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TRADE MARKS ACT 1994

TRADE MARK REGISTRATION No. 3379328

IN THE NAME OF MR THOMAS WHETTEM

AND

APPLICATION No. 502851 BY CBD WELLNESS LTD

FOR THE INVALIDATION OF THE TRADE MARK

AND

TRADE MARK REGISTRATION No. 3340005

IN THE NAME OF CBD WELLNESS LTD

AND

APPLICATION No. 503167

BY MR THOMAS WHETTEM AND CBD HEALTHFOODS LTD

FOR THE INVALIDATION OF TRADE MARK

Background and pleadings

1. CBD Wellness Ltd (“Wellness”) is the proprietor of trade mark 3340005, which consists of the word CANIDOL. The mark is registered in class 5 in relation to *pharmaceutical drugs, pharmaceutical preparations for human use*, as well as a number of sub-categories of such goods, including *pharmaceutical preparations for skin care*. The application to register the trade mark was filed on 20th September 2018 and the mark was registered on 7th December 2018.

2. Mr Thomas Whettem is the proprietor of trade mark 3379328, which consists of the word CANABIDOL. The mark is registered in relation to *dietary and nutritional supplements* and *medicines* in class 5, and *cosmetic creams* in class 3. The application to register the trade mark was filed on 28th February 2019 and the mark was registered on 31st May 2019.

3. On 14th October 2019, Wellness applied under sections 47(1) and (2) of the Trade Marks Act 1994 (“the Act”) to invalidate registration 3379328. The first of these grounds is based on sections 3(1)(b),(c) and (d) of the Act. Wellness claims that ‘Cannabidiol’ is a common name which describes a cannabinoid substance found in cannabis plants and/or cannabinoid products. According to Wellness, average consumers will perceive CANABIDOL as referring to ‘Cannabidiol’ and thus as designating the kind of goods covered by the trade mark, i.e. cannabinoid products. Therefore, the contested mark:

- (a) designates a characteristic of the goods;
- (b) is a sign which has become customary in the current language or in the *bona fide* and established practices of the trade;
- (c) is devoid of any distinctive character.

4. The section 47(2) ground for invalidation is based on section 5(2) of the Act. Wellness claims that CANABIDOL is highly similar to CANIDOL because it includes the dominant and distinctive elements of CANIDOL. Further, the contested mark covers identical or highly similar goods. Therefore, Wellness says that there is a

likelihood of confusion on the part of the public, including the likelihood of association.

5. A counterstatement was filed on behalf of Mr Whettem denying Wellness's grounds for invalidation. I note the following points.

- (a) CANABIDOL will not be perceived as a reference to 'cannabidiol' because products containing that substance are commonly known as CBD or 'cannabis oil', not as 'cannabidiol'.
- (b) To the extent that 'cannabidiol' is used on the labelling of the products, it is only used in small print to indicate that the substance is one of a number of ingredients in the products.
- (c) The spelling of CANABIDOL is "*significantly different*" to 'cannabidiol'.
- (d) In the alternative, the mark had acquired a distinctive character by the date of Wellness's application for invalidation as a result of substantial use since September 2015.
- (e) Wellness's earlier trade mark CANIDOL is invalid because, having regard to the earlier use and reputation of CANABIDOL, use of CANIDOL is contrary to the law of passing off.
- (f) Alternatively, if use of CANIDOL is not liable to be prevented under the law of passing off, then this must be because the concurrent use of the marks is not likely to cause confusion, in which case Wellness's ground for invalidation based on s.5(2) of the Act should be rejected.

6. On 5th June 2020, Mr Whettem and CBD Healthfoods Ltd ("Healthfoods") jointly applied for the invalidation of trade mark 3340005 – CANIDOL – under s.47(2) and s.5(4)(a) of the Act claiming an earlier right in CANABIDOL. The applicants rely on use of that mark throughout the UK since September 2015 in relation to dietary supplements, vape liquid, rescue cream, capsules for oral use and teas, all containing "*an active ingredient of CBD (cannabidiol)*."

7. The applicants claim that CANABIDOL goods were marketed by Remarkable Agency Ltd from September 2015 to March 2016 when the company sold its stock and goodwill to Healthfoods. Since then Healthfoods has continued to conduct a

substantial trade in CANABIDOL products. According to the applicants, Remarkable Agency Ltd and Healthfoods used CANABIDOL under an informal licence from Mr Whettem. Therefore, they say he owns the goodwill generated by the trade. If that is wrong, the applicants claim, in the alternative, that the goodwill is owned by Healthfoods.

8. The applicants further claim that use of CANIDOL constitutes a misrepresentation to the public. This is because it would cause a substantial number of the public to believe that CANIDOL and CANABIDOL goods originate from the same business, which would damage the goodwill established under the latter mark. Consequently, at the date of the application to register CANIDOL, use of that mark by Wellness was contrary to the law of passing off.

9. Wellness filed a counterstatement denying the case put forward by Mr Whettem/Healthcare. I note the following:

- (a) Wellness was incorporated in January 2018;
- (b) It is owned by Mr Stephen Dickson, who is a pharmacist and owns a pharmacy business;
- (c) Wellness decided to launch a cannabidiol product for pharmacies under the name CANIDOL;
- (d) Mr Dickson met Mr Whettem who represented that he owned a cannabidiol company and offered to supply such products on a 'white label' basis;
- (e) The parties subsequently entered into a co-operation agreement through which Wellness would sell cannabidiol products through Mr Dickson's pharmacies, which were to be supplied by Mr Whettem's company;
- (f) The CANIDOL product was formally launched at the UK Pharmacy Show on 7/8th October 2018;
- (g) Prior to that there has been a soft launch of CANIDOL through Mr Dickson's pharmacies;
- (h) The packaging of the CANIDOL product identified Canabidol Ltd as the source of the cannabidiol;

- (i) The relationship between the parties subsequently broke down and Mr Whettem's side threatened Wellness with legal action, including trade mark infringement proceedings;
- (j) The applicants were put to proof of the claims made in these proceedings;
- (k) CANABIDOL is non-distinctive and not a sign to which goodwill can attach;
- (l) Alternatively, any goodwill which existed was trivial in extent and not protectable under the law of passing off;
- (m) Wellness disputes that the cancellation applicants, or either of them, are the owners of any goodwill that exists under CANABIDOL;
- (n) Wellness denies that CANIDOL and CANABIDOL are visually, aurally or conceptually similar enough for use of the one to cause confusion with the other;
- (o) Wellness reserves the "right" to argue differently in its own cancellation action against Mr Whettem's mark;
- (p) Wellness claims that the applicants are barred from claiming misrepresentation and damage because they consented to the use of CANIDOL for cannabidiol products;
- (q) Wellness's goods are for sale through the pharmacy sector and the high level of attention paid by those in that sector will avoid any confusion.

10. The proceedings were subsequently consolidated.

11. Both sides seek an award of costs.

Representation

12. Wellness is represented by Cloch solicitors. Mr Whettem/Healthfoods is represented by Mackrell, solicitors. A hearing took place by video link on 8th December 2020. Mr Guy Tritton appeared as counsel for Mr Whettem/Healthfoods. Wellness was represented by Mr Philip Hannay of Cloch solicitors.

The evidence

13. Wellness's evidence consists of two witness statements by Mr Hannay dated 6th March 2020 (with 2 exhibits) and 20th November 2020 (with 21 exhibits), and a witness statement by Mr Stephen Dickson dated 20th November 2020 (with 15 exhibits).

14. Mr Whettem/Healthfoods' evidence consists of 3 witness statements by Mr Whettem dated 28th August (with exhibit TCW1), 21st September and 20th October 2020 (with exhibit TCW3).

15. I have read all the evidence. In broad outline, the evidence indicates the emergence of a relatively new UK market for products containing an extract from the cannabis plant called 'cannabidiol'. The substance is thought to have multiple therapeutic benefits, including reducing anxiety, chronic pain and digestive problems. Mr Whettem set up a business in September 2015 selling dietary and herbal supplements containing cannabidiol (or CBD as it is often called) under the name CANABIDOL. The products were initially marketed through Amazon.co.uk by Remarkable Agency Ltd, which Mr Whettem had incorporated earlier in 2015. After Remarkable Agency Ltd got into financial difficulties in March 2016, Healthfoods continued the business of selling CANABIDOL products.

16. From March 2016 onwards the CANABIDOL business grew quickly. Between August 2016 and 31st October 2019 wholesale sales amounted to over £4.6m. Mr Dickson's pharmacy business became a customer for CANABIDOL products in October 2017. Following discussions that began in September 2018, another of Mr Whettem's companies called Bcorg Ltd supplied Wellness with 'white label' cannabidiol products for sale in pharmacies. These products were branded as CANIDOL. Healthfoods terminated the arrangement in July 2019. Mr Whettem subsequently threatened Wellness with legal action over its use of CANIDOL. These proceedings followed.

17. Mr Whettem took part remotely in the hearing and was cross examined by Mr Hannay on certain aspects of his evidence. The connection to Mr Whettem was

unreliable and broke down several times. Nevertheless, the cross examination of Mr Whettem was eventually completed. Unfortunately, it was not possible for Mr Tritton to re-examine his witness. I will return to the substance of the evidence as it becomes relevant to my decision. It is convenient to start by examining Wellness's claim that trade mark 3379328 – CANABIDOL – is invalid because average consumers of the goods for which it is registered will perceive it as 'Cannabidiol', which is said to be descriptive, generic and non-distinctive.

Wellness's application under s.47(1) of the Act to cancel trade mark 3379328 because the registration of CANABIDOL is contrary to s.3(1) of the Act

18. Subsections (1) and (6) of section 47 of the Act are as follows:

"47. (1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered."

(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."

19. The relevant parts of s.3(1) of the Act are as follows:

"3(1) The following shall not be registered –

(a) -

(b) trade marks which are devoid of any distinctive character,

(c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services,

(d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade:

Provided that, a trade mark shall not be refused registration by virtue of paragraph (b), (c) or (d) above if, before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it.”

20. I will first exam Wellness’s claim that the registration of CANABIDOL was contrary to s.3(1)(c) of the Act because average consumers of the goods at issue will perceive it as the descriptive word ‘Cannabidiol’.

21. Although the UK has left the EU, section 6(3)(a) of the European (Withdrawal) Act 2018 requires tribunals to apply EU-derived national law in accordance with EU law as it stood at the end of the transition period. The provisions of the Trade Marks Act relied on in these proceedings are derived from an EU Directive. This is why this decision continues to make reference to the trade mark case-law of EU courts.

22. The case law under section 3(1)(c) (corresponding to article 7(1)(c) of the EUTM Regulation) was set out by Arnold J. in *Starbucks (HK) Ltd v British Sky Broadcasting Group Plc*¹ as follows:

*“91. The principles to be applied under art.7(1)(c) of the CTM Regulation were conveniently summarised by the CJEU in *Agencja Wydawnicza Technopol sp. z o.o. v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) (C-51/10 P) [2011] E.T.M.R. 34* as follows:*

¹ [2012] EWHC 3074 (Ch)

“33. A sign which, in relation to the goods or services for which its registration as a mark is applied for, has descriptive character for the purposes of Article 7(1)(c) of Regulation No 40/94 is – save where Article 7(3) applies – devoid of any distinctive character as regards those goods or services.

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36. ... due account must be taken of the objective pursued by Article 7(1)(c) of Regulation No 40/94 . Each of the grounds for refusal listed in Article 7(1) must be interpreted in the light of the general interest underlying it (see, inter alia , Henkel KGaA v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) (C-456/01 P) [2004] E.C.R. I-5089; [2005] E.T.M.R. 44 , paragraph 45, and Lego Juris v OHIM (C-48/09 P), paragraph 43).

37. The general interest underlying Article 7(1)(c) of Regulation No 40/94 is that of ensuring that descriptive signs relating to one or more characteristics of the goods or services in respect of which registration as a mark is sought may be freely used by all traders offering such goods or services (see, to that effect, OHIM v Wrigley , paragraph 31 and the case-law cited).

38. With a view to ensuring that that objective of free use is fully met, the Court has stated that, in order for OHIM to refuse to register a sign on the basis of Article 7(1)(c) of Regulation No 40/94 , it is not necessary that the sign in question actually be in use at the time of the application for registration in a way that is descriptive. It is sufficient that the sign could be used for such purposes (OHIM v Wrigley, paragraph 32; Campina Melkunie , paragraph 38; and the order of 5 February 2010 in Mergel and Others v OHIM (C-80/09 P), paragraph 37).

39. By the same token, the Court has stated that the application of that ground for refusal does not depend on there being a real, current or

serious need to leave a sign or indication free and that it is therefore of no relevance to know the number of competitors who have an interest, or who might have an interest, in using the sign in question (Joined Cases C-108/97 and C-109/97 Windsurfing Chiemsee [1999] ECR I-2779, paragraph 35, and Case C-363/99 Koninklijke KPN Nederland [2004] ECR I-1619, paragraph 38). It is, furthermore, irrelevant whether there are other, more usual, signs than that at issue for designating the same characteristics of the goods or services referred to in the application for registration (Koninklijke KPN Nederland, paragraph 57).”

And

“46. As was pointed out in paragraph 33 above, the descriptive signs referred to in Article 7(1)(c) of Regulation No 40/94 are also devoid of any distinctive character for the purposes of Article 7(1)(b) of that regulation. Conversely, a sign may be devoid of distinctive character for the purposes of Article 7(1)(b) for reasons other than the fact that it may be descriptive (see, with regard to the identical provision laid down in Article 3 of Directive 89/104, Koninklijke KPN Nederland , paragraph 86, and Campina Melkunie, paragraph 19).

47. There is therefore a measure of overlap between the scope of Article 7(1)(b) of Regulation No 40/94 and the scope of Article 7(1)(c) of that regulation (see, by analogy, Koninklijke KPN Nederland, paragraph 67), Article 7(1)(b) being distinguished from Article 7(1)(c) in that it covers all the circumstances in which a sign is not capable of distinguishing the goods or services of one undertaking from those of other undertakings.

48. In those circumstances, it is important for the correct application of Article 7(1) of Regulation No 40/94 to ensure that the ground for refusal set out in Article 7(1)(c) of that regulation duly continues to be applied only to the situations specifically covered by that ground for refusal.

49. *The situations specifically covered by Article 7(1)(c) of Regulation No.40/94 are those in which the sign in respect of which registration as a mark is sought is capable of designating a ‘characteristic’ of the goods or services referred to in the application. By using, in Article 7(1)(c) of Regulation No 40/94 , the terms ‘the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service’, the legislature made it clear, first, that the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service must all be regarded as characteristics of goods or services and, secondly, that that list is not exhaustive, since any other characteristics of goods or services may also be taken into account.*

50. *The fact that the legislature chose to use the word ‘characteristic’ highlights the fact that the signs referred to in Article 7(1)(c) of Regulation No 40/94 are merely those which serve to designate a property, easily recognisable by the relevant class of persons, of the goods or the services in respect of which registration is sought. As the Court has pointed out, a sign can be refused registration on the basis of Article 7(1)(c) of Regulation No 40/94 only if it is reasonable to believe that it will actually be recognised by the relevant class of persons as a description of one of those characteristics (see, by analogy, as regards the identical provision laid down in Article 3 of Directive 89/104, Windsurfing Chiemsee, paragraph 31, and Koninklijke KPN Nederland, paragraph 56).”*

92. *In addition, a sign is caught by the exclusion from registration in art.7(1)(c) if at least one of its possible meanings designates a characteristic of the goods or services concerned: see OHIM v Wrigley [2003] E.C.R. I-12447 at [32] and Koninklijke KPN Nederland NV v Benelux-Merkenbureau (C-363/99 [2004] E.C.R. I-1619; [2004] E.T.M.R. 57 at [97].”*

23. One of Wellness's arguments is that 'Canabidol' is the Portuguese word for 'Cannabidiol'. In support of this point Wellness relies on (1) evidence of trade mark applications having been filed in Columbia, Mexico and Brazil to register trade marks consisting of, or including, the word 'Canabidol',² and (2) untranslated copies of articles from Brazilian websites said to show use of 'Canabidol' as meaning 'Cannabidiol'.³ I see only one use of CANABIDOL itself in the latter exhibits (in exhibit CBD-10). Without a translation, I cannot tell whether it was used to mean 'cannabidiol'. In any event, this exhibit comes from a Spanish publication. Therefore, it does little to support Wellness's claim that 'canabidol' is a Portuguese word. The evidence of applications to register trade marks including CANABIDOL is inconclusive. Only one of the applications was made in a country where Portuguese is widely spoken (Brazil). In any event, the trade mark law of most countries prohibits the registration of descriptive terms as trade marks. Consequently, evidence of a word being applied for as a trade mark does not establish that the word is descriptive. I find that Wellness has not established that 'canabidol' is Portuguese for 'cannabidiol'.

24. Mr Whettem was cross examined about his knowledge of Portuguese. However, as Wellness has not even established that 'canabidol' is the Portuguese word for 'cannabidiol', it is not necessary to say any more about this.

25. Mr Tritton drew my attention to *Matratzen Concord AG v Hukla Germany SA*⁴ in which the CJEU held that the distinctive character of a trade mark must be assessed from the perspective of the relevant public in the territory in which registration is sought. That case concerned a conflict in Spain between the trade marks Matratzen Concord and Matratzen. Matratzen means 'mattress' in German. The dispute involved the registration and use of the marks in relation to bedding. The EU court held that the descriptiveness of Matratzen in German was only relevant to the distinctive character of the earlier mark to the extent that this descriptive meaning would be apparent to the relevant average consumers in Spain.

² See exhibits CBD-07, CBD-11 and CBD-12 to Mr Hannay's second witness statement

³ See exhibits CBD-8 to CBD-10 to Mr Hannay's second witness statement

⁴ Case C-421/04

26. The average UK consumer of *dietary and nutritional supplements* and *medicines* in class 5 and *cosmetic creams* in class 3, is unlikely to know that ‘canabidol’ is the Portuguese word for ‘cannabidiol’ (even if it is). The meaning of CANABIDOL in Portuguese (if any) is therefore irrelevant.

27. It does not appear to be disputed that s.3(1)(c) of the Act would prohibit the registration of a recognisable name for ‘cannabidiol’, such as CBD, in relation to the goods at issue. Therefore, the relevant question is whether relevant average UK consumers would perceive CANABIDOL as designating a product containing ‘cannabidiol’.

28. Mr Whettem’s case is that such consumers will not do so for two reasons. Firstly, because average UK consumers of the goods at issue know the active ingredient by its acronym – CBD - rather than by its full name ‘cannabidiol’, He says that the full name is only used in scientific papers and the like. Secondly, because that there are significant differences between ‘canabidol’ and ‘cannabidiol’.

29. I do not accept the first point. It is common ground that ‘cannabidiol’ is listed as an ingredient on the packaging of CANABIDOL products. Mr Whettem points out that ‘cannabidiol’ is shown in small print and is only present due to regulatory requirements. CBD is used much more prominently. The fact remains that ‘cannabidiol’ appears on the packaging of the products, sometimes on the front of the packaging. For example, the CANABIDOL food supplement is described on the front of the packaging as a “*Terpene Rich Cannabidiol CBD supplement.*”⁵ One of the purposes of requiring sellers to list ingredients on the packaging of products is so that consumers will know what is in them. It is inherently likely that average consumers will look at the list of ingredients.

30. In any event, the evidence indicates that use of ‘cannabidiol’ is not limited to scientific papers and use in small print on the packaging of the products. Mr Dickson’s evidence includes the results of some research undertaken on his behalf

⁵ See pages 52, 54 and 56 of exhibit TCW1

in July 2018 when he was thinking about marketing his own cannabidiol products.⁶ It includes a picture of dietary supplements marketed at that time under the CANABIDOL mark. The products are shown in a transparent display cabinet. The top of the cabinet bears the letters 'CBD' and immediately, and prominently, beneath it the words 'Cannabidiol Approved Retailer'. The retailer clearly expected the customers to know what a cannabidiol product was.

31. Mr Whettem's evidence is that he created the CANABIDOL mark in September 2015 immediately before the registering the domain name canabidol.com. He says that he choose the prefix CANABID- to reflect the cannabidiol in the product, but also the presence of various other chemicals within the cannabinoid group. I note that all six of the chemicals Mr Whettem says are used in the products have names which begin CANNABI- (i.e. with a double N). And only three of the six chemicals have 'D' as the following letter in the names. Further, it is quite clear from the marketing material in evidence that CBD/cannabidiol is the main active ingredient in products sold under CANABIDOL.

32. Mr Whettem claims to have chosen the -OL ending to CANABIDOL to reflect the fact that the products contain phenols and/or contain substances extracted from the cannabis plant using ethanol (rather than carbon dioxide, which he says is more common).

33. As the descriptiveness and distinctiveness of the CANABIDOL mark depends upon average consumers' perception of the mark, Mr Whettem's reasons for choosing it are strictly irrelevant. However, as they may shed light on whether he expected consumers to understand the meaning of 'cannabidiol', I permitted cross examination on this aspect of Mr Whettem's evidence.

34. Mr Whettem was a careful witness. He tried to avoid saying anything he thought would, or might, damage his case. For example, he was asked whether he intended from the outset for Remarkable Agency Ltd to trade under CANABIDOL. Mr Whettem answered that he could not recall what his intention was in September

⁶ See page 146 of exhibit CBD-24

2015. By contrast, Mr Whettem was crystal clear that his intention in September 2015 was to trade exclusively on Amazon's UK website. I find this aspect of Mr Whettem's evidence difficult to square with his evidence that Remarkable Agency Ltd was incorporated earlier in 2015 and started trading in CANABIDOL products immediately after the adoption of the mark. I got the impression that Mr Whettem was reluctant to accept that he intended Remarkable Agency Ltd to be the first user of the mark in case it compromised his claim that any goodwill under CANABIDOL belonged to him.

35. Mr Whettem said that he had 20 years Google advertising experience to assist him with online marketing of CANABIDOL. He wanted a mark that was free to use. He therefore undertook a clearance search of the trade mark register and searched on Google to see if anyone else was using CANABIDOL. In his first witness statement dated 28th August 2020, Mr Whettem gave evidence about the successful use of CANABIDOL since September 2015. He pointed out that if 'cannabidiol' is entered as a search term in Google, the canabidol.com website is returned as the second result. And Canabidol is the first brand that appears in the search results. When asked in cross examination if this was also the position in 2015 when the Google clearance search was undertaken, Mr Whettem said that he could not recall. He explained that at the time he was focussed on clearing CANABIDOL for use as a trade mark. He thought Google searches conducted at a later date might have been affected by the popularity of the canabidol.com website.

36. Despite his evidence during cross examination, I consider it likely that when Mr Whettem selected CANABIDOL as a trade mark he knew from his experience of Google advertising that Google search results for 'cannabidiol' would probably bring up canabidol.com. Especially for an online trader, this would be a helpful way of attracting customers to the website. However, even if this is wrong, the mere fact that Mr Whettem thought it relevant to give evidence that CANABIDOL appears in search results for 'cannabidiol' implicitly acknowledges that consumers are liable to search on 'cannabidiol'. And that would only happen if they were familiar with the word.

37. For all these reasons, I do not accept Mr Whettem's evidence that average consumers of supplements, medicines and cosmetic creams using cannabidiol as an active ingredient would only recognise that substance by the acronym CBD, and not by its full name cannabidiol. In my view, the evidence indicates that a significant proportion of end users of cannabinoid products would have understood the meaning of 'cannabidiol' in 2015. By the date of Mr Whettem's application to register CANABIDOL on 28th February 2019, a substantial proportion of end users of goods containing cannabidiol would have understood the meaning of that word. In these circumstances, it is irrelevant that the active ingredient in the goods at issue was better known by the acronym CBD.

38. In *Exalation v OHIM*⁷ the EU's General Court confirmed that, at least where technical terms are concerned, it is appropriate to take account of meanings known to those in the trade. The court stated that:

"38. In paragraph 18 of the contested decision, the Board of Appeal stated that the applicant had not submitted any substantiated evidence to invalidate the examiner's observations to the effect that the element 'lycopin' (lycopene) designated a carotenoid with antioxidant properties.

39 -

40 First, that technical term designates a food supplement necessarily known by some of the relevant public, in particular professionals dealing with dietetic, pharmaceutical and veterinary preparations.

41 Secondly, the Board of Appeal established in the contested decision that the meaning of the term 'lycopin' was easily accessible to consumers of all the goods covered by the application for registration. The meaning of the term 'lycopin' does in fact appear in dictionaries and on web sites. It is probable therefore that the substance designated by that term is also known by some of the consumers of all the goods listed in paragraph 3 above.

⁷ Case T-85/08

42 Thirdly, consumers of pharmaceutical, veterinary, dietetic and sanitary preparations for medical use who are not aware of the meaning of the term 'lycopin' will often tend to seek advice from the informed section of the relevant public, namely doctors, pharmacists, dieticians and other traders in the goods concerned. Thus, by means of the advice received from those who prescribe it or through information from various media, the less well informed section of the relevant public is likely to become aware of the meaning of the term 'lycopin'.

43 The relevant public must therefore be regarded as being aware of the meaning of the term 'lycopin', or at least it is reasonable to envisage that the relevant public will become aware of it in the future (see paragraphs 25 and 26 above)."

39. The meaning of 'cannabidiol' is also easily accessible to the public. Those that trade in the goods, such as retailers of cannabis supplements/creams, including pharmacists, are likely to understand the meaning of 'cannabidiol'. Consumers are likely to take advice from such traders. Therefore, even if a section of the relevant public was unaware of the meaning of cannabidiol at the relevant date, it was reasonable to envisage that they would become aware of the meaning of 'cannabidiol' in the future.

40. This brings me to the second point taken on behalf of Mr Whettem; that there are significant differences between CANABIDOL and CANNABIDIOL. Both parties drew my attention to *Procter & Gamble v OHIM*⁸ (BABY-DRY). Mr Tritton for the proposition that:

"Any perceptible difference between the combination of words submitted for registration and the terms used in the common parlance of the relevant class of consumers to designate the goods or services or their essential characteristics is apt to confer distinctive character on the word combination enabling it to be registered as a trade mark."

⁸ Case C-383/99

41. Mr Hannay relied on the same case to support his argument that, unlike BABY-DRY, CANABIDOL does not include a “*syntactically unusual juxtaposition*” of words.

42. In fact CANABIDOL does not include any combination or juxtaposition of words. It is a single word. Therefore, I do not find BABY-DRY of assistance in answering the critical question of whether CANABIDOL will be recognised by the relevant class of persons as a one-word description of a characteristic of the goods at issue, i.e. as a product containing the active ingredient cannabidiol.

43. Mr Hannay submitted that the goods at issue are low cost everyday items that are selected by consumers paying only a low level of attention. I do not agree. Average consumers are deemed to be reasonably well informed and reasonably observant and circumspect. In my view, end users of dietary supplements, medicines and cosmetic creams will take reasonable care to ensure they obtain suitable products which meet their health and personal needs. Therefore, although the goods may not be particularly expensive (or dangerous), the relevant public is likely to pay a normal degree of attention when selecting a suitable product. Further, as retailers, including pharmacists, have a responsibility to market only legal products, and buy goods in larger quantities than the public, they are likely to pay an above-average degree of attention when selecting cannabinoid-based goods. I will bear these findings in mind in assessing the impact of the differences between CANABIDOL and the description ‘cannabidiol’.

44. Visually, ‘cannabidiol’ is comprised of 11 letters. CANABIDOL is comprised of 9 letters, which appear in the same order as in the longer word. In relatively long words such as this the impact of the visual difference between a single N in CANABIDOL and a double NN in CANNABIDIOL is slight. It is well established that because consumers read from left to right the beginnings of marks tend to make more impact on consumers than the ends. The omission of the final letter ‘i’ in ‘cannabidiol’ from CANABIDOL would have more impact if it were not for the fact that it appears (or does not appear) towards the ends of the words. In my view, the visual differences between CANNABIDIOL and CANABIDOL are liable to be missed by end users of the goods at issue, especially by those to whom ‘cannabidiol’ is not a very familiar word.

45. Phonetically, CANABIDOL will be pronounced as CAN-AH-BUY-DOLL or CAN-AH-BID-OL. CANNABIDIOL will be pronounced as CAN-AH-BUY-DEE-OL or CAN-AH-BID-EE-OL. On either view, the words sound highly similar. The aural difference could easily be lost in oral use, particularly as it comes towards the end of the words.

46. I therefore find that a substantial proportion of average consumers, especially end-users of the goods at issue, are likely to perceive CANABIDOL as CANNABIDIOL.

47. Further, even if average consumers recognise the differences between CANABIDOL and CANNABIDIOL, *prima facie* they are likely to regard the former as a mere misspelling of the latter. Therefore, it will convey the same (descriptive) meaning.⁹ In *EC Brand Comércio, Importação e Exportação de Vestuário em Geral Ltda v EUIPO*,¹⁰ registration was sought for a figurative mark in which the word “pantys” was prominent. The applicant had sought to register the mark as an EU trade mark for “*sanitary absorbents; sanitary towels and incontinence pads*” (class 5) and “*online retail trade services of women’s sanitary products*” (class 35). The EUIPO Board of Appeal held that “pantys” was descriptive of the goods and services under Article 7(1)(c) of the EUTMR as it was a misspelling of “panties”, and the relevant public would perceive it as such. The EU’s General Court upheld that finding, saying:

“27 [...] First, the Board of Appeal’s finding that the word element ‘pantys’ of the mark applied for does not differ from everyday language in such a way that the relevant public would regard it as more than a mere misspelling of the English word ‘panties’ (see paragraphs 14 to 18 of the contested decision) must be approved.”

⁹ In reaching this view I have no weight to the contents of exhibit CBD-02 to Mr Hannay’s first witness statement, which appears to show that two US-based traders in cannabis products responded to a post on Linked-In by an employee of Bcorg Ltd about Canabidol (the brand) by pointing out the correct spelling of ‘cannabidiol’ (the substance). This is because they are traders in the goods, not end users, and are based in the USA where use of ‘cannabidiol’ may be more common than in the UK.

¹⁰ Case T-532/19

28 Secondly, the presence of the letter 's' at the end of the word element 'pantys' of the mark applied for does not confer any originality on that word element, even though, according to the grammatical rules of English, the plural of the English word 'panty' is 'panties'. In that regard, it should be recalled that misspellings are not generally of assistance in overcoming a refusal to register a sign stemming from the fact that the content of the sign will immediately be understood as laudatory or descriptive (see, to that effect, judgment of 21 March 2014, *FTI Touristik v OHIM (BigXtra)*, T-81/13, not published, EU:T:2014:140, paragraph 40 and the case-law cited). Furthermore, a misspelling does not generally amount to evidence of any creative aspect capable of distinguishing the applicant's goods and services from those of other undertakings (see, to that effect, judgment of 16 October 2018, *DNV GL v EUIPO (Sustainable)*, T-644/17, not published, EU:T:2018:684, paragraph 23).

29 Thirdly, when the misspelling of a word mark is not perceptible phonetically, it has no effect on the possible conceptual content the relevant public will attribute to that mark (see, to that effect, judgment of 26 November 2008, *Avon Products v OHIM (ANEW ALTERNATIVE)*, T-184/07, not published, EU:T:2008:532, paragraph 26)."

48. Admittedly, unlike PANTYS/PANTIES, some consumers might pick up the small audible difference between CANABIDOL and CANNABIDIOL. However, even if this difference is picked up, it will not affect the meaning attributed to CANABIDOL. Further, any small aural difference will have little impact on the capacity of the mark to fulfil its essential function of distinguishing the goods of a particular undertaking, in circumstances where the goods are marketed online, or through point of sales displays, i.e. through mainly visual means.

49. Taking all of the above into account, I find that – absent distinctiveness acquired through use as a trade mark - CANABIDOL will be perceived as 'cannabidiol'. It will therefore designate a kind of *dietary and nutritional supplements* and *medicines* in class 5, and *cosmetic creams* in class 3 and/or that 'cannabidiol' is an active

ingredient in such goods. It follows that registration of the mark without evidence of acquired distinctiveness was contrary to s.3(1)(c) of the Act.

50. As registration of a mark which contravenes any of the sub-sections of s.3(1) of the Act is sufficient to declare the registration *prima facie* invalid, I do not find it necessary to examine the further grounds for invalidation based on s.3(1)(b) and 3(1)(d) of the Act.

Acquired distinctiveness

51. In accordance with the proviso to s.47(1) of the Act, the relevant date for assessing Mr Whettem's claim that CANABIDOL has acquired a distinctive character through use is the date of Wellness's application to invalidate the trade mark, i.e. 14th October 2019. The burden is on Mr Whettem to show that the mark had acquired a distinctive character by that date.¹¹

52. The CJEU provided guidance in *Windsurfing Chiemsee*¹² about the correct approach to the assessment of acquired distinctive character through use. The guidance is as follows:

"51. In assessing the distinctive character of a mark in respect of which registration has been applied for, the following may also be taken into account: the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant class of persons who, because of the mark, identify goods as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations.

52. If, on the basis of those factors, the competent authority finds that the relevant class of persons, or at least a significant proportion thereof, identify

¹¹ See *Oberbank AG & Banco Santander SA and Another v Deutscher Sparkassen- und Giroverband eV* Joined cases C-217/13 and C-218/13

¹² Joined cases C-108 & C-109/97

goods as originating from a particular undertaking because of the trade mark, it must hold that the requirement for registering the mark laid down in Article 3(3) of the Directive is satisfied. However, the circumstances in which that requirement may be regarded as satisfied cannot be shown to exist solely by reference to general, abstract data such as predetermined percentages.”

53. Mr Whettem’s evidence is that in September 2015 CANABIDOL supplements were offered for sale exclusively through the website amazon.co.uk. The canabidol.com website went live on 24th September 2015. The first orders were processed on 26th December 2015. As already noted, the products concerned (gel tablets) were marketed by Remarkable Agency Ltd.

54. According to Mr Whettem, by March 2016 Remarkable Agency Ltd had acquired a small but consistent number of repeat customers via the Amazon website. Accurate sales data was not kept because the level of sales was small, and the product range was limited. Nevertheless, Mr Whettem estimates that sales of CANABIDOL up to March 2016 comprised 25% of all UK sales of dietary and nutritional supplements containing CBD (cannabidiol). This appears to say more about the small size of the UK market for CBD supplements at the time than it does about extensive use of CANABIDOL.

55. Healthfoods was incorporated on 1st March 2016. Mr Whettem says that the goodwill and stock of Remarkable Agency Ltd were transferred to Healthfoods on 15th March 2016. He provides a copy of the assignment document.¹³ Mr Whettem originally said that Healthfoods used CANABIDOL under a formal licence from him, but in his second statement he clarified that the company used the mark under an informal licence from him.

56. There was a pause in trading in CANABIDOL products during April and May 2016 due to a regulatory problem. Mr Whettem provides sales figures for Healthfoods covering April (really June) 2016 to March 2017.¹⁴ These show small

¹³ See page 5 of exhibit TCW1

¹⁴ See page 6 of exhibit TCW1

sales via Amazon in June and July of 2016. They also show wholesale sales of CANABIDOL products via retailers beginning in August 2016, and “*Curo Cardgate payments*” starting in November 2016. The meaning of the latter is not clear. The sales figures for June 2016 to March 2017 show retail sales via Amazon of £78,534.99, wholesale sales of £186,091.36 and Curo Cardgate payments (whatever that means) of £97,652.62. This corresponded with an increase in the range of CANABIDOL products available. By 2017 the range included gel-tabs, oil drops, CBD extract, oral capsules, vape liquids, food supplements and a cosmetic cream. Mr Whettem says that CANABIDOL became the best-selling supplement on Amazon.co.uk for three weeks in 2016 and consistently stayed in the top ten herbal supplements available on Amazon during 2016.

57. There is a question mark over the accuracy of the sales figures cited in the previous paragraph. This is because Mr Whettem says (in the same witness statement) that Healthfoods did not keep accurate sales data during its first year of trading.¹⁵ In that case it is difficult to see how Mr Whettem is able to provide such precise sales figures for CANABIDOL products sold in the period March 2016 – March 2017.

58. Mr Whettem also provides wholesale sales figures for CANABIDOL products to over 700 retailers during the period August 2016 to October 2019.¹⁶ At wholesale prices, the sales amounted to £4,631,735. According to Mr Whettem, £400k worth of wholesale sales equates to around 33k units, indicating an average unit price of around £12. Retail prices appear to be over three times that figure.¹⁷

59. On the packaging of the goods, CANABIDOL consistently appears with the letters ‘tm’ against it.

60. Since at least August 2020, a Google search on ‘CBD Supplements’ has returned a link to the canabidol.com website on the first page of the results.

¹⁵ See paragraph 17 of Mr Whettem’s first witness statement.

¹⁶ I note that two of the retailers listed are called cannabidiol2U and Cannabidiol Works, confirming that ‘cannabidiol’ is a term used in the trade in cannabinoid products

¹⁷ See paragraph 8 of Whettem 3

61. In his first statement dated August 2020, Mr Whettem said that Healthfoods marketing budget “*presently*” stands at £25k per month. Around 80% of this is spent on TV advertising and 20% on print advertisements. There are no examples of such advertisements in evidence. It is not clear how much was spent on advertising prior to the relevant date in October 2019.

62. Canabidol has had social media accounts on Facebook and Twitter since 2016, and on Instagram since 2018. By 2020, it had 4800 followers on Facebook and 935 on Twitter.

63. Mr Hannay disputed the evidence showed that CANABIDOL has acquired a distinctive character through use. He suggested that it was necessary to show that the relevant public considered the mark as distinctive of Mr Whettem’s goods. However, as Mr Tritton pointed out, it is not necessary for Mr Whettem to show that the public know the identity of the trader who markets goods/services under the mark. It is sufficient that the relevant public thinks that all the goods/services marketed under the sign are under the control of one undertaking (whoever that may be).¹⁸

64. Mr Tritton submitted that the evidence showed that even Mr Dickson recognised CANABIDOL as a trade mark. In this connection, he drew my attention to exhibit CBD-34 to Mr Dickson’s witness statement. This consists of a reply to an email enquiry from a pharmacist in October 2018 about opening a wholesale account. The terms of the original enquiry are not in evidence. The details of the enquirer were forwarded to Mr Dickson by the ‘Canabidol Customer Service Team’. Mr Dickson’s reply stated that “*CDB Wellness and UK Cannabis Clinic [both businesses run by Mr Dickson] are the Healthcare Partners of Cannabidol.*” In context, Mr Tritton submitted that this showed that Wellness regarded CANABIDOL as a brand. I accept that a pharmacist who trades in the products is more likely to recognise the difference between CANABIDOL and CANNABIDIOL than end-users of the goods. It

¹⁸ See the judgment of Lord Justice Floyd at paragraph 105 of *Société des Produits Nestlé SA v Cadbury UK Ltd* - Court of Appeal [2017] EWCA Civ 358

is therefore likely that, by the relevant date, a significant proportion of the pharmacists and other stockists of CANABIDOL products, including Mr Dickson, regarded that sign as designating the products of a particular undertaking.

65. In *Björnekulla Fruktindustrier AB v Procordia Food AB*¹⁹ the CJEU found that:

“24. In general, the perception of consumers or end users will play a decisive role. The whole aim of the commercialisation process is the purchase of the product by those persons and the role of the intermediary consists as much in detecting and anticipating the demand for that product as in increasing or directing it.

25. Accordingly, the relevant circles comprise principally consumers and end users. However, depending on the features of the product market concerned, the influence of intermediaries on decisions to purchase, and thus their perception of the trade mark, must also be taken into consideration.”

66. In *The Kornspitz Company GmbH v Pfahnl Backmittel GmbH*,²⁰ the CJEU emphasised the importance of the perception of end users of goods/services, holding that a trade mark is liable for revocation if, because of acts or inactivity on the part of the proprietor, it becomes a common name for the product amongst that group of consumers.

67. Accordingly, whilst it is appropriate to take the views of trade intermediaries into account, the views of end users are likely to be decisive in the assessment of whether a mark has acquired, or retained, a distinctive character. In circumstances such as those in the instant case, where the goods are for use by the general public, it is not sufficient to show that CANABIDOL is recognised as a trade mark by a significant proportion of the trade.

¹⁹ Case C-371/02

²⁰ Case C-409/12

68. Returning to the teaching from *Windsurfing Chiemsee*, I find that CANABIDOL was used for around 3 years and 10 months prior to the relevant date. The sales figures prior to March 2017 appear unreliable. However, the mark has clearly been used on a significant scale since March 2017. Mr Whettem estimates that, by August 2020, the mark had 15% of the growing UK market for CBD-based dietary and nutritional supplements. There is no independent evidence which supports his claim, which, in any event, was made some 10 months after the relevant date. No specific information has been provided about how much was spent marketing CANABIDOL prior to the relevant date. There is virtually no evidence of any advertising, other than on Amazon and the canabidol.com website.

69. Mr Whettem's case depends on the proposition that, by the relevant date, a significant proportion of end-users of *dietary and nutritional supplements and medicines* in class 5, and *cosmetic creams* in class 3 had come to identify CANABIDOL goods as originating from a particular undertaking because of the trade mark, i.e. having seen the trade mark on Amazon, or the canabidol.com website, or purchased the products from a pharmacist or other retailer. However, given the close resemblance between CANNABIDIOL and CANABIDOL, I cannot simply assume that consumers of goods bearing the latter name will have perceived it as a trade mark. Admittedly, the packaging of CANABIDOL products does not appear to bear any other obvious trade mark. However, not all products are branded. It is perfectly possible that CANABIDOL will have been perceived as the generic name 'cannabidiol', or (to those who know the correct spelling) as a simple mis-spelling of that word.

70. There is no direct evidence from end users, or from UK-based intermediaries who deal with end users, attesting to the fact that such users distinguish between CANNABIDIOL as a generic name and CANABIDOL as a trade mark. The high point of Mr Whettem's case on acquired distinctiveness is, in my view, that CANABIDOL is consistently presented on the packaging of the products with the small letters 'tm' alongside it. It is tempting to take this to mean that consumers must have understood

they were being told that CANABIDOL is a brand. However, As Jacob J. (as he then was) once said in *Treat*:²¹

“There is an unspoken and illogical assumption that “use equals distinctiveness”. The illogicality can be seen from an example: no matter how much use a manufacturer made of the word “Soap” as a purported trade mark for soap the word would not be distinctive of his goods. He could use fancy lettering as much as he liked, whatever he did would not turn the word into a trade mark.”

71. In the absence of credible evidence of the actual perception of CANABIDOL amongst a significant proportion of average consumers of the goods at issue, particularly end users, I do not accept that the accompanying letters ‘tm’ will have been noticed and/or understood by them as meaning that CANABIDOL designates the goods of a particular undertaking. Further, even if some end users of the goods noticed the small letters ‘tm’ and understood this was telling them that CANABIDOL is a trade mark, it does not follow that they accepted and remembered that message. After all, a person with the attributes of an average consumer would find it inherently unlikely that CANABIDOL could be a trade mark for cannabidiol products. This is because it looks and sounds so much like ‘cannabidiol’.

72. I accept that CANABIDOL is likely to have become distinctive to a significant proportion of the trade intermediaries who marketed goods under that name, such as retailers, including pharmacists. Such traders are likely to pay an above average degree of attention to the goods they stock, particularly to products based on extracts from the cannabis plant, which might be subject to regulation.²² The mark may have become distinctive to some end users too. However, taking account of the evidence as a whole, I am not satisfied that it shows that CANABIDOL had acquired a distinctive character through use to a significant proportion of relevant average consumers, particularly to end users.

²¹ [1996] RPC 281

²² I note that Wellness’s counterstatement to Mr Whettem/Healthfoods application stated that “*The pharmacy purchaser will therefore pay very close attention to ordered stock.*”

73. Therefore, Wellness’s application for invalidation under s.47(1) of the Act succeeds. This is because the registration of CANABIDOL in relation to *dietary and nutritional supplements* and *medicines* in class 5 and *cosmetic creams* in class 3 was contrary to s.3(1) of the Act.

74. I will return to Wellness’s application under s.47(2) of the Act to invalidate trade mark 3379328 based on its earlier trade mark CANIDOL, after I have examined Mr Whettem/Healthfoods application to invalidate the latter trade mark based on a claimed (still) earlier right in CANABIDOL.

Mr Whettem/Healthfoods’ application under s.47(2) of the Act to cancel trade mark 3379328 because the registration of CANIDOL was contrary to s.5(4)(a)

75. The relevant part of s.47(2) of the Act is as follows:

“(2) Subject to subsections (2A) and (2G), the registration of a trade mark may be declared invalid on the ground-

(a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or

(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.”

76. Part of Article 5 of the Relative Grounds Order 2007²³ is also relevant. This is the relevant part:

²³ SI 2007/1976

“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.”

77. In *Reckitt & Colman Products v Borden (Jif Lemon)*,²⁴ Lord Oliver described the “classical trinity” that a plaintiff (now ‘claimant’) must prove in order to justify a finding of passing off:

“First, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying ‘get-up’ (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff’s goods or services.

Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that the goods or services offered by him are the goods or services of the plaintiff.

Thirdly, he must demonstrate that he suffers or, in a quia timet action, that he is likely to suffer damage by reason of the erroneous belief engendered

²⁴ [1990] RPC 341, HL

by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff."

Goodwill

78. Wellness claims that there was a "soft launch" of CANIDOL products through Mr Dickson's pharmacies prior to the formal launch of the products at the UK Pharmacy show on 7/8th October 2018. However, there is no evidence of use of CANIDOL prior to the date of the application to register that mark on 20th September 2018. Consequently, this is the relevant date for assessing Mr Whettem/Healthfoods' s.5(4)(a) claim.²⁵

79. Mr Tritton submitted that Mr Whettem/Healthfoods' evidence showed that there was substantial goodwill under CANABIDOL by the relevant date.

80. Mr Hannay submitted that:

- (i) CANABIDOL is descriptive of the goods sold under that name and was therefore not a name to which goodwill could attach;
- (ii) There was no relevant goodwill because the evidence doesn't establish the relevant public would identify Mr Whettem or Healthfoods as the undertaking responsible for CANABIDOL goods;
- (iii) Any goodwill was trivial in extent;
- (iv) If there was any goodwill, Wellness was entitled to a share of it because it had exclusively sold CANABIDOL products in the pharmacy sector;
- (v) Mr Whettem had consented to Wellness's use of CANIDOL and could not therefore claim a passing off right against Wellness.

81. I will deal with the points taken in submissions (i), (iv) and (v) after I have determined whether a protectable goodwill existed at the relevant date. Mr Hannay's

²⁵ See the decision of Mr Daniel Alexander QC sitting as the Appointed Person in *Advanced Perimeter Systems v Multisys Computers Limited*, BL O-410-11

submission (ii) mixes up the existence of relevant goodwill with ownership of that goodwill. As Mr Tritton pointed out at the hearing, it is well established that the public do not have to know the identity of the trader who sells goods under a mark in order for goodwill to exist. It is sufficient that the public believe that goods sold under the mark originate from a particular undertaking, whoever that may be.²⁶ There is a separate requirement for an applicant for invalidation under s.47(2) of the Act to show that it is the proprietor of the earlier mark or right relied on. I return to the question of ownership of goodwill below. I turn now to the issue of whether there was any goodwill and, if so, whether it was more-than-trivial in extent.

82. According to Mr Whettem's evidence, there were around 475 retail customers for CANABIDOL products between 14th August 2016 and 30th September 2018 (just after the relevant date).²⁷ The majority of the sales made to these retailers amounted to hundreds of pounds of goods at wholesale prices, but many such customers bought thousands of pounds of goods. I note that Wellness was one of the biggest customers during this period accounting for £128k worth of CANABIDOL goods. According to Mr Whettem, total (wholesale) sales made during this period amounted to £2,612,840.19.

83. Mr Hannay pointed out that there are no invoices or other documents supporting these claimed sales under the mark. This is true and, as I have already noted, Mr Whettem's own evidence places a question mark against the accuracy of the sales recorded prior to 31st March 2017. In *Minimax GmbH & Co KG v Chubb Fire Limited*,²⁸ Floyd J. (as he then was) described the evidential requirement like this:

“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.”

²⁶ See, for example, Lord Oliver's speech in the *Jif Lemon* case

²⁷ See pages 7 - 19 of exhibit TCW1

²⁸ [2008] EWHC 1960 (Pat)

84. There was no request to cross examine Mr Whettem on his evidence about sales of CANABIDOL products. Further, in his later-filed witness statement Mr Dickson did not dispute that Wellness was a customer for CANABIDOL products to the extent claimed by Mr Whettem. Therefore, subject to the caveat about sales prior to 31st March 2017, I accept Mr Whettem’s evidence about the extent of wholesale sales of CANABIDOL products. The significance of the caveat must be assessed against the overall picture of a growing business. Therefore, despite the doubt about the accuracy of the claimed sales figures prior to 31st March 2017, it is clear that there was a substantial trade in CANABIDOL products prior to the relevant date in September 2018.

85. In *Smart Planet Technologies, Inc. v Rajinda Sharm* (RECUP),²⁹ Mr Thomas Mitcheson QC, as the Appointed Person, reviewed the following authorities about the establishment of goodwill for the purposes of passing-off: *Starbucks (HK) Ltd v British Sky Broadcasting Group Plc*,³⁰ *Reckitt & Colman Product v Borden*³¹ and *Erven Warnink B.V. v. J. Townend & Sons (Hull) Ltd*.³² After reviewing these authorities Mr Mitcheson concluded that:

“.. a successful claimant in a passing off claim needs to demonstrate more than nominal goodwill. It needs to demonstrate significant or substantial goodwill and at the very least sufficient goodwill to be able to conclude that there would be substantial damage on the basis of the misrepresentation relied upon.”

86. In that case the party asserting an earlier right relied on 10 invoices showing sales of around 40k paper cups to 2 customers prior to the relevant date. The evidence showed that the relevant UK market for the goods amounted to 2.5 billion paper cups per annum. The Appointed Person decided that the sales relied on were trivial when set in this context. However, a small business with a more-than-trivial goodwill can protect signs which are distinctive of that business. In *Lumos Skincare*

²⁹ BL O/304/20

³⁰ [2015] UKSC 31, paragraph 52

³¹ [1990] RPC 341, HL

³² [1980] R.P.C. 31

Limited v Sweet Squared Limited and others,³³ the Court of Appeal in England and Wales held that the defendant had passed off its LUMOS nail care products as the claimant's goods. The claimant had been selling LUMOS anti-ageing products for around 3 years prior to the relevant date in October 2010. The goods retailed at prices between £40 and £100 per bottle. The Claimant's sales were small; around £2,000 per quarter from early 2008 rising to £10,000 per quarter in the period leading up to the relevant date. The vast majority of these sales were made to 37 trade outlets, including salons, clinics and a market. There was evidence of repeat purchases. Although the number of customers was "very limited", the claimant's goodwill was found to be sufficient to entitle it to restrain the defendant's use of LUMOS under the law of passing off. The sales relied on in this case are clearly more substantial than that. They are also likely to make up a greater share of the relevant markets than in either the *RECUP* or *LUMOS* cases. The evidence could be better, but I find it is sufficient to establish that, on the balance of probabilities, a significant goodwill existed at the relevant date as a result of the trade in CANABIDOL dietary and nutritional supplements, oral tablets, vape liquids and cosmetic creams. In my view, the real issue in this case is whether CANABIDOL was distinctive of that goodwill.

Distinctiveness

87. There is no class of names to which goodwill cannot attach as a matter of law. The distinctiveness of a name is a question of fact. Take a name like ASSPRIN. In principle, it could become distinctive for products containing aspirin. However, it would take a lot of use and commercial education to get the general public to recognise that ASSPRIN is brand name, not just aspirin itself, or a mere mis-spelling of aspirin. A similar point arose in *RECUP*. The Appointed Person was fortified in his decision that insufficient goodwill had been generated under that mark by the fact that the mark obviously alluded to the type of recyclable cups at issue. *RECUP* was, at best, a weakly distinctive mark. I have found that most end users of CANABIDOL are likely to perceive it as a description of products containing cannabidiol. I recognise that I must therefore be cautious about finding that the mark had become

³³ [2013] EWCA Civ 590

sufficiently distinctive through use prior to the relevant date so as to warrant protection under the law of passing off.

88. Mr Tritton drew my attention to:

(i) evidence that a customer had complained to Mr Whettem in August 2019 after being supplied by her pharmacist with CANIDOL instead of CANABIDOL;

(ii) evidence that a trade mark 'troll' had registered CANABIDOL in December 2017 in relation to medicated dietary supplements, and then offered to sell it to Mr Whettem for a five-figure sum.

He submitted that these events supported the conclusion that CANABIDOL had become distinctive through use.

89. As noted earlier, following discussions that began in September 2018 (to which I return below) another of Mr Whettem's companies called Bcorg Ltd supplied Wellness with 'white label' cannabidiol products for sale in pharmacies. Wellness branded these products as CANIDOL. However, the underside of the packaging indicated that they were manufactured by Canabidol Ltd. It appears that CANIDOL medical products went on sale to the public in around May/June 2019.³⁴ The parties then fell out. Healthfoods terminated the arrangement by a letter dated 18th July 2019.³⁵ All supplies of CANABIDOL branded products and white label cannabidiol products, ceased. Wellness appears to have obtained cannabidiol products from another source, which it continued to sell as CANIDOL. This is the background against which Mr Whettem says that in August 2019 he received a complaint from a London-based pharmacist, and one of his customers, about the quality of CANIDOL purchased on 19th July 2019. After complaining to her pharmacist, the customer, who I shall call Ms M, decided to complain directly to the supplier. Ms M spoke to someone called Chloe and later to Mr Dickson. The important thing from Mr Whettem's perspective is that it is evident from Ms M's email that she thought she

³⁴ See page 293 of exhibit CBD-37

³⁵ See pages 31/32 of exhibit TCW3

was dealing with Canabidol.³⁶ She subsequently sent a complaint addressed to Mr Whettem.³⁷

90. It appears that Ms M held Canabidol responsible for the CANIDOL product sold to her. However, it is not clear whether this was because of the similarity between the brand names CANIDOL and CANABIDOL, or because Canabidol Ltd was named as the manufacturer on the underside of the packaging of CANIDOL, or because of something she was told by the pharmacist who sold her the product, or some combination of the above. I do not, therefore, accept that Ms M's email is necessarily evidence of end-user confusion between CANIDOL and CANABIDOL.

91. As regards the registration of CANABIDOL by an alleged trade mark 'troll', who I shall call Mr C, the evidence shows that Healthfoods applied to invalidate the trade mark in July 2018. One of the grounds for invalidation was that the mark was registered in bad faith.³⁸ The application alleged that the registrant's accountants and business advisors wrote to Healthfoods in February 2018 indicating that the registrant knew that it was using the mark and inviting it to make an offer to buy the registration. The letter also mentioned a possible alternative sale to a pharmaceutical business for a substantial sum. Healthfoods' application for invalidation went undefended. The registration was cancelled.

92. This suggests that Mr C thought there was value in the brand CANABIDOL as early as 2017. However, I do not think the views of Mr C can be taken to represent those of average consumers of cannabidiol-based products. Consequently, I do not regard this as strong evidence that CANABIDOL was distinctive to the relevant public at the relevant date.

93. After examining Healthfoods' case on acquired distinctiveness, I found that CANABIDOL is likely to have become distinctive to a significant proportion of trade intermediaries who market goods under that name, such as retailers and

³⁶ See pages 41 -45 of exhibit TCW3

³⁷ Ms M did not have Mr Whettem's email address, so she sent her email via Cannabis Trades UK, with which Mr Whettem is also connected

³⁸ See exhibit CBD-22

pharmacists. This was because such traders are likely to pay an above average degree of attention to the goods they stock, particularly to products derived from the cannabis plant, which might be subject to regulation. They were, therefore, likely to examine closely the products they intended to sell, including the branding and the names of the ingredients. A significant proportion of them are likely to have realised that (unlikely as it might appear) CANABIDOL was a trade mark for cannabidiol-based products. Is this sufficient to found a passing-off right, despite my earlier finding that the mark had not acquired a distinctive character through use for the purposes of trade mark law?

94. In *Phones 4U Ltd v Phone 4U.co.uk Internet Ltd*³⁹ Jacobs L.J. noted that the test for distinctiveness under trade mark law is different to the law of passing off. He said:

“25 The nature of the inquiry as to whether a mark is suitable for registration without proof of distinctiveness is different from that as to whether a plaintiff in a passing off action has established a goodwill in the name, badge or insignia relied upon. This is hardly surprising — for registration one must be reasonably sure that the mark has really become a trade mark to most relevant people — to grant a monopoly on a lesser test would be contrary to the policy behind the requirement of distinctiveness. So, for example, if it is necessary to prove distinctiveness, proof that a badge was well-known but only in a small area, would not be enough. Yet an action for passing off would lie in respect of the use of a deceptively similar badge in that small area.”

95. Likewise, in *Marks and Spencer PLC v Interflora*,⁴⁰ Lewison L.J. pointed out that the test for misrepresentation for passing off purposes is different to the test for a likelihood of confusion under trade mark law. It is sufficient for passing off purposes that “a substantial number” of the relevant public are deceived, which might not mean that the average consumer is confused. It therefore seems that provided:

³⁹ [2007] RPC 5

⁴⁰ [2012] EWCA (Civ) 1501

- (i) The claimant's mark is distinctive to a sufficient proportion of the relevant public that a substantial number of them could be deceived;
- (ii) A misrepresentation to that section of the public is likely to cause real damage to the claimant's business;

- the law of passing off will protect goodwill generated under the mark. According to 'Wadlow The Law of Passing Off; Unfair Competition by misrepresentation (5th Edn.):

"...though the relevant customers are normally retail customers or members of the consuming public, that is not essential. There is no reason in principle why liability for passing off should not arise when goods are sold from one trader to another. This may be by virtue of the trade purchaser actually being deceived or under the doctrine of instruments of deception which applies even (or perhaps especially) if the trade purchaser knows that the goods are counterfeit."

96. In my view, CANABIDOL is likely to have become distinctive by the relevant date to a significant proportion of trade intermediaries. Therefore, it was distinctive enough to be protected under passing off law.

Ownership of goodwill under CANABIDOL

97. Wellness disputes that Mr Whettem/Healthfoods owns any goodwill that exists under CANABIDOL.

98. Mr Whettem/Healthfoods claim that Mr Whettem is the owner of any goodwill under CANABIDOL. If that is wrong, then they claim it is owned by Healthfoods. Mr Tritton submitted that ownership of goodwill is a matter of fact to be decided in the light of all the relevant circumstances. I agree. In this connection, Mr Tritton drew my attention to the following passage from 'Wadlow':

" [3-141].... the following questions are relevant as to who owns the goodwill in respect of a particular line of goods, or, mutatis mutandis, a business for the provision of services: (1) Are the goods bought on the strength of the

*reputation of an identifiable trader? (2) Who does the public perceive as responsible for the character or quality of the goods? Who would be blamed if they were unsatisfactory? (3) Who is most responsible in fact for the character or quality of the goods? (4) What circumstances support or contradict the claim of any particular trader to be the owner of the goodwill? For example, goodwill is more likely to belong to the manufacturer if the goods are distributed through more than one dealer, either at once or in succession. If more than one manufacturer supplies goods to a dealer and they are indistinguishable, the dealer is more likely to own the goodwill (citing *Gromax v Don & Low* [1999] RPC 367, per Lindsay J).”*

99. I remind myself that Mr Whettem’s evidence is that CANABIDOL products were first marketed by Remarkable Agency Ltd. That company assigned the goodwill to Healthfoods in March 2016, which carried on the trade in CANABIDOL products. In that case it is not obvious how Mr Whettem himself can claim to be the owner of the goodwill resulting from the trade. His answer seems to be that both companies used the mark under an informal licence from him. There was no written agreement. There is no specific evidence about the terms or dates of any verbal agreement. And I see no evidence of the circumstances under which it would be appropriate to infer that the companies used the mark under implied licences. In any event, Mr Whettem’s claim to be the owner of the goodwill generated by both companies is contradicted by his own evidence. He claims that Remarkable Agency Ltd sold the goodwill generated up until March 2016 to Healthfoods. But if the goodwill was his own, as Mr Whettem claims, then Remarkable Agency Ltd would have owned no goodwill to sell to Healthfoods.

100. Mr Tritton also drew my attention to passages from the decision of Mr Geoffrey Hobbs QC as the Appointed Person in *Williams and Williams v Canaries Seaschool SLU (Club Sail Trade Marks)*,⁴¹ in which Mr Hobbs noted that goodwill can be acquired as a result of economic activity carried out collectively and with a common purpose. I agree. However, acting as a director of Remarkable Agency Ltd and Healthfoods plainly does not mean that Mr Whettem was thereby engaging in

⁴¹ [2010] RPC 32

'collective' economic activity with them. I see no tenable basis for Mr Whettem's claim to be the owner of the goodwill generated under CANABIDOL. I therefore reject it.

101. I now move on to Mr Whettem/Healthfoods' alternative claim, that Healthfoods owns the goodwill. In cross examination Mr Whettem was challenged about whether the assignment document dated 15th March 2016, through which Remarkable Agency Ltd sold its stock and goodwill to Healthfoods, was really a contemporaneous document, as claimed. The assignment document itself is a very simple document. It is signed by Mr Whettem for Remarkable Agency Ltd and by Ms Lilian Whettem for Healthfoods. Mr Hannay suggested that it had been drawn up later for the purpose of these proceedings and backdated. He pointed to Mr Whettem's evidence that Remarkable Agency Ltd did not even keep accurate sales records. How likely was it then that an assignment document was drawn up in March 2016 formally recording the sale of goodwill? Mr Whettem's answer was that Remarkable Agency Ltd got into financial difficulties and he had put £30k of his own money into the business so that it could pay off its debts. He wanted to be sure that the stock and goodwill were properly transferred in exchange for this expenditure.

102. I accept Mr Whettem's explanation for this apparent oasis in the desert of formal record keeping. Further, as Mr Tritton pointed out, the assignment document dated 15th March 2016 is consistent with (i) the incorporation of Healthfoods on 1st March 2016, and (ii) Healthfoods taking over the trade in CANABIDOL products later in 2016. I find the assignment document supports the conclusion that Remarkable Agency Ltd was the owner of goodwill generated by trade in CANABIDOL products up until 15th March 2016 and that Healthfoods acquired that goodwill.

103. As already noted, Mr Whettem's evidence is that Healthfoods continued the trade in CANABIDOL products. Mr Tritton submitted that in order to establish who controlled the operation of the business under examination it is informative to "*follow the money*."⁴² Healthfoods' accounts to 31st March 2017 indicate that the principal activity of the company was the manufacture and resale of health food products. The

⁴² As Mr Hobbs QC pointed out in *Club Sail Trade Marks*,

accounts showed an annual turnover of £387k.⁴³ This is also consistent with Mr Whettem's evidence that Healthfoods was the company selling CANABIDOL health supplements in the UK.

104. Mr Hannay attacked this evidence, pointing out that none of the CANABIDOL products or their packaging in evidence bore Healthfoods' name. Rather, they indicated that the goods were manufactured by Canabidol Ltd⁴⁴ and/or bore the domain name canabidol.com.⁴⁵ Mr Hannay reminded me that in my decision in *Loch Ness Spirits Ltd v Duncan Taylor Scotch Whisky Ltd*⁴⁶ I found that the (only) company named on the label of Loch Ness whisky – The Original Scotch Whisky Company Ltd - was likely to be regarded by the public as responsible for the goods and therefore the owner of any goodwill.

105. The evidence was different in that case. Firstly, the applicant's claim to have traded in the goods itself was contradicted by unanswered evidence that it had filed dormant company accounts covering the period in question. Secondly, the applicant did not identify any of the UK retail customers it claimed to have. Thirdly, I found the evidence given by the applicant's witness to be contradictory and generally unreliable.

106. Mr Tritton submitted that (i) CANABIDOL was sometimes used as Healthfoods trading name, and (ii) Canabidol Ltd was named on the packaging to identify the manufacturer of the goods, which is not necessarily the undertaking trading in the goods in the UK. I accept these submissions.

107. The critical point, in my view, is that the evidence shows that Healthfoods was in fact the only trader that first placed CANABIDOL products on the UK market in the period leading up to the relevant date. Mr Whettem's evidence that Healthfoods had

⁴³ See exhibit CBD-17 to Mr Hannay's second witness statement

⁴⁴ There are in fact two companies called Canabidol Ltd, one in England/Wales and one in Ireland. Mr Whettem controls them both. The England/Wales company was not incorporated until 9th July 2018. The Irish company was incorporated on 12th October 2016. So most of the references to Canabidol Ltd in the evidence (at least most of those prior to the relevant date) appear to be to the Irish company.

⁴⁵ The canabidol.com domain name was registered in September 2015. It is not clear whose name it was (or is) registered in. The site identifies itself as the Canabidol website.

⁴⁶ BL O/772/19

UK customers for CANABIDOL products, being retailers of cannabinoid products, including pharmacists, is not contradicted by Wellness's evidence. In this connection, I note that Mr Dickson did not refute Mr Whettem's claim that his own pharmacy business had bought CANABIDOL products from Healthfoods since 2017. I therefore accept Mr Whettem's evidence on this issue. There is no rule that goodwill generated by a trade in goods must belong to the manufacturer. In the absence of an agreement it is a question of fact. In the circumstances described above, it seems likely that UK retailers of CANABIDOL, including pharmacists, would have held Healthfoods responsible for the quality of the goods it sold to them. I therefore accept that Healthfoods was the owner of a relevant goodwill at the relevant date. If I am wrong about that, then I find that Healthfoods and Canabidol Ltd were engaged in economic activity carried out collectively and with a common purpose. In that event Healthfoods was, at the least, entitled to a share in the goodwill generated amongst UK retailers as a result of the trade in CANABIDOL products.

108. I can deal briefly with Mr Hannay's (unpleaded) argument that Wellness and/or Dickson Chemist owned a share of the goodwill generated by their sales of CANABIDOL products through Dickson Chemist pharmacies. At the relevant date, Wellness/Dickson was but one of a large number of retailers of CANABIDOL products. They had no more claim to a share in the goodwill generated under that mark than any other retailer of such products.

Misrepresentation

109. Mr Dickson's evidence is that Wellness was incorporated in January 2018 to take forward "*various cannabidiol related business ideas.*" During the Spring/Summer of 2018 he sought professional advice about how far existing CBD products complied with laws and regulations. As already noted, CANABIDOL came up in this review. The packaging for the product found during the research bore the name Canabidol Ltd. Mr Dickson says he understood CANABIDOL to be 'cannabidiol'. He says he contacted the company identified on the packaging and explained that he wanted to launch his own cannabidiol products. He was referred to Bcorg Ltd trading as British Cannabis (another of Mr Whettem's companies). On 29th August 2018, Bcorg Ltd sent a confidential document outlining a proposal to supply

Dickson Chemist with 'white label' cannabidiol products.⁴⁷ This document made no reference to CANIDOL. On 14th September 2018, Bcorg Ltd invoiced Wellness for 300 medicinal cannabidiol products at a cost of £7350.⁴⁸ Again, there was no reference to CANIDOL in the invoice.

110. On 28th September 2018, Mr Dickson sent Mr Whettem a draft distributor agreement he had drafted. The draft agreement was between Wellness (distributor) and Canabidol Ltd, Dublin (manufacturer).⁴⁹ I note that the "Products" were defined as:

"Products produced by Canabidol (or parent/subsidiary companies), branded with Canabidol, containing and composition of cannabidiols, terpenes or similar molecules which have pharmacologically active constituents. Commonly known as CBD products."

This suggests that Mr Dickson was well aware that CANABIDOL was a brand, not just a mis-spelling of cannabidiol.

111. I note that the section on "Use of Manufacturer's Name" included:

"Distributor shall not contest the right of Manufacturer to exclusive use of any trademark or tradename used or claimed by Manufacturer."

112. The draft agreement contained no reference to CANIDOL. In fact section 6E of the draft referred to the use of purified "Canabidiol" from the manufacturer "*for the purposes of manufacture and distribution of prescribable Cibdol and Cibdol-T*"(emphasis added). However, the covering email Mr Dickson sent to MR Whettem on 28th September 2018 referred to the proposed use of CANIDOL and CANIDOL-T (emphasis added) for prescribable medical cannabis products. It also recorded an intention for pharmacists supplied with CANIDOL medical products to also stock CANABIDOL nutritional products for off-the-shelf retail sales.

⁴⁷ See confidential exhibit CBD-25

⁴⁸ See exhibit CBD-26

⁴⁹ See exhibit CBD-30

113. The agreement was never signed. Nevertheless, it provides an insight into Mr Dickson's thinking and state of knowledge around the relevant date.

114. Around the same time, Mr Dickson wrote an article for publication in the Scottish Pharmacist.⁵⁰ The intention was to highlight the emerging market in cannabis-based medical products. I note the article included the following:

“From a global perspective, cannabis clinics and cannabidiol (CBD) products are not only huge business, but are also highly pharmacologically active. It is therefore imperative that pharmacists sit up and not only pay attention to the growing usage of CBD/cannabis products, but in fact take charge of this market in the UK for the sake of public health.”

115. The publishers of Scottish Pharmacist promised Mr Dickson that a copy of the article would be placed in each attendee bag for the UK Pharmacy Show on 7/8th October 2018. The show attracts around 10k pharmacy professionals. The formal launch of CANIDOL products took place at this show. Wellness was present under the name UK CANNABIS CLINIC. Mr Whettem also attended the show and visited the UK CANNABIS CLINIC stand.

116. It appears that for a period after the Pharmacy Show wholesale enquiries made by pharmacists about CANABIDOL products were redirected to Wellness. Hence on 22nd October 2018 the 'Canabidol Customer Service Team' forwarded an enquiry from a pharmacist about CANABIDOL products to Wellness. Mr Dickson responded to the enquiry on behalf of Wellness stating that *“CBD WELLNESS and UK CANNABIS CLINIC are the Healthcare partners for CANNABIDOL.”*⁵¹ Despite the mis-spelling this was clearly a reference to CANABIDOL. The reply offered to provide training allowing the pharmacist to supply medical cannabis products. It also provided a price list for CANABIDOL (correctly spelt with one N) food supplements.

⁵⁰ See exhibit CBD-29

⁵¹ See exhibit CBD-34 at page 270

117. In my view, the evidence set out above shows that:

- (i) Mr Dickson was keen to enter the market in medical cannabidiol-based products;
- (ii) Wellness was formed to be the trading vehicle for such a venture;
- (iii) Mr Dickson's plan was not limited to selling medical cannabidiol-based products through Dickson Chemist; he saw an opportunity to franchise the provision of such products to pharmacies throughout the UK and provide them with training and advice from the UK CANNABIS CLINIC;
- (iv) Mr Dickson was aware that CANABIDOL was a brand name used primarily for food supplements containing cannabidiol;
- (v) He knew that some pharmacists, including his own, already stocked such goods;
- (vi) He was interested in a joint venture with the party responsible for CANABIDOL supplements and would go on to present WELLNESS/UK CANNABIS CLINIC as the Healthcare Partner of Canabidiol (sic).

118. Mr Hannay submitted that Mr Whettem/Healthfoods had consented to Wellness's use of CANIDOL. Consequently, they were in no position to allege misrepresentation. Mr Whettem disputes that he gave such consent. Importantly, as Mr Tritton pointed out at the hearing, the discussions in which Wellness's proposed use of CANIDOL was mentioned appear to have occurred after the relevant date. Mr Tritton submitted they were therefore irrelevant to the question of whether use of CANIDOL at the relevant date would have amounted to a misrepresentation to the public.

119. Subject to two caveats, I accept Mr Tritton's submission. The caveats are that (i) events after the relevant date may shed light backwards on whether use of CANIDOL at the relevant date would have amounted to a misrepresentation, and (ii) subsequent events, such as acquiescence, could give rise to a defence to an application for invalidation. I will keep point (i) in mind. I will return to whether WELLNESS has a defence (if necessary) after first deciding whether the application would succeed without one.

120. Mr Hannay argued that Mr Whettem/Healthfoods' case was really passing off through switch selling. However, that is not how they put their case, which is primarily based on the similarity between CANIDOL and CANABIDOL and the identity or similarity between the respective goods. In this connection, Mr Tritton pointed out that Wellness's own application to invalidate CANABIDOL is partly based on a claim that there is a likelihood of confusion between that mark and CANIDOL. He complained that Wellness was trying to deny there is a likelihood of deception because of the similarity of the marks in the proceedings initiated by Mr Whettem/Healthfoods, whilst simultaneously asserting that there is a likelihood of confusion for the purposes of its own application. I agree. It is one thing to put forward a primary position and say that, if that is found to be wrong, then both parties should have the benefit of that decision applied to their own case. It is quite another to argue in both directions at the same time. Wellness cannot have it both ways. And Mr Hannay cannot avoid that difficulty by recasting Mr Whettem/Healthfoods' case as being about switch selling.

121. I therefore return to the similarity of the marks. CANIDOL and CANABIDOL begin with CAN- and end with -DOL. The visual difference between them is the additional letters -AB- in middle of CANABIDOL. Phonetically, CANIDOL has three syllables -CAN-EE-DOLL or CAN-ID-OL whereas CANABIDOL has four - CAN-AH-BUY-DOLL or CAN-AH-BID-OL. The visual and aural difference is located in the middle of the marks where, particularly to the eye, it is less noticeable than (say) at the beginning. In my view, there is a high degree of visual similarity between CANIDOL and CANABIDOL and a medium degree of aural similarity.

122. Mr Dickson's witness statement says nothing about the reasons why CANIDOL was chosen. However, I note that exhibit CBD-27 to his statement includes a copy of an email dated 20th September 2018 (i.e. on the relevant date). Mr Dickson sent the email to his colleague Andrew McCall and a third party with whom he intended to do business saying that:

“after a few hours searching for trademarks, I have found a brand name for our POM “Canidol”.

It's a conjunction of cannabis, canabidiol and THC.”

There would also be a variant brand – CANIDOL-T. The T stands for THC.

123. I note that neither ‘cannabis’ nor ‘cannabidiol’ end in -DOL. There are several instances in Mr Dickson’s statement where he mis-spells ‘cannabidiol’ (the generic term) as ‘canabidiol’. By contrast, I found no examples of ‘cannabidiol’ being misspelt as cannabidol. It is therefore difficult to understand how Mr Dickson could have thought that CANIDOL was a “*conjunction*” of ‘cannabis’ and ‘cannabidiol’. As Mr Dickson has not given any direct evidence on this matter the question of accepting or rejecting his testimony does not arise. In the absence of such evidence covered by a statement of truth, I am not prepared to accept that the reasons set out in Mr Dickson’s email of 20 September 2018 should be taken as the true and complete reasons why CANIDOL was chosen. It is true that both of the marks at issue are likely to be recognised as being (at the least) derived from the descriptive word ‘cannabidiol’. However, in my view, CANIDOL resembles CANABIDOL more closely than it resembles ‘cannabidiol’. And no satisfactory explanation has been put forward to explain that resemblance.

124. The respective goods at issue are set out below:

Goods sold under CANABIDOL	Goods covered by CANIDOL mark
Dietary and nutritional supplements, oral tablets, vape liquids and cosmetic creams.	Class 5: Pharmaceutical agents affecting digestive organs; pharmaceutical agents affecting metabolism; pharmaceutical agents affecting peripheral nervous system; pharmaceutical agents affecting sensory organs; pharmaceutical agents for epidermis; pharmaceutical drugs; pharmaceutical preparation for skin care; pharmaceutical preparations; pharmaceutical preparations acting on the central nervous system; pharmaceutical preparations and substances; pharmaceutical preparations and substances for the treatment of gastro-intestinal diseases; pharmaceutical preparations and

	substances with analgesic properties; pharmaceutical preparations and substances with anti-inflammatory properties; pharmaceutical preparations for human use; pharmaceutical preparations for regulating the immune system.
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125. Wellness’s counterstatement denied that the respective goods were “*sufficiently similar*” to facilitate a misrepresentation for Mr Whettem/Healthfoods’ “*full*” s.5(4)(a) case. This appears to acknowledge that some of the goods are sufficiently similar, in principle, for use of CANIDOL to constitute a misrepresentation. However, it is not clear which goods are accepted as falling in this category and which are contended to be insufficiently similar for any possible misrepresentation to occur.

126. In my view, *pharmaceutical agents for epidermis and pharmaceutical preparation for skin care*, for which CANIDOL is registered, are plainly similar to the cosmetic creams sold under CANABIDOL.

127. I find that all the various descriptions of pharmaceutical agents/preparations/substances covered by the registration of CANIDOL are apt to describe the properties and effects of medical cannabidiol products. The evidence shows that medical cannabidiol products are similar in nature, purpose and method of use to dietary and nutritional supplements containing cannabidiol, i.e. the primary products sold under CANABIDOL. Further, the evidence indicates that both medical and over-the-counter cannabidiol-based products are sold in pharmacies (albeit in different parts of the pharmacy when it comes to prescribable cannabidiol-based products). I therefore find that the respective goods are highly similar.

128. It is right to acknowledge that during cross examination, Mr Whettem accepted that in the context of the proposed joint venture with Wellness, he considered there were different markets for medical cannabidiol products and dietary and nutritional supplements based on cannabidiol. He did not, however, concede that concurrent use of CANIDOL and CANABIDOL for medical cannabidiol products and dietary and nutritional supplements based on cannabidiol, respectively, would indicate that the

users of the marks were unrelated economic undertakings. Indeed, in the context of the question that was posed to him, i.e. the proposed joint venture between the parties, they would have been economically related undertakings. Consequently, I do not consider that Mr Whettem's answers in cross examination contradict my conclusion that the goods at issue are similar enough for use of CANIDOL in relation to medical cannabidiol-based products to be capable of constituting a misrepresentation that it is a CANABIDOL product, or that the users of the marks are connected.

129. Wellness's counterstatement placed heavy emphasis on the extra care paid by pharmacies when trading in the goods at issue. According to Wellness, this militated against any likelihood of deception. I see some force in this submission, at least when it comes to the risk of CANIDOL being directly mistaken for CANABIDOL. After all, if pharmacists and other retailers of CANABIDOL have learned to distinguish the brand from 'cannabidiol' (the substance) one might say that they should also be able to distinguish CANIDOL from CANABIDOL.

130. However, there are a number of reasons why I reject this assumption. Firstly, 'cannabidiol' is a generic name. Pharmacists and other retailers stocking cannabinoid products are likely to be familiar with the word and therefore more likely (compared to the general public) of spotting small differences between 'cannabidiol' and proprietary names. By contrast, CANIDOL and CANABIDOL are trade marks. It is well established that when comparing trade marks some allowance must be made for the possibility that the user will not have both marks before him or her and may have to rely on an imperfect recollection of the earlier mark. Therefore, it is necessary to make some allowance for imperfect recollection on the part of trade and professional users, albeit less than would be appropriate where the general public are concerned. Secondly, a trade or professional customer, such as a pharmacist, is likely to recognise that both marks are derived from the word 'cannabidiol', but with some of the 'internal' letters omitted. This is likely to influence how they will remember CANABIDOL. CANIDOL is apt to be remembered in the same way. Thirdly, as I have already noted, CANIDOL resembles CANABIDOL more closely than it resembles 'cannabidiol'.

131. I pause here to remind myself about the requirements for misrepresentation. Her Honour Judge Melissa Clarke, sitting as a Deputy Judge of the High Court, conveniently summarised the essential requirements for misrepresentation through deception in *Discount Outlet v Feel Good UK*⁵², as follows:

“56. In relation to deception, the court must assess whether “a substantial number” of the Claimants’ customers or potential customers are deceived, but it is not necessary to show that all or even most of them are deceived (per Interflora Inc v Marks and Spencer Plc [2012] EWCA Civ 1501, [2013] FSR 21).”

132. For the reasons given above I find that, at the relevant date, there was a likelihood that a substantial number of Healthfoods’ trade and professional customers, or potential customers, would have directly confused CANIDOL with CANABIDOL, if the former was used in relation to the goods for which it is registered

133. Additionally, I find likely that some of Healthfoods’ trade and professional customers who spotted the difference between CANABIDOL and CANIDOL would have been likely to believe that the latter was a variant mark used by the same undertaking. This is because medical cannabis products would have seemed a natural development of the cannabidiol dietary products and supplements marketed under CANABIDOL. In these circumstances, the change from CANABIDOL to CANIDOL was liable to be perceived by a substantial number of Healthfoods’ customers, or potential customers, as consistent with a new medical product range of cannabis-based products from the same trade source as CANABIDOL, or from a connected source.

Damage

134. Wellness points out that the market for medical cannabis products is different to the market for dietary and nutritional supplements containing cannabidiol. This appears to be common ground. Accordingly, there seems little risk that Healthfoods

⁵² [2017] EWHC 1400 IPEC

will directly lose sales to Wellness. However, it is well established that losing control of one's reputation can also be a head of damage. In *Ewing v Buttercup Margarine Company, Limited*,⁵³ Warrington L.J. stated that:

“To induce the belief that my business is a branch of another man's business may do that other man damage in various ways. The quality of goods I sell, the kind of business I do, the credit or otherwise which I enjoy are all things which may injure the other man who is assumed wrongly to be associated with me.”

135. In addition, as demonstrated by Wellness's application to cancel Healthfoods' registration of CANABIDOL for *medicines* in class 5 on relative grounds, use of CANIDOL for medical cannabis products has the potential to block a natural development in the trade conducted under CANABIDOL. This is also damaging to Healthfoods' business.

136. For the reasons given above, I find that, subject to any legal defence that may apply, use of CANIDOL at the relevant date in relation to the goods for which it is registered was liable to be prevented under the law of passing off.

Consent

137. Mr Whettem's evidence is that the first time he saw CANIDOL branding was at the Pharmacy Show on 7/8th October 2018. He says that whilst he was not against Wellness marketing a branded medical cannabidiol product based on CBD supplied by his company, he wanted the product branded as CANABIDOL or to *“be completely different in terms of branding.”* He says that he was also insistent that regardless of which mark was used, CANABIDOL appeared on the packaging of the medical product to identify Healthfoods as the producer.

138. The first specific evidence of Mr Dickson informing Mr Whettem about the proposed use of CANIDOL was in the email he sent to Mr Whettem on 28th

⁵³ [1917] 2 Ch. 1 (COA)

September 2018 covering a draft distribution agreement.⁵⁴ Mr Dickson points out that (1) both parties had stands at the UK Pharmacy Show on 7/8th October 2018, (2) Mr Dickson’s UK CANNABIS CLINIC stand had promotional material for CANIDOL products, and (3) Mr Whettem visited the stand and heard Mr Dickson speak about his plans for CANIDOL medical products. Mr Dickson says that despite this “[Mr Whettem] *never once objected to anything he saw or heard or what we discussed during the UK Pharmacy Show.*”

139. Section 47(2) of the Act states that invalidation shall not take place where “*the proprietor of that earlier trade mark or other earlier right has consented to the registration.*”

140. Consent may be express or implied. However, it must be unequivocal. There is no evidence that Mr Whettem or Healthfoods consented to the registration of CANIDOL.

141. In certain circumstances set out in section 48(1) of the Act, acquiescence to the use of a trade mark may provide a defence in invalidation proceedings. However, Wellness has not pleaded statutory acquiescence as a defence. In any event, the conditions set out in s.48(1) of the Act plainly do not apply. For example, the CANIDOL trade mark could not have been used for the required 5 continuous years following its registration in 2018, prior to the date of the application for invalidation the following year.

142. The events relied on by Wellness in this case postdate the relevant date. It follows that they cannot be relevant to whether a passing off right existed at that date. Such matters could only be relevant to the question of whether a party who had a right to sue for passing off at the relevant date would have been prevented from asserting it at the later date when the application for invalidation was filed, i.e. whether a common law defence arose by then. The issue of whether common law defences can be applied under EU-derived trade mark law is covered in *Kerly’s Law of Trade Marks and Trade Names* as follows:

⁵⁴ See exhibit CBD-30

“17-107 The issue was considered by the English High Court, sitting as an EU trade mark court, in Marussia Communications Ireland Ltd v Manor Grand Prix Racing, in which Males J relied on the decision of the CJEU in Martin y Paz in coming to the conclusion that defences of estoppel and acquiescence were not available to defendants under the EUTM. The defendant in that case did not argue that substantive national defences were not available to defeat infringement claims, but instead contended that estoppel and acquiescence were procedural matters which fell within art. 129(3) of the EUTM Regulation. That contention was rejected by the court. As the law stands in the UK therefore, national defences of estoppel and acquiescence are not available to defendants in trade mark matters.”

143. It follows that whatever the arrangements were between the parties in the period October 2018 to July 2019, they are irrelevant to Mr Whettem/Healthfoods’ s.5(4)(a) ground for invalidation.

144. In any event, even taken at its highest, the evidence does not show that Mr Whettem/Healthfoods gave unconditional consent to the use of CANIDOL, or that Wellness relied on anything Mr Whettem said before it registered CANIDOL on 20th September 2018. At most, Mr Whettem tolerated Wellness’s use of CANIDOL whilst it was being used to sell products provided by one of his companies. In those circumstances there was no misrepresentation because the users of the marks were connected. That tolerance would not, therefore, deprive Healthfoods from suing for passing off if CANIDOL was subsequently used in relation to products provided by a different undertaking, which the contested registration would clearly permit.

145. I therefore find that Wellness has no defence based on consent.

146. The s.47(2)/5(4)(a) grounds for invalidation against trade mark 3340005 therefore succeed.

Consequence of Mr Tritton being unable to re-examine Mr Whettem at the hearing

147. Mr Tritton told me that he would have re-examined Mr Whettem about the assignment from Remarkable Agency Ltd to Healthfoods and the timing of the joint venture with Wellness, i.e. whether it was after the relevant date in the invalidation application against trade mark 3340005 (CANIDOL).

148. I have accepted that the assignment document in evidence is genuine and that the discussions about CANIDOL postdate the relevant date in the invalidation application against that mark. It follows that the technical problems which prevented re-examination of Mr Whettem made no difference to my decision. It follows that no action is required to avoid any potential unfairness.

Overall outcome

149. Wellness's application under s.47(1) of the Act to invalidate trade mark 3379328 because the registration of CANABIDOL was contrary to s.3(1)(c) of the Act succeeds in full.

150. Mr Whettem/Healthfoods' application under s.47(2) of the Act to invalidate trade mark 3340005 (CANIDOL) because of Healthfoods' earlier right in CANABIDOL also succeeds in full.

Costs

151. Both parties have achieved an equal measure of success/failure. I therefore order the parties to bear their own costs.

Dated 25th February 2021

**Allan James
For the Registrar**