

# O-005-18

**TRADE MARKS ACT 1994**

**AND IN THE MATTER OF TRADE MARK APPLICATION NO. 3144092  
“DOUBLE HAPPINESS” IN CLASS 34  
IN THE NAME OF N.V. SUMATRA TOBACCO TRADING CO.**

**AND IN THE MATTER OF OPPOSITION NO.406705  
BY CTBAT INTERNATIONAL CO. LTD**

**APPEAL BY N.V. SUMATRA TOBACCO TRADING CO.  
FROM THE DECISION OF  
MR ALLAN JAMES DATED 27 MARCH 2017**

---

## DECISION

---




1. This is an appeal from a decision of Mr Allan James on behalf of the Registrar, BL O/144/17, in which he upheld an opposition to the trade mark application in the name of N.V. Sumatra Tobacco Trading Co. (“the Applicant”) which had been brought by CTBAT International Co. Ltd (“the Opponent”) on the basis of section 5(2)(b) of the Act. The Applicant appeals.

### **Background**

2. The Applicant applied on 23 May 2013 to register the contested mark for cigarettes, cigars, tobacco, cigarette paper, lighters, matches and ashtrays, all in Class 34.
3. The Opponent based its opposition upon s 5(2)(b) of the Act and three earlier marks, but the hearing before Mr James proceeded upon the basis that its best case related to two EUTMs, No. 13274147 and in particular EUTM No 14183164, a device mark, which was registered with effect from 19 September 2014 for Cigarettes; tobacco; tobacco products; lighters; matches; smokers' articles, in Class 34.

## O-005-18

4. I set out the parties' respective marks side by side below. EUTM 14183164 is claimed in red, gold and white. The Applicant's mark claims no colours.

Applicant's mark	Earlier marks
	 <p data-bbox="1209 775 1342 801">13274147</p>  <p data-bbox="1166 1182 1299 1209">14183164</p>

5. The Opponent claimed that all three marks featured a Chinese symbol which is pronounced "shuangxi" but it filed no evidence proving this or proving the meaning of the character. The Hearing Officer therefore commented, at paragraph 12 of the decision, that he did not know whether the character was a distinctive sign for tobacco products. However he did not think that particularly significant, because a Chinese character would only be understood by a minority of the relevant UK public. To the majority, the meaning of the character would be irrelevant, so that a sufficiently significant percentage of relevant consumers would be unaffected by the meaning of the character.
6. Both parties contended that average consumers of tobacco products exhibit brand loyalty, and so pay an above average level of attention when selecting tobacco goods. The Applicant had referred the Hearing Officer to a decision of the EUIPO Second

## O-005-18

Board of Appeal in Case R 1562/2008-2, *Aktionernerno Droujestvo v Gallaher Canarias SA ("Victory Slims")* where the average consumer of tobacco products was described being generally very attentive, although the Hearing Officer noted that there was no indication that this was a finding based on any evidence. Nevertheless, given both parties' acceptance of the point, the Hearing Officer was content to proceed on that basis. He also took into account the impact of the legal restrictions on advertising and displaying tobacco products in the UK, which he found meant that word of mouth orders or enquiries would be likely to play a particularly important role in the purchasing process, but would be likely to be confirmed by visual inspection of the tobacco products.

7. With that background, the Hearing Officer's central findings can be summarised as follows:
- a) The phrase 'Double Happiness' was not descriptive of the goods, but had some allusion to the quality or purpose of tobacco products. The words were therefore low in distinctiveness in relation to cigarettes, cigars, tobacco and cigarette paper, and had a slightly higher (but still relatively modest) degree of distinctive character in relation to lighters, matches and ashtrays.
  - b) Whilst words usually speak louder than devices, that is no more than a rule of thumb, and in this case the words 'Double Happiness' were not more visually dominant or distinctive than the figurative elements of the Applicant's mark;
  - c) The Chinese character was recognisable in the Applicant's mark and in the earlier EUTM 14183164, but not in the curved form of the sign in EUTM 13274147;
  - d) For that reason, the Applicant's mark had 'little to no' visual similarity to EUTM 13274147, but had a medium degree of visual similarity to EUTM 14183164, and such similarity was not affected by the intricate surround of the '164 mark;
  - e) There was no aural or conceptual similarity between the parties' marks;
  - f) The opposition based upon EUTM 13274147 failed, due to lack of similarity;
  - g) A likelihood of confusion between the Applicant's mark and EUTM 14183164 was not precluded by the lack of aural or conceptual similarity, as verbal orders would be likely to be followed by visual inspection;

## O-005-18

- h) Average consumers even paying above average attention would be likely to notice that the central element of the earlier mark was present in the Applicant's mark; they would notice the differences in the marks but might "mistakenly believe that the element that is common to both marks indicates that they are variant marks used by the same or an economically related undertaking;"
  - i) The fact that the Applicant's mark has a conceptual meaning absent from the earlier trade mark did not "trump" the visual similarity; and
  - j) There was therefore a likelihood of indirect confusion such that the opposition succeeded.
8. The Applicant appealed, and in the Grounds of Appeal claimed that the Hearing Officer had erred in almost all of the findings above in relation to the '164 mark. As there is no continuing dispute in relation to the '147 mark, I will refer to the '164 mark as the "earlier mark."

### **Nature of the appeal**

9. This appeal is by way of review. The principles applicable on an appeal of this kind were considered in detail by Daniel Alexander QC sitting as the Appointed Person in *TT Education Ltd v Pie Corbett Consultancy Ltd* (BL O/017/17) at [14]-[52] and his conclusions were approved by Arnold J in *Apple Inc V Arcadia Trading Limited* [2017] EWHC 440 (Ch):

“(i) Appeals to the Appointed Person are limited to a review of the decision of Registrar (CPR 52.11). The Appointed Person will overturn a decision of the Registrar if, but only if, it is wrong (Patents Act 1977, CPR 52.11).

(ii) The approach required depends on the nature of decision in question (*REEF*). There is spectrum of appropriate respect for the Registrar's determination depending on the nature of the decision. At one end of the spectrum are decisions of primary fact reached after an evaluation of oral evidence where credibility is in issue and purely discretionary decisions.

## O-005-18

Further along the spectrum are multi-factorial decisions often dependent on inferences and an analysis of documentary material (*REEF, DuPont*).

(iii) In the case of conclusions on primary facts it is only in a rare case, such as where that conclusion was one for which there was no evidence in support, which was based on a misunderstanding of the evidence, or which no reasonable judge could have reached, that the Appointed Person should interfere with it (*Re: B* and others).

(iv) In the case of a multifactorial assessment or evaluation, the Appointed Person should show a real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle. Special caution is required before overturning such decisions. In particular, where an Appointed Person has doubts as to whether the Registrar was right, he or she should consider with particular care whether the decision really was wrong or whether it is just not one which the appellate court would have made in a situation where reasonable people may differ as to the outcome of such a multifactorial evaluation (*REEF, BUD, Fine & Country* and others).

(v) Situations where the Registrar's decision will be treated as wrong encompass those in which a decision is (a) unsupportable, (b) simply wrong (c) where the view expressed by the Registrar is one about which the Appointed Person is doubtful but, on balance, concludes was wrong. It is not necessary for the degree of error to be 'clearly' or 'plainly' wrong to warrant appellate interference but mere doubt about the decision will not suffice. However, in the case of a doubtful decision, if and only if, after anxious consideration, the Appointed Person adheres to his or her view that the Registrar's decision was wrong, should the appeal be allowed (*Re: B*).

(vi) The Appointed Person should not treat a decision as containing an error of principle simply because of a belief that the decision could have been better expressed. Appellate courts should not rush to find misdirections warranting reversal simply because they might have reached a different conclusion on the facts or expressed themselves differently.

## O-005-18

Moreover, in evaluating the evidence the Appointed Person is entitled to assume, absent good reason to the contrary, that the Registrar has taken all of the evidence into account. (*REEF, Henderson and others*)."

10. Further comments on the nature of an appeal to the Appointed Person were made by Mr Iain Purvis QC in *Rochester* BL O/049/17, and he said at [33]:

"... the reluctance of the Appointed Person to interfere with a decision of a Hearing Officer on likelihood of confusion is quite high for at least the following reasons:

(i) The decision involves the consideration of a large number of factors, whose relative weight is not laid down by law but is a matter of judgment for the tribunal on the particular facts of each case

(ii) The legal test 'likely to cause confusion amongst the average consumer' is inherently imprecise, not least because the average consumer is not a real person.

(iii) The Hearing Officer is an experienced and well-trained tribunal, who deals with far more cases on a day-to-day basis than the Appellate tribunal.

(iv) The legal test involves a prediction as to how the public might react to the presence of two trade marks in ordinary use in trade. Any wise person who has practised in this field will have come to recognize that it is often very difficult to make such a prediction with confidence. ... Any sensible Appellate tribunal will therefore apply a healthy degree of self-doubt to its own opinion on the result of the legal test in any particular case."

### **Visual similarity of the marks**

11. The Hearing Officer had found the marks to be visually similar to a medium degree. On the appeal, the Applicant initially submitted that there was no visual similarity at all between the marks, and at the hearing submitted that the marks were only faintly similar at the highest. It was said that the Hearing Officer had wrongly analysed visual similarity, in particular because he had (i) dissected the marks in an impermissible way and (ii) misapplied the relevant case law relating to verbal and non-verbal elements of trade marks.

## O-005-18

12. The Applicant submitted that the Hearing Officer had been wrong to find that the earlier mark had an above average level of distinctiveness, especially as it had not been used. Further, it suggested that the Hearing Officer had wrongly considered only the distinctiveness of the Chinese character in the centre of the mark. Mr Lomas pointed to paragraphs 27 and 34 of the Decision in support of this point.

13. In paragraph 27 the Hearing Officer said

"In my view, the sign reproduced in paragraph 21 above [which was only the Chinese character], is recognisable in the Applicant's Mark and in EU 14183164. I do not consider that the colours of that mark, or the intricate pattern in the circular surround undermines that conclusion. These elements of the mark merely serve to frame the central feature of the mark, which is a gold square carrying the sign reproduced in paragraph 21 above."

In paragraph 34, the Hearing Officer said:

"... average consumers paying an above average (or even just average) degree of attention during the selection process are likely to notice that the central element of EU trade mark 14183164 (the sign reproduced in paragraph 21 above) is also present in the contested mark. Whether or not such consumers recognise the sign as a Chinese character, it is a sign of above average distinctiveness to UK consumers of tobacco products and related goods. The presence of the words DOUBLE HAPPINESS in the contested mark, and the absence of the intricate round background element present in EU 14183164 may enable average consumers of the goods to realise that the marks at issue are different marks (particularly where the consumers are paying an above average degree of attention). However, despite realising that the marks are different, there remains a likelihood that average consumers will mistakenly believe that the element that is common to both marks indicate that they are variant marks used by the same or an economically related undertaking. The fact that the marks are to be used in relation to identical goods increases the likelihood of such indirect confusion."

## O-005-18

14. All of this, it was submitted, showed that the Hearing Officer had wrongly dissected the different elements of the marks. I do not accept that criticism. In my judgment, it is clear from those paragraphs that the Hearing Officer distinguished carefully between the earlier mark as a whole and the 'sign' consisting of the Chinese character at the centre of that mark. He considered that the average consumer would see that central element of the earlier mark in the Applicant's mark. As he considered expressly in both paragraphs 27 and 34 the impact of the surrounding elements of the earlier mark, it does not seem to me that he artificially dissected the mark, even if it is true that he described the central element as of above average distinctiveness. Nor do I accept the Applicant's submission that it would be necessary to understand the Chinese character to recognise it as such; it seems to me that the Hearing Officer was entitled to find that the character might be recognised in both marks even if not understood, or maybe even seen simply as a pattern, and not recognised as a Chinese character.
  
15. The Applicant also suggested that the Hearing Officer's approach to the two marks was inconsistent, in his willingness to treat the surround of the earlier mark as framing the Chinese character, but not treating the words DOUBLE HAPPINESS as merely framed by the rest of the Applicant's mark. I do not accept that there is any such inconsistency. The "framing" of the Chinese character in the earlier mark is altogether different to the way in which the word element of the Applicant's mark is presented as only one part of a composite mark, most of which is made up of multiple iterations of the Chinese character, as the Hearing Officer found at paragraph 25. The conclusion is also consistent with the Hearing Officer's finding that the words were somewhat allusive.
  
16. I should add that in the Grounds of Appeal the Applicant said that the Hearing Officer erred in finding that the words DOUBLE HAPPINESS are relatively low in distinctiveness, but it does not seem to me that any appealable error was identified in that regard.



## O-005-18

17. To that extent, it seems to me that there is no substance in the criticism of the Hearing Officer's analysis of the visual similarity of the marks.

18. The second element of the Applicant's submissions related to paragraphs 24-5 of the decision:

"24. It is true that words usually 'speak louder' than devices. However, that is no more than a rule of thumb. As the CJEU use stated in *L&D SA v OHIM* ([2008] ETMR 62):

"55. Furthermore, in as much as L & D further submits that the assessment of the Court of First Instance, according to which the silhouette of a fir tree plays a predominant role in the ARBRE MAGIQUE mark, diverges from the case-law of the Court of Justice, it need only be stated that, contrary to what the appellant asserts, that case-law does not in any way show that, in the case of mixed trademarks comprising both graphic and word elements, the word elements must systematically be regarded as dominant."

25. In this case the words DOUBLE HAPPINESS make up only a relatively small proportion of the contested mark. They are no more visually dominant (or distinctive) than the figurative elements of the contested mark. These elements comprise multiple representations of the [Chinese character]. In these circumstances it would be artificial to attach more weight to the impact of the words DOUBLE HAPPINESS than to the figurative elements of the contested mark."

19. The Applicant submitted that the Hearing Officer was wrong not to find that the words DOUBLE HAPPINESS were the dominant or distinctive element of the Applicant's mark, and that a proper application of *L & D*, giving due weight to the differences between the marks in issue in that case and the marks in the issue here, would show that *L & D* cannot support 'effectively disregarding' the words DOUBLE HAPPINESS.

## O-005-18

20. The case-law on this point, of which *L & D* is but one example, does not go so far as to suggest that in the case of trade marks which combine both graphic and word elements, the word elements must systematically be regarded as dominant, although in practice there may be a tendency for a consumer to refer to a mark by the words, as it may be easier to use them than describe the figurative element (see e.g. Case T-223/16, *Massive Bionics, SL v EUIPO, Apple Inc.* [2017] E.T.M.R. 38 at [62]). I accept that the marks in *L & D* were very different from the marks here, but it does not seem to me that that affects the point of principle set out in the case and cited by the Hearing Officer. Whether or not the words in a combination mark should be seen as the dominant element of the mark is (as the Applicant accepted) a question of fact in each case and a value judgment for the Hearing Officer to make.
21. The Applicant submitted that the characters should have been seen as no more than a purely decorative background, not as a dominant element of its mark. However, the Hearing Officer expressly considered this point and rejected it in the light of the multiple representations of the Chinese character in the mark. He explained why he considered that the words were not the dominant element of the Applicant's mark. As a result, he cannot be said to have erred in principle, nor is there any obvious error in the application of the principle.
22. The Applicant submitted that the finding of visual similarity was based entirely on the finding that the Chinese character had an above average level of distinctiveness, and suggested that as the average consumer would be likely to be unfamiliar with Chinese characters and would not understand their meaning, consumers would see the character in the earlier mark simply as a geometric shape, rather than an identifiable object, and would not recognise it in the Applicant's mark. Whether the character is recognised as a Chinese character would not, in my view, preclude it from having above average distinctiveness. For the purposes of carrying out the assessment of similarity of the marks, the Hearing Officer was entitled to assume that the earlier mark would be recognised by the average consumer, whether as comprising a Chinese character or not, and the question he had to decide was whether the same central

## O-005-18

character would be recognised in the Applicant's mark. He considered it would be, and it does not seem to me that he can be said to have been wrong in that regard.

23. Lastly, the Applicant submitted that the Hearing Officer ought to have taken into account in assessing similarity the fact that the average consumer of tobacco products pays more than average attention in making the purchase. It does not seem to me that there is any force in this point. Whilst the Hearing Officer had accepted that a higher level of attention will be paid, this cannot be taken too far and equated to a case in which particular care is taken because the consumer is purchasing goods which are bought rarely, require a high degree of consideration, and/or are particularly expensive. It does not seem to me that the fact that tobacco consumers may exhibit brand loyalty should have been viewed as having any impact or any significant impact on the assessment of similarity of the marks.
24. In the circumstances, I do not accept that the Hearing Officer erred in his assessment of the similarity of the parties' respective marks.

### **Likelihood of confusion**

25. The second aspect of the appeal was the Applicant's submission that, assuming there was a level of similarity between the marks, the Hearing Officer had erred in finding that there was a likelihood of confusion between them.
26. Several criticisms were made of the Hearing Officer's global assessment of the likelihood of confusion.
27. First, he was said to have failed to give appropriate weight to the impact of the marks upon the average consumer. The Applicant said that as the average consumer of these goods was taken to display a higher than average level of attentiveness, a higher degree of similarity between the marks would be required to establish a likelihood of confusion. It relied on dicta to that effect in an EUIPO Opposition decision, B 2 738 147, *JTI Inc v Adlon Eurobusiness SL*. In my view, that point does not help the Applicant here: the Hearing Officer expressly considered the degree of attention paid by the

## O-005-18

consumer in paragraph 34 of the Decision when he said “The presence of the words DOUBLE HAPPINESS in the contested mark, and the absence of the intricate round background element present in EU 14183164 may enable average consumers of the goods to realise that the marks at issue are different marks (particularly where the consumers are paying an above average degree of attention).”

28. Next, the Applicant submitted that the Hearing Officer had ignored the impact of factors likely to mitigate the likelihood of confusion.
29. First, he was said to have ignored the fact that the Applicant’s mark has a conceptual meaning which is absent from the earlier mark. However, he did not ignore that point, but dealt with it specifically at paragraph 35 of the decision. He said:

"I have also taken into account that the contested mark has a conceptual meaning (Double Happiness) that is absent from the earlier trade mark. I recognise that such a conceptual differences such as this may, in some circumstances, be sufficient to prevent a likelihood of confusion. However, there is no rule that conceptual distinctions trump visual similarities."

The Hearing Officer cited the decision of the General Court in Case T-460/07, *Nokia Oyj v OHIM*, in which it was held that a real conceptual difference between the signs did not neutralise visual and aural similarities between them. The Applicant submitted that the facts of *Nokia* made it distinguishable from the current case and did not support the Hearing Officer’s findings as to the likelihood of confusion.

30. I do not consider that there is any error of principle in the Hearing Officer's approach to this point. He directed himself correctly on the law, and the Applicant is effectively asking me to revisit his application of the law to the facts, in the absence of any real error.
31. Similarly, the Hearing Officer was criticised for having downplayed the impact of the lack of aural or conceptual similarity as liable to mitigate the likelihood of confusion.

## O-005-18

The Hearing Officer considered that the visual similarity between the marks could still lead a likelihood of confusion as he explained at paragraph 32 of the decision. He said "initial verbal orders are likely to be followed by visual inspections of the goods, at which point competing products may also be visible." The Applicant accepted that it was a matter of common sense that one looks at something having asked for it, but submitted that the Hearing Officer had no evidence to justify the emphasis placed on visual inspection of the relevant marks. Indeed, it was suggested that the Hearing Officer was suggesting in paragraph 32 that consumers would be presented with both parties' goods so that there would be a direct visual comparison between them.

32. I agree that it is not altogether clear what the Hearing Officer meant by referring to competing products also being visible at the point of sale. Possibly there is some infelicity of language here. However, it does not seem to me that this led to any error in his eventual analysis of the likelihood of confusion: in paragraph 34 the Hearing Officer found that average consumers, especially those paying a higher than average degree of attention, *would* notice the differences between the parties' marks, so that there would be no direct confusion between them. If given the Applicant's goods in lieu of the Opponent's goods, he considered that the consumer would appreciate that the marks were not the same. The point in paragraph 32 does not, therefore, seem to me to advance the Applicant's case on appeal.
33. This brings me onto the Applicant's next point, which was to criticise the Hearing Officer's conclusion that there would nevertheless be indirect confusion between the marks. The Hearing Officer had cited the decision of Mr Iain Purvis QC sitting as the Appointed Person in BL-O/375/10, *LA Sugar Limited v By Back Beat Inc*, 20 Oct 2010. The Applicant submitted that the current case did not fall into any of the three particular categories of indirect confusion identified by Mr Purvis QC, so that the Hearing Officer was wrong to make a finding of indirect confusion.
34. In my judgment, Mr Purvis QC was not laying down a definitive list of the only potential kinds of indirect confusion. That appears from paragraph 16 and 17 of his decision:

## O-005-18

"16. Although direct confusion and indirect confusion both involve mistakes on the part of the consumer, it is important to remember that these mistakes are very different in nature. Direct confusion involves no process of reasoning – it is a simple matter of mistaking one mark for another. Indirect confusion, on the other hand, only arises where the consumer has actually recognized that the later mark is different from the earlier mark. It therefore requires a mental process of some kind on the part of the consumer when he or she sees the later mark, which may be conscious or subconscious but, analysed in formal terms, is something along the following lines: *“The later mark is different from the earlier mark, but also has something in common with it. Taking account of the common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark”*.

17. Instances where one may expect the average consumer to reach such a conclusion tend to fall into one or more of three categories:

(a) where the common element is so strikingly distinctive (either inherently or through use) that the average consumer would assume that no-one else but the brand owner would be using it in a trade mark at all. This may apply even where the other elements of the later mark are quite distinctive in their own right (“26 RED TESCO” would no doubt be such a case).

(b) where the later mark simply adds a non-distinctive element to the earlier mark, of the kind which one would expect to find in a sub-brand or brand extension (terms such as “LITE”, “EXPRESS”, “WORLDWIDE”, “MINI” etc.).

(c) where the earlier mark comprises a number of elements, and a change of one element appears entirely logical and consistent with a brand extension (“FAT FACE” to “BRAT FACE” for example).”

35. It is therefore clear, in my view, that Mr Purvis QC was not intending to delimit the only circumstances in which indirect confusion might arise, but he was identifying a number of situations in which it would be likely to arise. It seems to me probable from the Hearing Officer’s analysis in paragraph 34 that he had in mind the third of Mr Purvis's categories. Whether or not that is the case, I do consider that there was

## O-005-18

anything wrong in principle with the Hearing Officer's approach to indirect confusion here.

36. Lastly, the Applicant had invited the Hearing Officer to follow a related decision of the Opposition Division of the EUIPO in which the marks were found to be dissimilar. The Opposition Division decided that the Chinese characters would be understood as 'oriental characters,' but held that "Visually, the signs only coincide in irrelevant aspects. Their overall structure, colour, proportions, figurative elements and verbal elements ... share no points of contact. It is true that the shape of the Asian characters displays a few common features, such as circles and lines with similar proportions. However these elements are parts of larger elements of significant complexity, which render them, as seen above, irrelevant ... the signs are deemed to be not visually similar."
37. The Hearing Officer referred to the decision in paragraphs 37-39 of his decision. He noted that he was not bound by the EUIPO decision but was mindful of the need so far as possible to achieve consistency in decision making between the EUIPO and national offices. The mark which the Applicant wished to register as its EUTM differed from the mark in issue here, because it was limited to shades of blue, and the Hearing Officer thought that this may have been seen as an additional point of distinction, as earlier mark is registered in red and gold. It seems to me that the reasoning of the Opposition Division is not very clear, in part, I think, because the single paragraph set out above dealt with the comparison of three different earlier marks to the Applicant's Mark. In any event, the Hearing Officer considered that where he had reached a conclusion as to the likelihood of confusion, he should not ignore it, simply for the sake of consistency. I do not think the Hearing Officer can be criticised for that approach where the EUIPO decision is not binding upon him.
38. In all the circumstances, I do not accept that the Hearing Officer made any appealable error in his assessment of the likelihood of confusion, and the appeal is dismissed.

## O-005-18

39. The Applicant must make a contribution towards the Opponent's costs of the appeal, to be assessed on the usual scale. I will order the Applicant to pay the Opponent the sum of £1000 in respect of those costs, to be paid by 19<sup>th</sup> January 2018, together with the costs awarded by the Hearing Officer.

Amanda Michaels  
The Appointed Person  
22 December 2017

**MR ANDREW LOMAS** (instructed by Marks & Clerk LLP) appeared for the Applicant

**MISS RACHEL WILKINSON-DUFFY** of Baker & McKenzie appeared for the Opponent.