

O-165-16

IN THE MATTER OF THE TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION, NO 2634667 IN THE NAME OF
KT & G CORPORATION

AND IN THE MATTER OF AN APPEAL FROM THE DECISION OF OLIVER MORRIS
DATED 2nd JULY 2015 (O/306/15)

DECISION

1. This is an appeal from the decision of Mr Oliver Morris, for the Registrar, dated 2nd July 2015, in which he dismissed the opposition of British American Tobacco (Brands) Inc (“BAT”) made under s 5(2)(b) of the Trade Marks Act 1994 to the registration of KT&G Corporation (KT&G) application no 2,634,667. BAT appeals.
2. The signs in issue are as follows:

KT&G's Mark



BAT's Mark



3. The Hearing Officer found that the goods applied for in relation to the application are tobacco products or smokers' articles in Class 34 and that they fall within the ambit of the Opponent's goods. Accordingly, the goods were identical (Decision, paragraph 9). This finding was not challenged on appeal.

Application to file new evidence

4. There was no evidence filed by either party when the matter was before the Registry. Furthermore, neither side requested a hearing and so the matter was determined entirely on the written submissions of the parties.
5. When BAT filed its Grounds of Appeal on 28 August 2015 it included as annexes certain evidence: a Witness Statement by Rachel Wilkinson-Duffy exhibiting the file

information for ten different (and unrelated) applications for the mark THE ONE; and a Witness Statement of Clyde Elliot Woods with four exhibits. Mr Woods's Witness Statement related to the use of the colour blue in tobacco products. Ms Wilkinson-Duffy's evidence was seeking to prove that "THE ONE" is not distinctive and Mr Woods's evidence was to prove that the word "BLUE" was common to the trade to indicate the strength of tobacco products.

6. At the hearing, BAT made an application to admit the new evidence. I rejected this application at the hearing and briefly summarised my reasons, indicating that I would provide a fully reasoned judgment. Following the ruling on the admissibility of the evidence, the hearing continued on to the substantive appeal.

Principles for admitting new evidence on appeal

7. There was no dispute between the parties as to the relevant principles governing the admission of fresh evidence on appeal before the Appointed Person.

8. The basis of the application, with some modifications outlined below, is set out in the judgment of Denning LJ in *Ladd v Marshall* [1954] 1 WLR 1489 at 1491:

The principles to be applied are the same as those always applied when fresh evidence is sought to be introduced. To justify the reception of fresh evidence or a new trial, three conditions must be fulfilled: first, it must be shown that the evidence could not have been obtained with reasonable diligence for use at the trial; secondly, the evidence must be such that, if given, it would probably have an important influence on the result of the case, though it need not be decisive; thirdly, the evidence must be such as is presumably to be believed, or in other words, it must be apparently credible, though it need not be incontrovertible.

9. In *Hunt-Wesson Inc's Trade Mark Application* [1996] RPC 233, Laddie J took the view that statutory monopolies bring in different considerations from cases between purely private litigants (at 241-242):

In *Ladd v. Marshall* the court was concerned with private litigation between two parties. If one of them failed to produce evidence which was relevant and helpful until too late, only it would suffer the consequences. However that is not the case here. An opposition may determine whether or not a new statutory monopoly, affecting all traders in the country, is to be created. Refusing permission to an opponent who files evidence late affects not only him but also may penalise the rest of the trade. That is particularly the case where, as here, it is alleged that the applicant is trying to monopolise a well known geographical location. Secondly, although the matter is not clear, it is probable that if the evidence is excluded and the opponent, as a result, loses then he will be able to return again in separate proceedings to seek rectification of the register. An advantage of allowing in the evidence at the appeal stage is that it may well avoid a multiplicity of proceedings. Thirdly the hearing before the High Court is a rehearing. In my view the more appropriate course to adopt now is to look at all the circumstances, including those factors set out in *Ladd v. Marshall* and to decide whether on the particular facts the undoubted power of the court to admit fresh evidence should be exercised in favour of doing so. With this in mind it seems to me that in any case the following matters (and there may well be others) are likely to be relevant:

1. Whether the evidence could have been filed earlier and, if so, how much earlier.
2. If it could have been, what explanation for the late filing has been offered to explain the delay.
3. The nature of the mark.
4. The nature of the objections to it.
5. The potential significance of the new evidence.
6. Whether or not the other side will be significantly prejudiced by the admission of the evidence in a way which cannot be compensated, e.g. by an order for costs.

7. The desirability of avoiding multiplicity of proceedings.
8. The public interest in not admitting onto the register invalid marks.

10. The Court of Appeal considered the principles to be applied in trade mark cases in *El Du Pont De Nemours & Company v S.T. Dupont* [2003] EWCA Civ 1368, [2004] FSR 15. Its findings were summarised by Arnold J in *Omega Engineering Incorporated v Omega SA (Omega AG) (Omega Ltd)* [2010] EWHC 1211 (Ch), [2010] FSR 26:

97. The principles to be applied on an application to adduce further evidence in support of an appeal to the High Court against a decision of the Registrar in an inter partes case were considered by the Court of Appeal in *DU PONT Trade Mark* [2003] EWCA Civ 1368, [2004] FSR 15. In summary, these are as follows: (i) the factors set out in *Ladd v Marshall* [1954] 1 WLR 1489 are basic to the exercise of the discretion; (ii) *Ladd v Marshall* is no longer a strait-jacket, on the contrary the matter is to be looked at in the round to see that the overriding objective is furthered; and (iii) in the particular context of trade mark appeals, the additional factors set out in *Hunt-Wesson Inc's Trade Mark Application* [1996] RPC 233 may be relevant.

Could the evidence have been obtained with reasonable diligence for use at the hearing

11. The first limb of the test is not as strict as it might at first appear. The issue is not whether it was impossible to obtain the evidence for the hearing, but whether a party acting with reasonable care could have anticipated the need to call the relevant evidence at the hearing.
12. BAT essentially made two submissions on the first limb of *Ladd v Marshall*. Its main submission was that the points made in their written submissions were “so obvious” that it was unreasonable to expect them to provide evidence of the facts as the Registry should have taken judicial notice of the matters. Its second submission, which was really an attempt to support the first, was that in Registry proceedings the parties are discouraged from submitting frivolous evidence and from producing evidence of matters of fact which are obvious to the tribunal; in other words, expecting the parties to provide such evidence was disproportionate. I will address this second point first.
13. In *Singh v Habib* [2011] EWCA Civ 599 the Court of Appeal considered an application to admit new evidence in a personal injury case which showed the claims company had the same telephone number as the first defendant (ie collusion). It was accepted that the fact the telephone numbers were the same could have been found on the internet and on Facebook at the date of the original trial. In his judgment, Sir Anthony May went on to consider the availability of this evidence:

13 As to the ability to get the evidence in time for the original trial, Mr Turner submits that the evidence of Mr Bellis of course simply was not available at the time and it would be a counsel of perfection to suppose that in the circumstances as they were before the original trial any solicitor conducting this relatively modest claim and being aware of the need to be proportionate as to the costs would set about finding out this telephone number, which at the time would be entirely speculative.

14 In my judgment and bearing in mind that the authority now tells us that whilst *Ladd v Marshall* considerations are important in these matters they are not to be taken as a straitjacket. Public interest, to say nothing else, satisfies me that this new evidence should be admitted. The evidence of Mr Bellis was not available at the time of the trial and is, so far as it goes, credible. I am

persuaded that it would be a counsel of perfection to suppose that solicitors should have gone in search of a telephone number in the circumstances which pertained before the trial. ...

14. It can be seen, therefore, that proportionality as to time and costs is a relevant factor in determining whether it was reasonable for enquiries to be conducted so as to provide evidence in time for the trial (or hearing). This may be an even more pressing factor before the Registrar where costs recovery is strictly limited. However, in this case, the evidence BAT is seeking to be admitted was not difficult or expensive to obtain. It should not have taken the witnesses (both of whom are closely involved with the opposition) more than a few hours each to put together their witness statements. Producing this evidence would have been a proportionate expectation for even a small business let alone a multinational.
15. BAT's main submission was that the matters in Ms Wilkinson-Duffy and Mr Woods's evidence was so "obvious" that it was unnecessary to file evidence, as the Hearing Officer should have taken judicial notice of the facts to which that evidence relates.
16. In English law, judicial notice is a mechanism of proof whereby a court can find a fact without having evidence led to support the fact. There are many contentious aspects of the law of judicial notice. However, the case law usually relates to a judge's or tribunal's decision to prove something based on judicial notice or common sense, rather than a failure to do the same. Essentially, the question is usually whether the court or tribunal could find what it did based on its own knowledge or assessment.
17. This is the reverse of that situation. The argument here is that the Tribunal must, but did not, find something based on its own knowledge. This means that many of the difficulties with judicial notice do not need to be addressed here.
18. In general, unless a matter is required by statute to be judicially noticed (eg the Official Gazette must be noticed on its production: Documentary Evidence Act 1868, s 2 and 5), whether to judicially notice a matter or not is an exercise of discretion: see *Phipson on Evidence* (18th Ed, Sweet and Maxwell 2013), par 3-03. Accordingly, as with other exercises of discretion, the Appointed Person should be slow to interfere with the decision at the Hearing Officer unless it is manifestly wrong.
19. In any event, it is apparent that the submissions relating to the Hearing Officer's "failure" to take judicial notice of the lack of distinctiveness of "THE ONE" are misguided. The Hearing Officer (at paragraph 20 of the Decision) did consider the distinctiveness of "THE ONE" concluding that:

Although the words THE ONE have a laudatory suggestive quality, they are not descriptive or wholly and obviously non-distinctive; such that they would be overlooked or downplayed in the overall impression of the mark.
20. As there was no evidence filed, this finding was (properly) made based on the Hearing Officer's own common sense: see *O2 Holdings Ltd's TM Application* [2011] RPC 22. Accordingly, what BAT is trying to do is suggest that the Hearing Officer should have

come to a different conclusion based on his own common sense and not that he failed to take judicial notice of a fact. Thus, BAT's argument fails in this regard.

21. I now turn to the Hearing Officer's "failure" to take judicial notice of the fact that blue was common to the tobacco trade. It appears to me to be entirely proper not to have taken judicial notice of this fact. As KT&G submitted, had evidence been led before the Registrar by BAT, they would have taken the opportunity to file rebuttal evidence. Accordingly, the issue is clearly not a matter which is so notorious to be beyond dispute.
22. Further, as I pointed out during the hearing, there is a difficulty with BAT's submission in relation to both types of evidence. If the facts are so obvious (that is notorious) that it was unnecessary to present any evidence to prove them before the Hearing Officer, then why would I need evidence to prove those facts on appeal? If I need the evidence now to make the findings, then the Hearing Officer must have needed it as well; and so BAT are acknowledging that the facts could not have been "obvious" to him.
23. Finally, I would be concerned if, in principle, a party could have evidence admitted on appeal on the basis that the Registrar should have taken judicial notice of a fact but did not do so (particularly where, as in this case, the Hearing Officer actually found the opposite). To do so would drive a coach and horses through *Ladd v Marshall* rather than merely loosen the strait-jacket.
24. Accordingly, the first factor of *Ladd v Marshall* is strongly against the evidence being admitted.

The evidence must be such that, if given, it would probably have an important influence on the result of the case

25. The evidence of Ms Wilkson-Duffy is what is commonly called "state of the register" evidence. The value of such evidence is often questionable, as Jacob J indicated in *British Sugar v Robertson* [1996] RPC 281 at 305:

Both sides invited me to have regard to the state of the register. Some traders have registered marks consisting of or incorporating the word "Treat". I do not think this assists the factual inquiry one way or the other, save perhaps to confirm that this is the sort of word in which traders would like a monopoly. In particular the state of the register does not tell you what is actually happening out in the market and in any event one has no idea what the circumstances were which led the registrar to put the marks concerned on the register. It has long been held under the old Act that comparison with other marks on the register is in principle irrelevant when considering a particular mark tendered for registration, see e.g. MADAME Trade Mark 26 and the same must be true under the 1994 Act. I disregard the state of the register evidence.

26. In C-218/01 *Henkel KGAA v Deutsches Patent- und Markenamt* [2004] ECR. I-1725 the Court of Justice made a similar point:

64 As to whether it is necessary, when distinctive character is assessed under Art.3(1)(b) of the Directive, to undertake administrative investigations to determine whether and to what extent similar trade marks have been registered in other Member States, it need merely be borne in mind that the fact that a trade mark has been registered in one Member State for certain goods or services can have no bearing on the examination by the competent trade mark registration authority of another Member State of the distinctive character of a similar mark for goods or services similar to those in respect of which the first trade mark was registered (judgment delivered today in Case C-363/99 KPN [2004] E.C.R. I-0000, at [44]).

27. The purpose of the state of the register evidence in this case, it was submitted by BAT, is to show that many attempts to register THE ONE had failed, and this must have been

because the mark lacks distinctive character. As KT&G rightly argued, there is little that can be proved from the fact that a mark was not registered. The reason might be lack of distinctiveness, but other reasons could exist. Indeed, the evidence presented represented a range of goods, many totally dissimilar to tobacco products. Accordingly, even if this state of the register evidence were admitted it is not clear that it would be probative of anything relevant.

28. Mr Woods's evidence suggests that the colour blue is common to the trade as an indication of the strength of tobacco. The admission of this evidence would support a finding that the use of the word "BLUE" was generic and so not distinctive. It would also remedy the fact that "no evidence of its generic nature" was presented (Decision, paragraph 20). However, notwithstanding the lack of evidence, the Hearing Officer found that "BLUE" had "a weaker role" (Decision, paragraph 20). Indeed, he suggested that the mark might be articulated as "THE ONE" or "THE ONE blue" (Decision, paragraph 21), the former articulation utterly discounting the word "BLUE". Further, he accepted that BAT could use its mark in blue if it chose. Therefore, the colour blue (rather than the word) in KT&G's mark was given a weak role (Decision, paragraph 22). With this in mind, it is my view that while the admission of this evidence might tip the scales slightly more in favour of BAT (subject to any rebuttable evidence filed by KT&G), the overall difference it would have made to the decision would have been marginal.

29. Therefore, the second factor of *Ladd v Marshall* is also against any of the evidence being admitted.

The evidence must be such as is presumably to be believed, or in other words, it must be apparently credible, though it need not be incontrovertible

30. There is nothing to suggest that either witness's evidence lacked credibility. I will therefore treat this factor as entirely in BAT's favour.

Loosening the strait-jacket

31. It is apparent that the *Ladd v Marshall* criteria are against admitting either Ms Wilkinson-Duffy's or Mr Woods's evidence. However, the criteria are said to no longer be a strait-jacket and that proportionality must play a role as well. While this point is made in many cases (and relied upon successfully in a few: eg *Gerry Weber International AG v Guccio Gucci SpA* [2015] RPC 9), the Court of Appeal constantly shows restraint in loosening the jacket (for example, *Sharab v Al-Saud* [2009] EWCA Civ 353 at paragraph 57 – the criteria "do not apply with the same stringency under CPR 52.11, they retain considerable force"; *Sobraný v UAB Transtira* [2016] EWCA Civ 28 at paragraph 36 – "If the *Ladd v Marshall* criteria are to be stretched this is not the case to do it.").

32. It appears that the extent to which the rules are loosened was succinctly put by Ward LJ in *Robson v Robson* [2010] EWCA Civ 1171, [2011] 1 WLR 1774 at paragraph 57:

...Accordingly the court does not receive evidence which was not before the lower court save where the desirability of achieving a fair result outweighs the public interest in the finality of judgment. Whilst, therefore, the demands of the overriding objective to deal with cases justly may dominate the decision, the well established criteria of *Ladd v Marshall* [1954] 1 W.L.R. 1489 still prevail.

33. While this is not a close case, it appears to me that the limited flexibility courts and tribunals can now exercise in relation to the *Ladd v Marshall* criteria, essentially means “a court may be more readily persuaded to exercise its discretion in favour of admitting new materials in finely balanced circumstances” per Macur LJ (Floyd and Briggs LJJ agreeing) in *G (A Child)* [2014] EWCA Civ 1365 at paragraph 16.
34. This is far from a finely balanced case as neither public interest nor proportionality would suggest that the criteria in *Ladd v Marshall* should be relaxed. Accordingly, none of the new evidence should be admitted.

Substantive appeal

35. It is well established that the appeal to the Appointed Person is by way of review. The Hearing Officer needs to make a distinct error of principle or be clearly wrong: *Reef TM* [2002] EWCA Civ 763, [2003] RPC 5. More recently in *Okotoks Ld & Anor v Fine & Country Ltd & Ors* [2013] EWCA Civ 672, [2014] FSR 11, Lewison LJ said:

50. The Court of Appeal is not here to retry the case. Our function is to review the judgment and order of the trial judge to see if it is wrong. If the judge has applied the wrong legal test, then it is our duty to say so. But in many cases the appellant's complaint is not that the judge has misdirected himself in law, but that he has incorrectly applied the right test. In the case of many of the grounds of appeal this is the position here. Many of the points which the judge was called upon to decide were essentially value judgments, or what in the current jargon are called multi-factorial assessments. An appeal court must be especially cautious about interfering with a trial judge's decisions of this kind. There are many examples of statements to this effect. I take as representative Lord Hoffmann's statement in *Designers Guild Ltd v Russell Williams (Textiles) Ltd* [2000] 1 WLR 2416, 2423:

“Secondly, because the decision involves the application of a not altogether precise legal standard to a combination of features of varying importance, I think that this falls within the class of case in which an appellate court should not reverse a judge's decision unless he has erred in principle.”

36. In *Fage UK Ltd & Anor v Chobani UK Ltd & Anor* [2014] EWCA Civ 5 Lewison LJ explained further:

114. Appellate courts have been repeatedly warned, by recent cases at the highest level, not to interfere with findings of fact by trial judges, unless compelled to do so. This applies not only to findings of primary fact, but also to the evaluation of those facts and to inferences to be drawn from them. The best known of these cases are: *Biogen Inc v Medeva plc* [1997] RPC1; *Piglowska v Piglowski* [1999] 1 WLR 1360; *Datec Electronics Holdings Ltd v United Parcels Service Ltd* [2007] UKHL 23 [2007] 1 WLR 1325; *Re B (A Child) (Care Proceedings: Threshold Criteria)* [2013] UKSC 33 [2013] 1 WLR 1911 and most recently and comprehensively *McGraddie v McGraddie* [2013] UKSC 58 [2013] 1 WLR 2477. These are all decisions either of the House of Lords or of the Supreme Court. The reasons for this approach are many. They include:

- i) The expertise of a trial judge is in determining what facts are relevant to the legal issues to be decided, and what those facts are if they are disputed.
- ii) The trial is not a dress rehearsal. It is the first and last night of the show.
- iii) Duplication of the trial judge's role on appeal is a disproportionate use of the limited resources of an appellate court, and will seldom lead to a different outcome in an individual case.
- iv) In making his decisions the trial judge will have regard to the whole of the sea of evidence presented to him, whereas an appellate court will only be island hopping.
- v) The atmosphere of the courtroom cannot, in any event, be recreated by reference to documents (including transcripts of evidence).

vi) Thus even if it were possible to duplicate the role of the trial judge, it cannot in practice be done.

115. It is also important to have in mind the role of a judgment given after trial. The primary function of a first instance judge is to find facts and identify the crucial legal points and to advance reasons for deciding them in a particular way. He should give his reasons in sufficient detail to show the parties and, if need be, the Court of Appeal the principles on which he has acted and the reasons that have led him to his decision. They need not be elaborate. There is no duty on a judge, in giving his reasons, to deal with every argument presented by counsel in support of his case. His function is to reach conclusions and give reasons to support his view, not to spell out every matter as if summing up to a jury. Nor need he deal at any length with matters that are not disputed. It is sufficient if what he says shows the basis on which he has acted. These are not controversial observations: see *Customs and Excise Commissioners v A* [2002] EWCA Civ 1039 [2003] Fam 55; *Bekoe v Broomes* [2005] UKPC 39; *Argos Ltd v Office of Fair Trading* [2006] EWCA Civ 1318; [2006] UKCLR 1135.

37. It is necessary to bear these principles in mind on this appeal.
38. BAT challenged the Hearing Officer's decision on two grounds (although they were expressed as four questions). First, the Hearing Officer erred in finding that the words "THE ONE" were not descriptive or wholly and obviously non-distinctive. Accordingly, he gave too much weight to them in the overall assessment of the marks. Secondly, the Hearing Officer should have taken judicial notice of the fact "BLUE" has a particular significance in the tobacco trade.
39. The second point has been dealt with already in relation to the admission of evidence. Accordingly, I dismiss that ground of appeal for the reasons above.
40. In relation to the first ground of appeal, BAT's case was that the words "THE ONE" were devoid of distinctive character or had so little significance within the overall impression that they should have been treated as having virtually no weight at all. Similarly, the word "BLUE" should be given very little or no weight. Accordingly, the blue circle device within the mark should be given the greatest weight in the comparison of the marks.
41. After setting out an extract from the Court of Justice's decision in C-591/12P *Bimbo v OHIM* [2014] ETMR 41 and summarising the approach he would take (Decision, paragraphs 17 and 18), the Hearing Officer went on to consider the relative distinctiveness of the elements of the mark. He found "THE ONE" to have the "greatest relative weight in overall impression" (Decision, paragraph 20); that "the word blue...plays a weaker role in view of its subordinate nature in the overall impression" (Decision, paragraph 20); and that "A weaker role is also played by the circular device/border" (Decision, paragraph 20). The Hearing Officer considered the circular element to be "little more than a border to those words" (Decision, paragraph 20).
42. While Ms Wilkinson-Duffy valiantly tried to argue otherwise, it is clear that the weight given to the components of a sign (even if the weight were to be non-existent) is a value judgment and just the sort of decision with which an appellate tribunal should not interfere. Once the Hearing Officer assigned weight to the elements of the mark, he went on to find there would be no direct or indirect confusion between the two marks. He concluded there would be no confusion of either type (Decision, paragraph 24 and 26).

He therefore identified the right principles and applied them by assigning weight to the components of the sign.

43. Ms Wilkinson-Duffy also attempted a rear guard action whereby she suggested that the decision of the Hearing Officer was plainly wrong – it was such that no reasonably directed tribunal could reasonably be reached on the facts (albeit there was no evidence in the case). This ground was not mentioned in her Grounds of Appeal or her Skeleton argument and no application was made to amend those Grounds.
44. In *Royal Academy of Arts v Errea Sports SPA* (O-10-16), Mr Iain Purvis QC sitting as the Appointed Person held at paragraph 15:

I should add that Mr Stobbs argued a different point at the hearing, namely that even if there was no error of principle, the Hearing Officer was still ‘plainly wrong’ (using the Reef test for an arguable basis of appeal from a multi-factorial decision of this kind) because she had reached a conclusion which no reasonable tribunal could have reached on the facts. So far as this is concerned, it seems to me that it is not in principle open to an Appellant to run such an argument on appeal when it has not been foreshadowed in the Grounds of Appeal. It involves a wholesale re-arguing of the case, rather than simply the analysis of a single alleged error of law, and it would be unfair to the Respondent to permit it to be run without notice. I should also say that Mr Stobbs did not make an application to amend his Grounds of Appeal, so I do not have to consider whether to allow the point to be argued.

45. Accordingly, I do not have to consider the irrationality argument. Nevertheless, it is clear to me the decision of the Hearing Officer was not irrational.
46. Ms Wilkinson-Duffy also submitted that a parallel should be drawn with the criticism of non-distinctive marks which have a figurative fig leaf added (see European Trade Mark and Design Network, *Common Communication on the Common Practice of Distinctiveness – Figurative Marks containing descriptive/non-distinctive words*, 2 October 2015). Accordingly, she submitted, the principle applies in reverse and it should not be possible for a finding of confusion to be avoided by simply covering an otherwise confusingly similar device mark with a non-distinctive word element. Essentially, Ms Wilkinson-Duffy’s submission was that “THE ONE” and “BLUE” are so lacking in distinctiveness that a consumer would essentially see only the two circle devices. Such an approach would be entirely inconsistent with a global assessment required, whereas the Hearing Officer’s approach adopted the proper balance between judging the individual elements and considering the mark globally.
47. I therefore dismiss the appeal and uphold the Decision of the Hearing Officer. I will award KT&G £1,000 towards the cost of this Appeal.

PHILLIP JOHNSON
THE APPOINTED PERSON
22nd March 2016

For Appellant (BAT): Ms Rachel Wilkinson-Duffy (Baker & MacKenzie LLP)

For Respondent (KT&G): Ms Charlotte Scott (instructed by Keltie LLP)