

O-481-17

TRADE MARKS ACT 1994

TRADE MARK APPLICATION NO. 3080578  
BY BRITISH AMERICAN TOBACCO (BRANDS) LIMITED  
TO REGISTER THE TRADE MARK



IN CLASSES 9, 11 AND 34

AND

THE OPPOSITION THERETO UNDER NO. 404206  
BY PHILIP MORRIS PRODUCTS S.A.

## Background and pleadings

1. British American Tobacco (Brands) Limited (“the applicant”) applied for the trade mark shown below on 7 November 2014 for *electric and electronic components*, in Class 9; *apparatus for heating, steam generating and for use in vaporising*, in Class 11; and *cigarettes; tobacco; tobacco products; lighters; matches; smokers’ articles*, in class 34:



2. The application was published on 23 January 2015. It was subsequently opposed by Philip Morris Products S.A. (“the opponent”) on the basis of section 5(2)(b) of the Trade Marks Act 1994 (“the Act”). The opponent relies upon the following five earlier marks for its opposition:

(i) UK 3062735

HEAT NOT BURN TECHNOLOGY

Class 34: Tobacco, raw or manufactured; cigarette cases; ashtrays; lighters and matches.

Filing date: 3 July 2014, Swiss priority 19 June 2014; date registration procedure completed: 20 November 2015.

(ii) 3062749

IQOS – HEAT NOT BURN TECHNOLOGY

Class 9: *Batteries for electronic cigarettes; batteries for electronic devices that are used for heating tobacco, battery chargers for electronic devices that are used for heating tobacco; USB chargers for electronic devices that are used for heating tobacco; car chargers for electronic cigarettes; car chargers for devices that are used for heating tobacco.*

Class 11: *Electronic vaporizers; apparatus for heating liquids; apparatus for generating vapor, wired vaporizer.*

Class 34: *Tobacco, raw or manufactured; tobacco products; including cigars, cigarettes, cigarillos, tobacco for roll your own cigarettes, pipe tobacco, chewing tobacco, snuff tobacco, kretek; snus; tobacco substitutes (not for medical purposes); smokers' articles, including cigarette paper and tubes, cigarette filters, tobacco tins, cigarette cases and ashtrays, pipes, pocket apparatus for rolling cigarettes, lighters; matches; tobacco sticks, heated tobacco products, electronic devices that heat cigarettes; electronic smoking devices; electronic cigarettes; electronic cigarettes for use as an alternative to traditional cigarettes; electronic nicotine inhalation devices; vaporising devices for tobacco, tobacco products and tobacco substitutes; smoker's articles for electronic cigarettes; chargers, extinguishers and accessories for cigarettes, parts and fittings for use in connection with electronic cigarettes or apparatus for heating tobacco; electronic rechargeable cigarette cases.*

Filing date: 3 July 2014, Swiss priority 19 June 2014; date registration procedure completed: 19 December 2015.

(iii) EUTM 013172581

HEAT NOT BURN TECHNOLOGY

Class 34: *chewing tobacco, snuff tobacco, snus.*

Filing date: 14 August 2014, Swiss priority 19 June 2014; date registration procedure completed: 25 July 2016.

(iv) EUTM 13403415

HEAT DON'T BURN

*Class 34: Chewing tobacco, snuff tobacco, snus; tobacco tins, cigarette cases and ashtrays, pocket apparatus for rolling cigarettes, lighters; matches.*

Filing date: 24 October 2014, Swiss priority 19 June 2014; date registration procedure completed: 4 January 2017.

(v) IR1064080

HEATS DOESN'T BURN

*Class 9: Electronic apparatus, included in this class, for smokers of cigarettes and tobacco.*

*Class 11: Heating apparatus for tobacco and tobacco products; apparatus for electric heating of tobacco and tobacco products.*

*Class 34: Tobacco, raw or manufactured; tobacco products, including cigars, cigarettes, cigarillos, tobacco for roll-your-own cigarettes, pipe tobacco, chewing tobacco, snuff tobacco, kretek; snus; tobacco substitutes (not for medical purposes); smokers' articles, including cigarette paper and tubes, cigarette filters, tobacco tins, cigarette cases and ashtrays, pipes, pocket apparatus for rolling cigarettes, lighters; matches.*

Date protection requested in the EU: 10 December 2010, Swiss priority 11 June 2010; date protection granted in the EU: 13 December 2011.

3. The opponent opposes all the goods of the application, claiming that the high level of similarity between the marks and the identical or highly similar goods will lead to a likelihood of confusion.

4. The applicant denies the grounds. In particular, it states that the only correlation between the marks is descriptive and non-distinctive word elements, which cannot result in consumer confusion.

5. The applicant filed evidence. The matter came to be heard before me on Thursday 14 September 2017 by video conference. The opponent was represented by Ms Patricia Collis, of Bird & Bird LLP. The applicant was represented by Ms Rachel Wilkinson-Duffy, of Baker & McKenzie LLP.

### **Applicant's evidence**

6. The applicant's evidence comes from Thomas Woodman, who has been the opponent's Principal Product Developer since 1 April 2015. His witness statement is dated 15 June 2017.

7. Mr Woodman states:

“10. Heat-not-burn technology works by heating tobacco, rather than burning it. The tobacco is heated at temperatures below those at which combustion takes place and, as the tobacco heats, the volatile components contained within it are liberated to generate an aerosol that contains nicotine.”

8. Mr Woodman states that the term “heat-not-burn” has become a common term in the tobacco industry. He exhibits at Exhibit TAJW1 a number of media articles which he states use the term in a descriptive manner. Some of these references are made by the opponent. I give here a summary of a selection of these articles:

- An article dated 25 May 2017 in a financial magazine, although it is not stated from which country the publication emanates: “Securities Trust of Scotland fund manager Mark Whitehead names Philip Morris as one of his top stock picks, projecting that its sales will soar over the next year amid the “heat-not-burn” revolution.
- An article in *The Independent* newspaper, dated 19 May 2017: “On Friday, Philip Morris launched a programme in the UK to convert 100,000 smokers to its “heat not burn” alternative cigarettes, called “Iqos”.
- A transcript of a conference at Goldman Sachs (unknown country) made on 9 May 2017. The opponent’s Chief Financial Officer was one of the participants; he said: “So IQOS is in Japan plus minus about the 2 years in the making, if you like. And we crossed – and we now crossed the 10% total category, i.e. combustible and non-combustible heat-not-burn product market share. So that’s – I mean, I’m with Philp Morris for 25 or so years and this is presumably the fastest development of any segment, which we have ever observed in the history of tobacco.”
- An article dated 10 January 2017 in the *Financial Times* in which it is reported that the opponent “is winning the race to produce heat-not-burn products”.
- An article dated 30 November 2016 in *The Guardian*: “Imperial Tobacco also does not publish figures for vapouriser sales, while it is yet to launch a “heat-not-burn” product such as iQos.”
- An article dated 30 November 2016 in the *London Evening Standard*: “The World Health Organisation said it was monitoring the new heat not burn products and will study the scientific data before taking a position on the technology.”

- An article dated 8 May 2016 in *The Sunday Times*: “In principle, heat-not-burn, as the technology is known, is simple.”
- A transcript from a speech made to the opponent’s investors at the opponent’s operations centre in Switzerland on 26 June 2014: “There is no doubt that e-vapor products have created a new dynamic in the industry. They have generated awareness among adult smokers of the heat-not-burn principle...” and “Marlboro HeatSticks tobacco sticks provide real tobacco taste and satisfaction powered by our heat-not-burn technology...iQOS with its heat-not-burn technology is clearly a revolution in the category.”

## Decision

9. Section 5(2)(b) of the Act states that:

“(2) A trade mark shall not be registered if because –

(a) ....

(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

10. The following principles are gleaned from the decisions of the EU courts in *Sabel BV v Puma AG*, Case C-251/95, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, Case C-39/97, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* Case C-342/97, *Marca Mode CV v Adidas AG & Adidas Benelux BV*, Case C-425/98, *Matratzen Concord GmbH v OHIM*, Case C-3/03, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*, Case C-120/04, *Shaker di L. Laudato & C. Sas v OHIM*, Case C-334/05P and *Bimbo SA v OHIM*, Case C-591/12P.

## **The principles**

(a) The likelihood of confusion must be appreciated globally, taking account of all relevant factors;

(b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;

(e) nevertheless, the overall impression conveyed to the public by a composite trade mark may be dominated by one or more of its components;

(f) however, it is also possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;

(g) a lesser degree of similarity between the goods or services may be offset by a great degree of similarity between the marks, and vice versa;

(h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;

(i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;

(j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;

(k) if the association between the marks creates a risk that the public will wrongly believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

#### Comparison of goods

11. In comparing the respective specifications, all relevant factors should be considered, as per *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc.* where the CJEU stated at paragraph 23 of its judgment:

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

Additionally, the criteria identified in *British Sugar Plc v James Robertson & Sons Limited* (“Treat”) [1996] R.P.C. 281 for assessing similarity between goods and services also include an assessment of the channels of trade of the respective goods or services.

12. In *Kurt Hesse v OHIM*, Case C-50/15 P, the CJEU stated that complementarity is an autonomous criterion capable of being the sole basis for the existence of similarity between goods. ‘Complementary’ was defined by the GC in *Boston Scientific Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case T-325/06:

“82 It is true that goods are complementary if there is a close connection between them, in the sense that one is indispensable or important for the use of the other in such a way that customers may think that the responsibility for those goods lies with the same undertaking...”.

13. In *Sanco SA v OHIM*, Case T-249/11, the GC indicated that goods and services may be regarded as ‘complementary’ and therefore similar to a degree in circumstances where the nature and purpose of the respective goods and services are very different, i.e. *chicken* against *transport services for chickens*. The purpose of examining whether there is a complementary relationship between goods/services is to assess whether the relevant public are liable to believe that responsibility for the goods/services lies with the same undertaking or with economically connected undertakings. As Mr Daniel Alexander Q.C. noted, sitting as the Appointed Person in *Sandra Amelia Mary Elliot v LRC Holdings Limited*, BL O/255/13:

“It may well be the case that wine glasses are almost always used with wine – and are, on any normal view, complementary in that sense - but it does not follow that wine and glassware are similar goods for trade mark purposes.”

Whilst on the other hand:

“.....it is neither necessary nor sufficient for a finding of similarity that the goods in question must be used together or that they are sold together.

14. In *YouView TV Ltd v Total Ltd* [2012] EWHC 3158 (Ch) at [12] Floyd J said:

"... Trade mark registrations should not be allowed such a liberal interpretation that their limits become fuzzy and imprecise: see the observations of the CJEU in Case C-307/10 The Chartered Institute of Patent Attorneys (Trademarks) (IP TRANSLATOR) [2012] ETMR 42 at [47]-[49]. Nevertheless the principle should not be taken too far. Treat was decided the way it was because the ordinary and natural, or core, meaning of 'dessert sauce' did not include jam, or because the ordinary and natural description of jam was not 'a dessert sauce'. Each involved a straining of the relevant language, which is incorrect. Where words or phrases in their ordinary and natural meaning are apt to cover the category of goods in question, there is equally no justification for straining the language unnaturally so as to produce a narrow meaning which does not cover the goods in question."

15. Of the earlier rights, the strongest overall right appears to be 3062735, HEAT NOT BURN TECHNOLOGY. I will concentrate on this earlier right, looking then at the others if necessary.

16. The goods to be compared are:

<b>Earlier mark</b>	<b>Application</b>
	Class 9: <i>Electric and electronic components.</i>
	Class 11: <i>Apparatus for heating, steam generating and for use in vaporising.</i>
Class 34: <i>Tobacco, raw or manufactured; cigarette cases; ashtrays; lighters and matches.</i>	Class 34: <i>Cigarettes; tobacco; tobacco products; lighters; matches; smokers' articles.</i>

17. In *Gérard Meric v Office for Harmonisation in the Internal Market*, Case T-33/05, the General Court (“GC”) stated that:

“29. In addition, the goods can be considered as identical when the goods designated by the earlier mark are included in a more general category, designated by trade mark application (Case T-388/00 *Institut für Lernsysteme v OHIM- Educational Services (ELS)* [2002] ECR II-4301, paragraph 53) or where the goods designated by the trade mark application are included in a more general category designated by the earlier mark”.

18. Consequently, the applicant’s *tobacco; tobacco products; lighters; matches; smokers’ articles* are identical to the opponent’s goods.

19. Cigarette cases, tobacco and lighters are strongly complementary to the applicant’s cigarettes. They share users and channels of trade. The purpose of tobacco and cigarettes is the same: to be smoked, and the method of use is the same or very similar. Cigarettes are highly similar to the opponent’s goods.

20. The applicant’s terms in classes 9 and 11 are wide. I note that another of the earlier marks covers goods in class 9 which include goods such as batteries for electronic devices that are used for heating tobacco. Such goods are covered by the wide terms in the applicant’s class 9 specification, a point which Ms Wilkinson-Duffy appeared to accept. The applicant’s evidence shows that so-called reduced risk tobacco products use tobacco sticks which are heated, but not combusted. The applicant’s goods in classes 9 and 11 cover parts and fittings for devices which heat tobacco, and the opponent’s goods cover manufactured tobacco. All the goods will share trade channels and users and, to an extent, a shared purpose which is to facilitate the ‘smoking’ of smokeless tobacco. There is a good deal of similarity between the applicant’s goods in classes 9 and 11, insofar as the terms include goods for ‘smoking’, and the opponent’s goods in class 34.

21. At the hearing, the applicant offered the following restriction to its class 34 specification:

*Cigarettes, tobacco products and smokers' articles utilising 'heat-not-burn' technology.*

I will come back to this restriction later in my decision, but for now I find that the goods would still be similar to the opponent's goods. *Tobacco products and smokers' articles utilising 'heat-not-burn' technology* are similar to a high degree to the opponent's tobacco and manufactured tobacco, which covers or is very close to tobacco which is used in this type of 'smoking'. Cigarettes which utilise 'heat-not-burn technology' are in competition with the opponent's tobacco, will have the same users, share the same purpose and channels of trade. They are similar to a good degree.

#### Average consumer

22. The average consumer is deemed to be reasonably well informed and reasonably observant and circumspect. For the purpose of assessing the likelihood of confusion, it must be borne in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question: *Lloyd Schuhfabrik Meyer, Case C-342/97*.

23. The parties' goods are aimed at the general public who smoke or use so-called reduced risk 'smoking' products. The goods include tobacco products, which are subject to regulations that place certain prohibitions on their sale. These goods will be kept behind a counter, so will be requested orally. Other goods covered by the specifications, such as electronic cigarettes and vaporisers (covered by the applicant's *smokers' articles*) could also be kept behind a counter or, alternatively, could be available for self-selection. Once the goods have been selected orally, the purchaser will look at the goods, so visual confirmation of the selection will also play a part in the purchasing process.

24. One of the arguments advanced by the applicant is that the average consumer for tobacco products displays a higher than normal degree of brand loyalty and

hence a higher than normal degree of attention. I note that Mr Iain Purvis QC, sitting as the Appointed Person in *Bonjourno Cafe*, BL O/382/10, observed:

“15. I do not accept that a generalized concept of “brand loyalty” is of any real assistance in assessing likelihood of confusion. First of all it is very hard, in my view, to identify particular categories of product or service as inspiring more brand loyalty than others. Secondly, even if were established that there was a high degree of brand loyalty in a particular field, I do not see how this would advance matters. We are concerned with the likelihood of confusion, not the degree of disappointment which would be caused by an incident of confusion. Questions of likelihood of confusion are always to be approached from the point of view of the “reasonably observant and circumspect” consumer. I do not understand how brand loyalty can be said to affect the consumer’s observation skills or his circumspection. Thirdly, it is rather odd to assume that the concept of “brand loyalty” associated with a general class of products or service tends to reduce the likelihood of confusion, when we are also told by the European Court [*Sabel v Puma* [1998] RPC 199 at 22-24] to assume that a high reputation associated with a specific brand of products or services tends to increase the likelihood of confusion.”

25. Ms Wilkinson-Duffy did not press the point at the hearing. My view is that the goods will be selected with an average (no higher or lower than the norm) degree of care and attention, by the reasonably observant and circumspect average consumer for these goods.

#### Comparison of marks

26. It is clear from *Sabel BV v. Puma AG* (particularly paragraph 23) that the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details. The same case also explains that the visual, aural and conceptual similarities of the marks must be assessed by reference to the overall impressions created by the marks, bearing in mind their distinctive and dominant

components. The Court of Justice of the European Union stated at paragraph 34 of its judgment in Case C-591/12P, *Bimbo SA v OHIM*, that:

“.....it is necessary to ascertain, in each individual case, the overall impression made on the target public by the sign for which registration is sought, by means of, inter alia, an analysis of the components of a sign and of their relative weight in the perception of the target public, and then, in the light of that overall impression and all factors relevant to the circumstances of the case, to assess the likelihood of confusion.”

27. It is necessary to take into account the distinctive and dominant components of the marks and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions created by the marks.

28. The respective marks are:

Earlier mark	Application
HEAT NOT BURN TECHNOLOGY	

29. The earlier mark consists of four words which comprise a phrase, which gives the mark its overall impression, without any part of that phrase being dominant. The applicant’s mark consists of a device which is larger than the phrase contained within the device. The device, which appears to be a shape, is not recognisable (to me, at least, as a non-smoker) as depicting anything in particular. Whilst it is no more than a rule of thumb that ‘words speak louder than devices in composite marks’<sup>1</sup>, I consider that the eye is naturally drawn in the composite mark to the element which the brain can interpret, which is the phrase rather than the device, despite the device

<sup>1</sup> *L&D SA v OHIM* [2008] E.T.M.R. 62, CJEU.

being prominent. The phrase is the dominant element of the mark. I will say more about the degree to which the words are distinctive later in this decision.

30. Although the applicant's device has a visual impact which is absent from the earlier mark, and therefore creates a point of visual difference, against this is the fact that the first three out of the four words in both marks are the same, in the same sequence. The marks are visually similar to a medium degree. The device will not be articulated in oral use, which means that they are closer, aurally. I assess the aural similarity as being high.

31. As mentioned above, I do not know if the device in the applicant's mark has a conceptual significance. The words 'system' and 'technology' are similar in meaning: the way something works. HEAT NOT BURN appears at the beginning of the phrases in both marks and qualifies the words system and technology. The meanings of both phrases would appear to be identical, or near identical; i.e. a system/technology which operates by heating not burning. There is no concept in the device which can offset the identical (or near identical) conceptual meaning, which means that the conceptual impact of the device in the conceptual comparison is neutral. The marks are conceptually identical, or nearly so.

#### Distinctive character of the earlier mark

32. In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*<sup>2</sup> the CJEU stated that:

"22. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, the national court must make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, to that effect, judgment of 4 May 1999 in *Joined*

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<sup>2</sup> Case C-342/97

Cases C-108/97 and C-109/97 *Windsurfing Chiemsee v Huber and Attenberger* [1999] ECR I-0000, paragraph 49).

23. In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered; 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 section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (see *Windsurfing Chiemsee*, paragraph 51)."

33. The opponent has not filed any evidence. I have, therefore, only the inherent distinctive character of the earlier mark to consider. This issue forms the thrust of the applicant's case; it maintains that the earlier mark is non-distinctive for the goods. The argument appears to be that if the only common element is devoid of any distinctive character, there is no distinctive similarity between the marks and, therefore, no likelihood of confusion.

34. Ms Wilkinson-Duffy submitted that the goods covered by the earlier mark had been restricted following a pre-acceptance *ex parte* hearing before the Registrar and that, as a result, the mark was no longer descriptive of the remaining goods covered by the earlier mark<sup>3</sup>. However, this seems contradictory to her later submission which was that whilst the earlier mark no longer covers heat not burn goods, i.e. tobacco products, it now covers tobacco which would be consumed normally unless put into a product which has heat not burn (my emphasis). This appears to mean that tobacco can be used in such goods, which would indicate that the mark may then be descriptive for tobacco and manufactured tobacco. However, it is not for me

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<sup>3</sup> Ms Wilkinson-Duffy gave this as the reason why no application had been made to invalidate the earlier mark.

to improve the applicant's case beyond the argument which it has made for itself, which is that the mark is non-distinctive.

35. The evidence provided by the applicant would seem to indicate that the industry for so-called reduced risk products refers to products which heat tobacco, rather than burn it, as heat-not-burn products. The earlier mark covers tobacco and manufactured tobacco. I am mindful that the vast majority of the exhibits post-date the relevant date, so it is not possible to say categorically that, on the date on which the opposed application was filed, that heat-not-burn had become non-distinctive for tobacco and manufactured tobacco for so-called reduced risk smoking. However, I note that senior officials in the opponent's company were, on 26 June 2014 (prior to the relevant date) referring in a descriptive sense to the phrase:

“They [reduced risk products] have generated awareness among adult smokers of the heat-not-burn principle...” and “Marlboro HeatSticks tobacco sticks provide real tobacco taste and satisfaction powered by our heat-not-burn technology...iQOS with its heat-not-burn technology is clearly a revolution in the category.”

36. The earlier mark HEAT NOT BURN TECHNOLOGY is registered (all of the earlier marks are registered). No counter-claim has been made to invalidate the mark under section 47(1) of the Act. Section 72 provides:

“In all legal proceedings relating to a registered trade mark (including proceedings for rectification of the register) the registration of a person as proprietor of a trade mark shall be prima facie evidence of the validity of the original registration and of any subsequent assignment or other transmissions of it.”

37. In *Formula One Licensing BV v OHIM*, Case C-196/11P, the Court of Justice of the European Union found that:

“41. ....it is not possible to find, with regard to a sign identical to a trade mark protected in a Member State, an absolute ground for refusal, such as the lack of distinctive character, provided by Article 7(1)(b) of Regulation No 40/94 and Article 3(1)(b) of Directives 89/104 and 2008/95. In this respect, it should be noted that the characterisation of a sign as descriptive or generic is equivalent to denying its distinctive character.

42. It is true that, as is clear from paragraph 48 of the judgment under appeal, where an opposition, based on the existence of an earlier national trade mark, is filed against the registration of a Community trade mark, OHIM and, consequently, the General Court, must verify the way in which the relevant public perceives the sign which is identical to the national trade mark in the mark applied for and evaluate, if necessary, the degree of distinctiveness of that sign.

43. However, as the appellant rightly points out, their verification has limits.

44. Their verification may not culminate in a finding of the lack of distinctive character of a sign identical to a registered and protected national trade mark, since such a finding would not be compatible with the coexistence of Community trade marks and national trade marks or with Article 8(1)(b) of Regulation No 40/94, read in conjunction with Article 8(2)(a)(ii).”

38. It is, therefore, not open to me to find that earlier mark has no distinctive character because this would be tantamount to a finding that the earlier mark is invalidly registered. The evidence of the opponent itself using the mark descriptively prior to the relevant date, which has not been rebutted, indicates that the inherent distinctive character of the earlier mark is low. Taking this into account, together with the fact that the exhibits, apart from this one exhibit, post-date the relevant date; that this is a new technology; and that the earlier mark is registered, I assess the distinctive character as low.

## Likelihood of confusion

39. Deciding whether there is a likelihood of confusion is not scientific; it is a matter of considering all the factors, weighing them and looking at their combined effect, in accordance with the authorities set out earlier in this decision. One of the principles in the authorities states that a lesser degree of similarity between goods and services may be offset by a greater degree of similarity between the trade marks, and vice versa (*Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc.*).

40. The parties' goods are identical, highly similar, or similar to a good degree, and their marks are visually similar to a medium degree, aurally highly similar and conceptually identical or near-identical. There is an undoubted aural aspect to the purchase of restricted, conventional tobacco goods and the level of aural similarity is high. The average consumer pays a normal level of purchasing attention. The marks contain highly similar dominant elements, the common element having an independent role in the applicant's mark.

41. These factors in combination would, ordinarily, be enough to point towards a likelihood of confusion. The factor which points in the applicant's favour is the very low distinctiveness of the earlier mark, which is the only point of similarity between the marks. Arnold J. pointed out in paragraph 44 of his judgment in *Whyte and Mackay Ltd v Origin Wine UK Ltd and Another*<sup>4</sup>, that although there is no rule that a likelihood of confusion cannot arise from the presence in marks of a common element of low distinctiveness, "*what can be said with confidence is that, if the only similarity between the respective marks is a common element which has low distinctiveness, that points against there being a likelihood of confusion.*" This observation has particular force where both marks include other elements. It has less force where, as in this case, the earlier mark is subsumed within the later mark and constitutes a separate element of that mark.

42. For the reasons given above, the opponent's earlier registered trade mark must be considered to have at least a minimum degree of distinctive character. In *L'Oréal*

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<sup>4</sup> [2015] EWHC 1271 (Ch)

SA v OHIM Case C-235/05 P, the CJEU considered an appeal from a judgment of the Court of First Instance, which had found that there was a likelihood of confusion between the marks FLEXI AIR and FLEX for hair products. The applicant submitted that the word FLEX was low in distinctiveness and could not therefore provide a proper basis for the finding that there was a likelihood of confusion between the marks. The CJEU rejected this saying:

“45 The applicant’s approach would have the effect of disregarding the notion of the similarity of the marks in favour of one based on the distinctive character of the earlier mark, which would then be given undue importance. The result would be that where the earlier mark is only of weak distinctive character a likelihood of confusion would exist only where there was a complete reproduction of that mark by the mark applied for, whatever the degree of similarity between the marks in question. If that were the case, it would be possible to register a complex mark, one of the elements of which was identical with or similar to those of an earlier mark with a weak distinctive character, even where the other elements of that complex mark were still less distinctive than the common element and notwithstanding a likelihood that consumers would believe that the slight difference between the signs reflected a variation in the nature of the products or stemmed from marketing considerations and not that that difference denoted goods from different traders.”

43. As stated earlier, it is not open to me to accord the earlier mark no distinctive character. Taking into account all the factors, there is a likelihood of confusion. It is unnecessary to consider the other earlier marks. The opposition also succeeds in relation to the applicant’s fall-back specification which seeks to limit the goods by describing them using words which correspond to the opponent’s earlier mark, but which does not distance the goods from each other: *Cigarettes, tobacco products and smokers’ articles utilising ‘heat-not-burn’ technology.*

## **Outcome**

**44. The opposition succeeds. The application is refused.**

## **Costs**

45. The opponent has been successful and is entitled to a contribution towards its costs, based upon the scale published in Tribunal Practice Notice 4/20007, which applied at the date on which these proceedings were commenced:

Opposition fee	£100
Preparing a statement and considering the counterstatement	£400
Considering the applicant's evidence	£500
Preparing for and attending a hearing	£500
<b>Total</b>	<b>£1500</b>

46. I order British American Tobacco (Brands) Limited to pay Philip Morris Products S.A. the sum of £1500 which, in the absence of an appeal, should be paid within fourteen days of the expiry of the appeal period.

**Dated this 05<sup>th</sup> day of October 2017**

**Judi Pike**

**For the Registrar,**

**the Comptroller-General**