the UK for 17 years and that sales of \$21M have been achieved world-wide; however, there is no breakdown of this figure in the UK, no accounts and, pertinently, none of the material evidence appended Mr Moore's Declaration appears to apply to the UK. Stepping through the single Exhibit A there is a series of video covers and promotional material. I find the following:

C The first is entitled: 'Van Damm Death Warrant' and the address given for Pathe Video (bottom left of sheet) is in Johannesburg; there is nothing to connect it to use in the UK.

- C Next is “Fool for Love”. This appears to be an American video: there is a reference to the ‘Cannon Group Inc.’ (an American designation); it is printed in the USA and a US address.
 - C There is a sheet of May releases. The address is, again, in Johannesburg, Capetown, Durban and Port Elizabeth, i.e. South Africa.
 - C A two-page flyer relating to ‘Bronson Assassination’, again appears to be South African. ‘Pty’ is not designation that is used in UK company registrations.
 - C A cover and ‘flyer’ for the film ‘Lambada’, again, has a US address.
6. None of this is convincing. Despite the claim of use of the mark in the UK, I can conclude nothing about the extent of the use of the mark that will allow me to impute it with goodwill on which to establish a passing off action under s. 5(4)(a), a protectable reputation under s. 5(3) or the status of a well known mark under s. 56. All three of these grounds fail. That leaves s. 5(2)(b) and s. 3(6).

Likelihood of confusion: s. 5(2)(b).

7. I take 5(2)(b) as the relevant section, here, as the marks are very similar, but not identical. This section states:
- ‘(2) A trade mark shall not be registered if because -
- (a),
 - (b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,
- there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.’
8. Under s. 6(1) the opponents have an ‘earlier mark’ for the purposes of s 5(2) (see s. 6(1)(a)). The opponents, as stated, did not attend the hearing, however written submissions were provided by their agents. In relation to this ground, the opponents state:
- ‘In relation to the Section 5 (2) ground of opposition it will be appreciated that the Marks under comparison are phonetically identical. They are almost visually identical and are conceptually the same. Many of the goods covered by the Mark applied for are similar to the services covered by Registration No. 1,276,742. In particular it seems clear that items such as recording discs, sound recording tapes, video tapes and video discs would be similar to the services covered by Registration No. 1,276,742 to mention but a few examples. We would submit that on the basis of the case law of the European Court of Justice, particularly the *Canon v MGM* case and in light of the reputation which the opponent’s Mark CANNON enjoys many of the additional items covered by the Mark applied for are also to be regarded as similar to the services covered by Registration No. 1,276,742.’

9. Guidance on s. 5(2)(b) this provision has been provided by the European Court of Justice (ECJ) in *Sabel BV v Puma AG* [1998] RPC 199, *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc* [1999] ETMR, *Lloyd Schufabrik Meyer & Co GmbH v Klijsen Handel BV* [2000] FSR 77 and *Marca Mode CV v Adidas AG* [2000] ETMR 723. It is clear from these cases that:
- (a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors (*Sabel* page 224);
 - (b) the matter must be judged through the eyes of the average consumer of the goods/services in question (*Sabel* page 224), who is deemed to be reasonably well informed and reasonably circumspect and observant - but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind (*Lloyd* page 84, paragraph 27).
 - (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details (*Sabel* page 224);
 - (d) the visual, aural and conceptual similarities of the marks must therefore be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components (*Sabel* page 224);
 - (e) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and vice versa (*Canon* page 7, paragraph 17);
 - (f) there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character, either *per se* or because of the use that has been made of it (*Sabel* page 8, paragraph 24);
 - (g) mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient for the purposes of Section 5(2) (*Sabel* page 224);
 - (h) further, the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense (*Marca Mode* page 732, paragraph 41);
 - (i) but if the association between the marks causes the public to wrongly believe that the respective goods come from the same or economically linked undertakings, there is a likelihood of confusion within the meaning of the section (*Canon* page 9, paragraph 29).
10. Thus the global assessment counselled by the case law will, of course, include the identity the marks share - and the similarity of their specified goods, as pointed out by the opponents' agents. I have already dealt with the issue of reputation - distinctiveness on the marketplace - and decided that this has not been demonstrated. The success or failure of the opponents under this ground thus depends on a *prima facie* comparison of the marks, against a background of normal and fair use.
11. I note that *Canon* also states:

‘22. It is, however, important to stress that, for the purposes of applying Article 4(1)(b) [of Directive 89/104/EEC equivalent to s. 5(1)(b)], even where a mark is identical to another with a highly distinctive character, it is still necessary to adduce evidence of similarity between the goods or services covered. In contrast to Article 4(4)(a), which expressly refers to the situation in which the goods or services are not similar, Article 4(1)(b) provides that the likelihood of confusion presupposes that the goods or services covered are identical or similar.

23. In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, inter alia, their nature, their end users and their method of use and whether they are in competition with each other or are complementary’.

12. Though I would hesitate to suggest that these marks are highly distinctive, they are not related to the goods they specify in any way. Thus, though not invented words, they do carry a degree of inherent character. This must be borne in mind when assessing the similarity of the goods/services at issue. I return to this below.
13. As well as sharing near visual identity - and exact aural - the opponents say the marks share meaning, i.e. were conceptually indistinguishable, besides. Though conceding that the marks sounded the same, Mr Moody-Stuart said they were not visually the same. On the conceptual point he said:

‘If one ... considers the ideas behind the mark, that difference becomes even greater in that for the opponent’s mark CANNON ... there is a standard English meaning. It is a piece of artillery, and that is the idea that is brought to mind. There are two, we would say, potential meanings for the word CANON with one “N” in English. One has an ecclesiastical meaning, which is as far removed from artillery as you could hope to be, and the other has a more legalistic meaning which I would say would not be commonly held in the mind of the public, which is as a canon of construction, or a canon of principle’.

He thus suggested that the ideas behind the marks were fundamentally different. He added:

‘..we also .. say that such is the reputation and goodwill that has been generated by CANON by the applicant in its mark that although someone seeing it could might think of these totally different ideas from a piece of artillery, those are now subsidiary in its mind. When they see CANON in the particular form of the mark applied for, they would certainly think of the goods of the applicant, and of those kinds of goods which are very clearly opposing it..’

14. There are two issues here. The first relates to the meaning of the words ‘cannon’ and ‘canon’. I have no doubt that an acute consumer, given some small thought, would pick up on the subtlety of meaning here. But I think it unlikely that most would, given the context of imperfect recollection specified in the case law. The more accustomed meaning of ‘cannon’, in my view, would prevail, given the very human tendency to misread a word where a familiar interpretation is a ready default, particularly when the only visual difference is the extra ‘n’, and the degree of stylisation in the applicants’ mark.

15. Mr Moody-Stuart's second point is more subtle, and more difficult. The case law is clear that earlier marks with a reputation - distinctiveness on the market place - deserve greater protection. There is nothing about the effect of the reputation of the later mark. Of course, it might be held to be common sense that a multinational with a famous name (such as that of the opponents) might imbue that name with a import that is different to that found in a dictionary. But there is a danger here. It could, as I pointed out at the hearing, lead to the invasion of registered property rights, where an applicant had a very strong name. As Mr Moody pointed out, reputation should act as a shield, not a sword and, '..if trade mark registration cannot protect from "swamping", then one begins to question what the point of registration is.'
16. I do not think I have to decide this point here, anyhow. There is enough evidence submitted by the applicants to show they are the possessors of a famous name. But nothing to indicate the response of consumers to either of the marks in this case. In my view, the marks are very significantly similar. This matter will depend on the closeness of the goods and services at issue.
17. The opponents specify services, that is, the 'Production, distribution and rental of cine-films and of video cassette tapes; production of television programmes; cinema services; all included in Class 41.' Perhaps the goods in the applicants specification that come the closest are recording discs, video tapes and video disks and, maybe, cinematographic apparatus, cinecameras and televisions. There could be others, but I think these represent the opponents' best case.
18. In my view, production, distribution and rental in respect of video tapes (and cine-films) are processes in a supply chain that leads, eventually, to consumers renting films, of the type shown in Exhibit A. I take 'production' not to mean manufacture of video tapes as such, but provision of a film on tapes, for distribution to rental shops and, finally, the public. At the hearing, Mr Moody-Stuart made much the same point:

'.. if one moves on to the nature of the goods for which the mark has been applied, and the services in respect of which the earlier mark is registered, although superficially similar, and although superficially there is a connection in that the production of videos and films and so on, production, distribution and rental of cine films and video cassette tapes, production of television programmes for cinema services might well use Canon equipment, the end product to the consumer is fundamentally different. One is involved in selling goods which are essentially blank and are for your own recording, and the other is involved in producing the finished product'.

He added:

' .. cinema services I would understand to be the "Cannon" down the road, it would be a cinema under the name of Cannon. Production of television programmes. .. might well use the equipment. The consumers for television programmes and the consumers for the equipment to make television programmes, or to make home videos, or to make whatever, are not the same. They may well be the same people, but they are not in the same frame of mind when they are doing it'.

19. I think there is weight in Mr Moody-Stuart's submission, particularly in relation to cinema services and production of television programmes. Despite the similarities between the marks, I do not believe there is likely to be confusion between these goods and the opponents' services. However, I am not so sure for video tapes and discs. Mr Justice Jacob, in *British Sugar plc v James Robertson & Sons Ltd* [1996] 9 RPC 281, after listing the various criteria for determining whether goods are similar or not (paralleled in the passage quoted from *Canon* above) stated:

'I do not see any reason in principle why, in some cases, goods should not be similar to services (a service of repair might well be similar to the goods repaired, for instance).'

And it seems to me that production of rental videos under the CANNON name could be confused with blank videos made under the CANON mark. I single out blank video-tapes because, it seems to me, they may well be on sale at video rental shops, and are of sufficiently low price as to be bought without too much perusal. The same could not be said of video disks as of 5th June 1996. Such confusion could be an example of that indicated under point (i) above - where consumers wrongly believe that the respective goods/services are economically linked undertakings.

20. The opposition is thus successful in so far as it applies to video tapes, and the specification will be amended accordingly.

Bad Faith: s. 3(6)

21. This states:

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

The opponents' contention here is explained by Mr Moore in his first declaration:

'The specification of goods in CKK's trademark application is very broad and covers an extremely wide range of goods, many of which may be goods in which CKK currently does not use the trademark CANON (Stylised) on nor ever expects to use the trademark CANON (Stylised) on. Since CKK may have no intention of using the CANON (Stylised) trademark in connection with many of the products specified in its application, it would be inequitable for CKK to obtain registration of the CANON (Stylised) trademark for all goods covered by the specification unless they demonstrate an interest in all the goods listed.'

In his second declaration for the opponents, Mr Moore describes the opponents' concerns. He refers to Exhibits NT1 and NT2 submitted with the Statutory Declaration of Nobuyoshi Tanaka, a Director of CKK. He points out that Exhibit NT2, which is a list of the Applicants' products available in the United Kingdom, is narrower in scope than NT1, the chart illustrating the 'complete' range of products produced and sold by CKK. He says:

'The specification of the Mark under Opposition is much broader than the goods listed at Exhibit NT2. Exhibit NT2 lists a range of electric and photographic type apparatus and instruments as well as software and paper products such as brochures and manuals. No reference is made in Exhibit NT2 or NT1 to goods such as "video tapes", "video discs" and

“recording discs” which currently occur within the specification of the Application under Opposition and which cause me particular concern’.

22. Thus, the opponents’ bad faith objection is based on s. 32(3) of the Act, which provides:

‘The application shall state that the trade mark is being used, by the applicant or with his consent, in relation to those goods or services, or that he has a *bona fide* intention that it should be so used’.

23. It seems to me that there is a responsibility on the Registrar to refuse applications of, for example, a speculative nature, incorporating marks which may never be used, which may result in ‘clutter’ of the Register for no purpose. A reference can be made to the 8th recital in the Directive implemented by the Act (89/104/EEC; the clause is quoted in the *DEMON ALE Trade Mark Case* [2000] 9 RPC 345):

‘Whereas in order to reduce the total number of trade marks registered and protected in the Community and, consequently, the number of conflicts which arise between them, it is essential to require that registered trade marks must actually be used or, if not used, be subject to revocation;..in all these cases it is up to the Member States to establish the applicable rules of procedure.’

24. Registration of a trade mark is a contract between the State and the trade mark owner whereby the latter is granted exclusive rights - including an endless monopoly - to utilize the mark so registered on the goods so specified. The owner’s part of the bargain is simply that: the mark must be used in trade - trade marks are indicators of trade source, and if there is no trade, the contract is broken, and the monopoly can be removed (s. 46). If trade under the mark is never intended, the bargain is entered into in bad faith and can be grounds for refusal under s. 3(6).

25. Having said all this, this is a form of what might be called ‘administrative’ bad faith, and does not perhaps, fall into that category of *mala fides* described so famously in *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367. Mr Moody-Stuart made telling comment on this point at the hearing, and I make no apology in reiterating his words in full:

‘The allegation that the specification applied for is particularly broad is misleading. It may cover a large range of goods but it covers them in great detail, and if one looks at Practice Amendment Circular, PAC 10/00 ... headed “Classification: Examination of Wide Specifications and objections under Section 3(6) of the Act” .. The general revised practice set out in paragraphs 4 and 5 of that Circular makes it clear that the specification applied for by the applicant is precisely the sort that should be allowed to go through without challenge. They have gone to a great deal of trouble in quite some detail to set out the goods in respect of which they use the mark, or intend to use the mark, and to use that as a weapon by saying this is overly broad would be perverse .. That is borne out if one looks at the statement in PAC 10/00: “Class 9: Claims to electric, electrical and/or electronic apparatus, devices, equipment and instruments will be objected to - whether listed separately or in combination.” That is fair enough. They are very broad classes. “Claims to the remainder of the Class 9 heading will be allowed, i.e: Scientific, nautical, surveying...”, and .. , “photographic, cinematographic, optical, weighing, measuring, signalling, ...” we

move on to “apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording discs”, so there are words in there that clearly feature in the list, the specification applied for, but those are the broadest, and there is far more detail.

Rather than merely listing headings and plucking them from the Nice classification headings, what has been done is a far more diligent and far more thorough job, which is to look at exactly the kinds of goods in respect of which Canon wish to gain protection. When that has been set so it is not *prima facie* broad, when an attack has been made in respect of certain particular uses, albeit that that attack was only made in reply evidence and had not been set out in detail in the pleading or the first evidence, and that attack is then met by the general evidence of use across the range that has been put in by the applicant, we would ask, what else is one expected to do in terms of demonstrating use? ... it need not actually be actual use, it is good faith in respect of intended use, and we would say we have cleared that hurdle by a mile’.

26. I agree. The specification may be broad, but so is the range of goods the applicants produce. And there is enough similarity between the items indicated in Exhibit NT1 and NT2 (video conferencing cameras; digital video software, for example) to regard a bad faith attack on the specific items indicated by the opponents as nit picking. This ground fails.
27. Thus the applicants have been mostly successful. The application will be allowed to proceed to registration if, within one month of the end of the appeal period for this decision, the applicant files a TM21 removing ‘video tapes’ from their specification of goods. If such a TM21 is not filed, the application will be refused in its entirety.
28. In terms of costs, the applicants have been largely successful and should receive a contribution to their costs. I set this at £550. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 17TH Day of August 2001.

**Dr W J Trott
Principal Hearing Officer
For the Registrar, the Comptroller General**