

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INTELLECTUAL PROPERTY LIST (ChD)

ON APPEAL FROM THE TRADE MARKS REGISTRY

IN THE MATTER OF UK Trade Mark Application No. 3,193,425 in the name of
Nicoventures Holding Limited
AND IN THE MATTER OF Opposition No. 600,000.572 thereto by The London Vape
Company Limited

Royal Courts of Justice
The Rolls Building
7 Rolls Buildings
London, EC4A 1NL

Date: 21/12/2017

Before :

THE HON. MR JUSTICE BIRSS

Between :

Nicoventures Holdings Limited	<u>Appellant</u>
- and -	
The London Vape Company Ltd	<u>Respondent</u>

Anna Edwards-Stuart (instructed by **Baker & McKenzie**) for the **Appellant**
Sam Carter (instructed by **GSC Solicitors**) for the **Respondent**

Hearing dates: 14th December 2017

Judgment Approved

Mr Justice Birss:

1. This is an appeal from the decision of CJ Bowen for the Registrar of Trade Marks dated 13th July 2017 in which the opposition of The London Vape Company Ltd to the registration of a trade mark application No. 3193425 by Nicoventures Holdings Ltd was upheld. The only ground of opposition was under s5(2)(b) of the Trade Marks Act 1994 based on the opponent's earlier UK registered mark No 3167398. The two marks are:

Opponent's mark:



Applicant's mark:



[Both marks have features in colour]

2. The opponent's mark is registered in class 34 for the following goods:

“Electronic cigarettes; Liquid nicotine solutions for use in electronic cigarettes; electronic cigarettes”
3. The applicant's mark was sought to be registered in classes 34 and 35 for the following goods and services:

“Class 34

Electronic cigarettes; cartridges for electronic cigarettes; liquids for electronic cigarettes; cigarettes containing tobacco substitutes; tobacco substitutes; cigarettes; tobacco; tobacco products; cigarette cases; cigarette boxes.

Class 35

Retail store services connected with the sale of e-cigarettes, electronic cigarettes, liquid solutions for use in electronic cigarettes, tobacco, smokers' articles, matches, personal vaporisers and electronic cigarettes and flavourings and solutions therefore.”
4. The mark was opposed under the Fast Track Opposition procedure. Under the Fast Track rules the applicant sought and obtained permission to file evidence relating to its case that the word VAPE was descriptive in the context of electronic cigarettes (goods and services). The point is that smoking an electronic cigarette is called vaping. There was also evidence about the non-distinctiveness of the word CO.
5. The opponent did not call any evidence and the matter was decided without a hearing. Only the applicant filed written submissions.
6. The opposition was successful in its entirety. The Hearing Officer held that the opponent's mark had a very low degree of distinctive character but all the same decided that there was a sufficient degree of similarity between the marks such that there was a likelihood of confusion. The key passage of the decision is in paragraphs 41-42 as follows:

“41. Notwithstanding the very low degree of distinctive character the opponent's trade mark possesses, the fact remains that identical goods, and services which are similar to at least a low degree, are in play and the competing trade marks are

visually and aurally similar to a high degree and conceptually similar to at least a high degree.

42. I have found that the average consumer will pay a relatively high degree of attention to the selection of the goods and at least a reasonable degree of attention to the selection of the services at issue. Although these levels of attention will make them less prone to the effects of imperfect recollection. I am, nonetheless, satisfied that the degree of similarity in the competing goods and services I have identified above combined with the similarity in the competing trade marks will lead to a likelihood of confusion. Given the high degree of aural similarity between the competing trade marks (which I have concluded is a not insignificant feature of the selection process), such confusion in those circumstances is likely to be direct i.e. one trade mark will be mistaken for the other. Although I accept that the competing trade marks are more different visually, direct confusion through imperfect recollection is still, in my view, a real likelihood. However, even if I am wrong in that regard, the overall similarity in the competing trade marks is, in my view, likely to lead the average consumer to assume that the applicant's trade mark is, for example, a variant form or updated version of the opponent's trade mark i.e. an economic connection will be assumed between the competing trade marks leading to indirect confusion."

7. The main ground of the appellant's appeal is that in reaching this conclusion the Hearing Officer erred in law because he did not take into account the fact that the common elements between the two marks are elements with a very low degree of distinctiveness. The appellant submits that the Hearing Officer should have taken this into account and if he had done so he would have reached the opposite conclusion. Counsel for the appellant submitted that if the marks were registered for goods with which the word VAPE had no connection (say fruit) then the similarity between the two marks could have had much more significance; however in this case, given the goods and services in issue, the context in which these marks are used is the vaping market and the similarity is of much less significance.
8. The respondent supported the Hearing Officer, submitting that no error of law had been made and the Hearing Officer had reached a conclusion which was open to him; bearing in mind the standard for review of decisions like this on appeal (see **Reef Trade Mark** [2003] RPC 5), there was no basis for allowing the appeal.

The decision

9. After summarising the proceedings and the background the decision rightly summarises the law on s5(2)(b) at paragraph 16 of the decision based on **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. Nothing turns on that.

10. Next (paragraphs 17 – 21) the decision deals with the goods for which the opponent’s mark is registered and the goods and services sought by the applicant’s registration. The conclusion was that the goods in class 34 are identical and the services in class 35 have at least a low degree of similarity to the opponents goods. Rightly, neither party criticises that finding.
11. Next (paragraphs 22-24) the decision deals with the average consumer, concluding that the average consumer will be a member of the public over 18 years of age and, having regard to the prices for the relevant goods (ranging from about £40 to about £200), the average consumer will pay a reasonably high degree of attention to the selection of the goods and a reasonable level of attention relating to services. Rightly, neither party criticises that finding.
12. Next the decision conducts a comparison of the trade marks. At paragraph 25, citing *Sabel v Puma*, the Hearing Officer rightly reminds himself that the average consumer normally perceives a trade mark as a whole and that visual, aural and conceptual similarities must be assessed by reference to overall impressions. The Hearing Officer then makes the point that while an analysis of the components of a sign is necessary (citing para 34 of *Bimbo SA v OHIM*):

“It would be wrong, therefore, artificially to dissect the trade marks, although it is necessary to take into account their distinctive and dominant components and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions they create.”
13. I agree and neither side criticised this statement of principle (although one way of putting the appellant’s case is that the Hearing Officer did not apply this approach correctly).
14. In paragraph 27 the Hearing Officer then analyses the opponent’s mark. He concludes that although the stylistic features will contribute to the overall impression, they have little or no distinctive character and the unit “THE Vape.co” (or “Vape.co” if the THE is not noticed) will make by far the greatest contribution to the overall impression conveyed by the mark and its distinctiveness. The stylistic features are the semi-circular device at the start of the mark and the stylised V coloured in green and black which may be a stylised representation of an electronic cigarette (as well as the THE).
15. The appellant does not criticise this as far as it goes but notes that here the Hearing Officer has considered the overall impression without taking into account the distinctive character (or rather the lack of it) in the component VAPE (or CO).
16. In paragraph 28 the Hearing Officer then analyses the applicant’s mark and reaches a similar conclusion, namely that the stylized elements have little or no distinctive character and the unit created by the words VAPE and CO “lend the trade mark its distinctiveness and ... will dominate the overall impression the applicant’s trader

mark conveys”. The appellant makes the same point about this paragraph as for paragraph 27.

17. Next the decision deals with visual, aural and conceptual comparison in paragraphs 29 to 31. The Hearing Officer concludes that there is a high degree of visual and aural similarity and a high degree of conceptual similarity. This is all down to the fact that they share VAPE and CO. On conceptual similarity the Hearing Officer makes the point that conceptually both marks invoke the idea of an undertaking engaging in the vaping market. The “.co” aspect is reminiscent of a domain name. Again the appellant does not criticise this as far as it goes but notes that here the Hearing Officer has made the comparison without taking into account the low level of the distinctive character in the elements VAPE and CO.
18. The decision then turns to distinctive character at paragraphs 32-34. At paragraph 32 the Hearing Officer rightly summarises the law that distinctive character can only be appraised by reference to the goods (or services) in respect of which it is registered and the way it is perceived and that it is necessary to make an overall assessment. Paragraphs 33 – 34 of the decision are as follows:

“33. These are fast track opposition proceedings in which it was not necessary for the opponent to provide evidence of the use it may have made of its earlier trade mark and it did not do so. As a consequence, I have only its inherent characteristics to consider. In its submissions, the applicant states that the words “vape” and abbreviation “Co” are “entirely descriptive and non-distinctive” and its evidence confirms this to be the case. These conclusions are unlikely to be controversial. In its submissions, the applicant states:

‘11, As both the elements “VAPE” and “CO” are entirely descriptive and devoid of any distinctive character, it must follow that neither the applicant’s mark nor the opponent’s mark can provide exclusive rights in these words. It is only the stylisation of the respective marks which gives them distinctiveness.’

34. I agree that the word “THE”, the component that will be understood as the word “Vape” and the abbreviation “co” are descriptive and non-distinctive. Considered on that basis and as the other components in the opponent’s trade mark will make very little if any contribution to the distinctiveness of the opponent’s trade mark as a whole, it is, absent use, possessed of a very low degree of inherent distinctive character. Of course, it is only the distinctiveness of the shared components that matter; I will return to this point below.

19. The appellant submitted that this analysis, and the conclusion coming from it that the components “THE”, “Vape” and “co” are descriptive and non-distinctive, is entirely correct. I agree. The appellant’s case is that the Hearing Officer erred in not applying this conclusion correctly later on. The respondent submits that the Hearing Officer always had this in mind and made no such error.

20. It is relevant to note in particular that the decision specifically identifies the point that it is only the distinctiveness of the shared components which matter. This could be understood in different ways. It could be a reference to the appellant's submission but it could also mean that there will be a likelihood of confusion if the only thing distinctive about either mark is a component that they share. If it has the latter meaning then it is incomplete because it does not consider the nature of the common element. The topic was addressed by Arnold J in *Whyte and Mackay v Origin* [2015] EWHC 1271 (Ch) at paragraphs 43 -45 as follows:

"43. Counsel for the Appellant submitted that, in assessing whether there was a likelihood of confusion, the hearing officer failed to take into account the principle that, where the only similarity between the respective marks consists of a common element which has low distinctiveness, that will not normally give rise to a likelihood of confusion. In support of this submission, she relied on the decision of the Grand Board of Appeal of OHIM in Case R 1462/2012-G *Lifestyle Supplies VoF v Ultimate Nutrition Inc* [2014] ETMR 27 at [59]-[62]. She also relied on the *Common Communication on the Common Practice of Relative Grounds of Refusal – Likelihood of Confusion (Impact of Non-distinctive/weak Components)* issued by the European Trade Mark and Design Network on 2 October 2014 as part of the Convergence Programme between the Trade Mark Offices of the European Union. This states:

"* When marks share an element with a low degree of distinctiveness, the assessment of LOC will focus on the impact of the non-coinciding components on the overall impression of the marks. It will take into account the similarities/differences and distinctiveness of the non-coinciding components.

* A coincidence in an element with a low degree of distinctiveness will not normally on its own lead to LOC.

* However, there may be LOC if:

* the other components are of a lower (or equally low) degree of distinctiveness or are of insignificant visual impact and the overall impression of the marks is similar

* or the overall impression of the mark is highly similar or identical."

44. The hearing officer did not refer to *Lifestyle Supplies*, presumably because it was not cited to him. The *Common Communication* post-dates his decision. In my view both *Lifestyle Supplies* and the *Common Communication* need to be treated with a degree of circumspection. *Lifestyle Supplies* only has the authority of an OHIM Board of Appeal decision, while the *Common Communication* has no legal force at all. Some of the reasoning in *Lifestyle Supplies* (e.g. at [38]) is difficult to reconcile with *Formula One*. Moreover, it might be argued that neither *Lifestyle Supplies* nor the *Common Communication* entirely accurately reflects the case law of the General Court (for a recent example, see Case T-123/14 *BSH Bosch under Siemens*

Haugeräte GmbH v Office for Harmonisation in the Internal Market (Trade Marks and Designs) [E:T:2015:52] concerning the marks AQUAPERFECT and WATERPERFECT, although this might also be argued to fit within the exception recognised by the *Common Communication*). It is not necessary for present purposes to go further into these questions, **for 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.**

45. In my judgment the hearing officer did err in failing to apply this principle. In fairness to the hearing officer, it seems clear that this error arose because of the error he made at the earlier stage of his analysis, which, as discussed above, may be attributable to the way in which the case was argued before him.”

[*my emphasis in paragraph 44*]

21. I respectfully agree with Arnold J in his statement of principle at the end of paragraph 44 of *Whyte and Mackay*. It may be that this is what the Hearing Officer was referring to in paragraph 34 but if it was then the appellant submits that the error by the Hearing Officer was to have lost sight of that principle. The respondent submits that the fourth (and fifth) bullet points in the quotation from the Common Communication are also correct in principle and are applicable in this case. I do not dissent from the proposition that these other factors can play a role in the overall multifactorial assessment.
22. The decision of the Hearing Officer then turns to likelihood of confusion at paragraphs 35-42. In paragraph 35 the decision fairly summarises general principles concerning likelihood of confusion and makes the point that it is a multifactorial assessment. There is also a summary of the Hearing Officer’s earlier conclusions. Next in paragraph 36 the decision cites a decision of Mr Iain Purvis QC as the Appointed Person in *Kurt Geiger v A-List* BL O-075-13 at paragraphs 38 and 39 as follows:
 - “38. The Hearing Officer cited *Sabel v Puma* at paragraph 50 of her decision for the proposition that ‘the more distinctive it is, either by inherent nature or by use, the greater the likelihood of confusion’. This is indeed what was said in *Sabel*. However, it is a far from complete statement which can lead to error if applied simplistically.
 39. It is always important to bear in mind what it is about the earlier mark which gives it distinctive character. In particular, if distinctiveness is provided by an aspect of the mark which has no counterpart in the mark alleged to be confusingly similar, then the distinctiveness will not increase the likelihood of confusion at all. If anything it will reduce it.”
23. Neither side criticised this statement of principle. I agree with it. As the Hearing Officer put it in paragraph 36 – “in other words, simply considering the level of distinctive character possessed by the earlier mark is not enough. It is important to

ask ‘in what does the distinctive character of the earlier mark lie?’ Only after that can a proper assessment of the likelihood of confusion be carried out.”

24. In paragraphs 37 and 38 the Hearing Officer addresses where the distinctive character of the opponent’s mark lies, as follows:

“37. In other words, simply considering the level of distinctive character possessed by the earlier mark is not enough. It is important to ask ‘in what does the distinctive character of the earlier mark lie?’ Only after that has been done can a proper assessment of the likelihood of confusion be carried out. As I mentioned earlier, in my view, the distinctive character of the opponent’s trade mark lies primarily in units which will be understood as either “THE Vape.co” or “Vape.co.” Given both the size of the word “THE” in the context of the trade mark as a whole and its inherently non-distinctive nature, it follows that even in that unit, it is in the combination “Vape.co” in which whatever distinctive character the opponent’s trade mark may possess lies. In its submissions, the applicant states:

‘16. As [the competing trade marks] only coincide in elements which are descriptive and non-distinctive and all distinctive elements are entirely dissimilar, there cannot be a likelihood of confusion.

17. Consumers will understand that different entities will want to use the descriptive terms “VAPE” and “CO” to refer to a company that provides vape products and services and will be able to readily distinguish between signs which differ in stylisation and overall structure to such an extent. This is supported by the evidence showing such descriptive use by multiple third parties as part of their company name or branding.’

38. As the applicant points out, its evidence (provided as exhibit RWD2), shows the following undertakings using both the word “vape” and the abbreviation “co” in their domain names: vapesuperstore.co.uk, vapestore.co.uk, vapeclub.co.uk, vapestoreuk.co.uk and thevapeshop.co.uk. However, even if they are non-distinctive, the domain names of those undertakings also have additional elements which, arguably, assist in distinguishing one from the other i.e. “super”, “club”, “uk” and “shop”.”

25. Here the Hearing Officer has held that whatever distinctive character is possessed by the opponent’s mark must reside in the combination “Vape.co” and noted that there are other traders using the elements “vape” and “co” albeit with further elements as well such as “super”.
26. Next in paragraph 39 the decision refers to the judgment of the CJEU in *L’Oreal v OHIM* Case C-235/05 P for the proposition that a weak distinctive character in an opponent’s mark does not preclude a likelihood of confusion. The passage cited is:

“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 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.”

27. Counsel for the respondent submitted that the first sentence of this passage meant that the appellant’s submission of law was wrong because it sought to give undue prominence to distinctive character, which is something the CJEU was rejecting in that passage. I do not agree. I have referred to *White and Mackay* above. If the only similarity between two marks arises from common elements which have low distinctiveness (alone and as a combination) then that tends to weigh against a finding of likelihood of confusion. Such a situation does not preclude a finding of likelihood of confusion but it is a relevant factor and in an appropriate case it may be decisive.
28. Returning to the decision, after an uncontroversial reference to direct and indirect confusion, the decision reaches its conclusions in paragraphs 41 and 42 which I have set out above.

Assessment

29. Having reviewed it in detail, I believe the decision contains an error of law. If paragraph 34 is a reference to the *White and Mackay’s* principle then that has been lost sight of in the crucial paragraphs 41 and 42. It is true, as the respondent submits, that when the assessment of likelihood of confusion takes place in these paragraphs the Hearing Officer does refer to a very low degree of distinctive character. However that reference is at the start of paragraph 41 and is referring to the opponent’s trade mark itself. What the Hearing Officer does not do in this section is consider whether the common elements between the two marks – that is VAPE and CO – are themselves elements with a low distinctiveness either alone or in combination.
30. If that issue had been addressed already in the decision then the fact it was not mentioned in these paragraphs would not matter so much, but in the sections on the comparisons between the marks and their similarity (paragraphs 25-31) the point is not addressed there either. The decision is structured in a clear way but the way the issues have been arranged means that distinctive character is only dealt with after that comparison (in paragraphs 32-34) and the point is not addressed in that section either.
31. The nature of the common elements needs to be considered and in a case like this, in which the common elements are elements which themselves are descriptive and non-

distinctive (as the Hearing Officer found in paragraph 34), it is necessary somewhere to focus on the impact of this aspect on the likelihood of confusion. As has been said already it does not preclude a likelihood of confusion but it does weigh against it. There may still be a likelihood of confusion having regard to the distinctiveness and visual impact of the other components and the overall impression but the matter needs to be addressed.

32. The Hearing Officer found that the element in the opponent's mark which is the common element (i.e. VAPE and CO) is itself more distinctive than other features of that mark (i.e. the stylised features). That is a decision he was entitled to reach but it does not mean that once that decision has been reached, the low distinctiveness of what is the common element ceases to be relevant to a likelihood of confusion. Far from it. That is not what the CJEU in L'Oreal v OHIM was saying at all.
33. Given that the Hearing Officer has erred in this way, the matter needs to be considered again bearing in mind the White and Mackay's principle. Given the clarity of the Hearing Officer's decision there is no need to go over this at length.
34. Each mark includes as important elements the terms VAPE and CO. There is more to each mark than that because they each include stylised features which are unremarkable but are different from one another (decision paragraphs 27 and 28). The point is that the marks do have a high degree of visual, aural and conceptual similarity (paragraphs 29-31) but that similarity arises from the common elements of the terms VAPE and CO and the combination of those two words. Bearing in mind the goods and services for which these marks are registered or applied for respectively, those words individually are both descriptive and non-distinctive. Put together the combination is also descriptive and non-distinctive.
35. As the Hearing Officer held in paragraph 31 they connote an undertaking in the vaping market. The average consumer, who is a member of the general public over 18 years old, will pay a relatively high degree of attention to the selection of goods and a reasonable level of attention to the selection of services.
36. Bearing all this in mind but in particular having regard to the low degree of distinctiveness about the features these two marks have in common, even taking into account imperfect recollection the differences in the two marks will take on a greater significance for the average consumer than they might otherwise. Although the stylised aspects of each mark are not very remarkable, the fact remains that these aspects are entirely different. From the point of view of visual similarity, the likelihood of confusion is low. Considering conceptual similarity, the concept the two marks share is entirely down to their non-distinctive elements. It is the common concept which is non-distinctive. That does not lead to a likelihood of confusion. In some ways the respondent's best case could be thought to come from considering the aural similarity. From that point of view of course the visual stylised elements will not be present, and hearing "Vape dot co" or "THE Vape dot co" is not so far away from hearing "Vape and co" but the fact is again that they are not the same and what they share is entirely non-distinctive when one bears in mind this is all in the context of electronic cigarettes.
37. Accordingly I do not consider that there is a likelihood of confusion in this case.

Conclusion

38. I will allow the appeal. The opposition on s5(2)(b) grounds should be dismissed.