

**O/144/17**

**TRADE MARKS ACT 1994**

**TRADE MARK APPLICATION 3144092  
BY N.V. SUMATRA TOBACCO TRADING COMPANY  
TO REGISTER A TRADE MARK IN CLASS 34**

**AND**

**OPPOSITION 406705  
BY CTBAT INTERNATIONAL CO. LIMITED**

## Background and pleadings

1. This is an opposition by CTBAT International Co. Limited (“the opponent”) to an application filed on 12<sup>th</sup> January 2016 (“the relevant date”) by N.V. Sumatra Tobacco Trading Company to register the trade mark shown below.



The application for registration covers *cigarettes, cigars, tobacco, cigarette paper, lighters, matches and ashtrays (non - metal)* in class 34.

2. The opposition is formally based on three earlier EU trade marks in the name of the opponent. However, at the hearing described below the opponent’s representative conceded that if the opponent could not succeed on the basis of two of the marks, it would be in no better position with the third mark. Therefore, in practice I need only concern myself with the two marks that represent the opponent’s best case. These are shown below.

EU 13274147





Both of the earlier trade marks are registered for *cigarettes; tobacco; tobacco products; lighters; matches; smokers' articles*.

3. The opponent claims that the respective marks are similar and cover identical goods. According to the opponent, the dominant and distinctive element of all the marks at issue is the Chinese symbol pronounced 'shuangxi'. The opponent says that Chinese speakers will therefore regard the parties' trade marks as phonetically and conceptually identical. Non-Chinese speakers will also regard the marks as conceptually identical because, even though they will not understand what it means, the dominant and distinctive element of each of the marks consists of the same Chinese character. As regards the applicant's mark, the opponent says that the words DOUBLE HAPPINESS are laudatory and visually diminutive within the mark. Consequently, the words do very little to distinguish the applicant's mark as a whole from the earlier marks. The opponent claims that use of the applicant's mark will therefore result in a likelihood of confusion on the part of the public. As a result, registration of the mark would be contrary to s.5(2)(b) of the Trade Marks Act 1994 ('the Act').

4. The applicant filed a counterstatement denying the grounds of opposition. In particular, the applicant points out that Chinese is not widely spoken in the UK. Therefore the Chinese character in the marks would have no meaning to an average UK consumer, who will view the marks as figurative designs and, in the case of the applicant's mark, the words DOUBLE HAPPINESS. Therefore, and particularly as average consumers of tobacco products pay a high degree of attention when

selecting the goods at issue, they would be able to distinguish the applicant's mark from the earlier marks.

5. Both sides seek an award of costs.

### **Evidence**

6. Neither party filed evidence.

### **The hearing**

7. A Hearing took place on 9<sup>th</sup> March 2017 at which the opponent was represented by Ms Rachael Wilkinson-Duffy of Baker & McKenzie LLP. Mr Andrew Lomas appeared as applicant's counsel, instructed by Marks & Clerk LLP.

### **Section 5(2)(b)**

8. Section 5(2)(b) of the Act is as follows:

“5(2) A trade mark shall not be registered if because-

(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”.

9. Although the opponent's marks are earlier trade marks for the purposes of s.5(2)(b) (having been filed on 19<sup>th</sup> September 2014 in the case of EU 13274147 and on 1<sup>st</sup> June 2015 in the case of EU 14183164) they had not been registered for five years at the date of publication of the applicant's mark. Therefore, the proof of use requirements in s.6A of the Act do not apply.

## Goods

10. It is common ground that the goods covered by the contested mark are identical to the goods covered by the earlier marks.

## The principles to be followed

11. 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 might believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

### The average consumer and selection process

12. It is common ground that the average consumer is a UK based user of tobacco products. Surprisingly, despite relying on the meaning of the Chinese character to Chinese speakers, the opponent provided no information or evidence as to the

meaning of the character in question. Without knowing what the character means I cannot be sure whether it is distinctive sign for tobacco products. For example, if the character means ‘tobacco’ to Chinese speakers, the use of that character in the trade marks of two producers of tobacco products would not increase the likelihood of confusion between the marks. Indeed, without knowing what the character means I cannot even be sure that it has a meaning, even to speakers of Chinese. In these circumstances, Ms Wilkinson-Duffy had to accept that I could not give attach any material weight to this aspect of the opponent’s case.

13. However, the failure of this part of the opponent’s case does not make any real difference. This is because although it is permissible to take into account the meaning of words that would only be understood by a minority ethnic group,<sup>1</sup> this is only likely to make a material difference where the ethnic group in question makes up a significant proportion of the average consumers of the goods/services in question.<sup>2</sup> Ms Wilkinson-Duffy accepted that Chinese speakers accounted for only a small proportion of the relevant UK public for tobacco products. Where the vast majority of relevant UK consumers would not understand the meaning of the word/sign in question, the perception of those in the group that would understand the meaning of the foreign word/sign is unlikely to be a decisive factor in the assessment of the likelihood of confusion.<sup>3</sup>

14. The opponent submits that average consumers of tobacco products exhibit strong brand loyalty and therefore pay a high level of attention when selecting such goods. In this connection, the opponent relies on a decision of the second board of appeal at the EUIPO in *Aktionerno Droujestvo v Gallaher Canarias S.A.*<sup>4</sup> I note that the board observed in paragraph 51 of its decision that “*purchasers of tobacco products are generally very attentive*”. So far as I can see, that point does not appear to have been the subject of evidence or argument. According to the opponent, the

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<sup>1</sup> See the judgment of 25<sup>th</sup> June 2015 by the CJEU in *Loutfi Management Propriete Intellectuelle SARL v AMJ Meatproducts NV & Halalsupply NV*, CJEU, Case C-147/14

<sup>2</sup> See, by way of analogy, *Aranynektár Termékgyártó és Kereskedelmi KFT v EUIPO*, General Court, Case T-503/15

<sup>3</sup> See, for example, *J.W. Spear & Sons Ltd and Others v Zynga Inc.* [2015] EWCA Civ 290 [37] where the court described the test as being one of whether a “sufficiently significant” percentage of relevant consumers would be confused

<sup>4</sup> Case R 1562/2008-2

high level of attention paid by users of tobacco products means that such consumers are more likely to spot that the Chinese character present in the earlier marks is also present in the applicant's mark.

15. The skeleton argument served on behalf of the applicant indicated that the applicant's position was that average consumers of tobacco products paid an average degree of attention during the selection process. However, at the hearing Mr Lomas appeared content to accept the opponent's position on this matter (perhaps because a high level of consumer attention is usually considered to be a factor which lessens the likelihood of confusion).

16. Given the position of the parties, I am content to proceed on the basis that average consumers of tobacco products pay an above average level of attention when selecting the goods.

17. Given the legal restrictions on advertising and displaying tobacco products in the UK, word of mouth orders and enquiries are likely to play a particularly important role in the purchasing process. However, initial enquiries are likely to be confirmed by visual inspection of the tobacco products made available by the seller. Therefore the visual impression created by any trade marks also plays a part in the selection process.<sup>5</sup>

#### Distinctive character of the earlier marks

18. In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV* 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

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<sup>5</sup> It was common ground before me that the relatively recent standardised packaging legislation should not be taken to exclude any future use of figurative marks in relation to tobacco products for the purposes of assessing whether there would be a likelihood of confusion under s.5(2) of the Trade Marks Act 1994.



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 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).”

19. The opponent submits that the earlier marks are inherently highly distinctive. It is true that the marks are not descriptive of the goods. They are also quite unusual marks for the UK market. On the other hand, there is no evidence that they have been used and acquired any reputation in the UK or the EU. I find that the marks have an above average degree of inherent distinctiveness.

### Comparison of marks

20. The CJEU stated at paragraph 34 of its judgment in *Bimbo SA v OHIM*,<sup>6</sup> 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.”


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<sup>6</sup> Case C-591/12P

It would be wrong, therefore, to artificially dissect the trade marks, although, 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.

The respective trade marks are shown below.

<p style="text-align: center;">EU 13274147</p> <div style="text-align: center;">  </div> <p style="text-align: center;">EU 14183164</p> <div style="text-align: center;">  </div>	<div style="text-align: center;">  </div>
<p>Earlier trade marks</p>	<p>Contested trade mark</p>

21. The opponent submits that the Chinese character  is the dominant and distinctive element of all the marks. Further, the opponent argues that the words DOUBLE HAPPINESS are descriptive of tobacco products which provide “*double contentment*.” Therefore, the opponent says that the distinctive element of the contested mark must be the figurative or device elements. Additionally, the opponent

submits that the Court of Appeal's judgment in *Specsavers v Asda*<sup>7</sup> means that I should take into account that the contested mark could be used in red, like EU14183164.

22. The applicant submits that the dominant and distinctive element of the contested mark is the words DOUBLE HAPPINESS. The applicant denies that these words are descriptive. Further, the applicant says that UK consumers would not recognise the device element corresponding to a Chinese character as such. Therefore, any similarity resulting from these device elements of the respective marks is likely to be lost on, or regarded as insignificant by, UK consumers.

23. I do not accept that DOUBLE HAPPINESS is descriptive of the goods at issue. In my view, it is not a readily understood description of any characteristic of any of the goods at issue. The words in question do no more than allude to the quality or intended purpose of certain tobacco products. I therefore find that the words are not without distinctive character, although they are rather low in distinctiveness in relation to *cigarettes, cigars, tobacco and cigarette paper*. The words are even more vaguely allusive of the high quality of *lighters, matches and ashtrays (non - metal)*. Therefore, the words have a higher, although still relatively modest, degree of distinctive character in relation to these goods.

24. It is true that words usually 'speak louder' than devices. However, that is no more than a rule of thumb. As the CJEU stated in *L&D SA v OHIM*,<sup>8</sup>:

"55 Furthermore, inasmuch 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 trade marks comprising both graphic and word elements, the word elements must systematically be regarded as dominant."

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<sup>7</sup> [2014] EWCA Civ 1294

<sup>8</sup> [2008] E.T.M.R. 62

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 sign reproduced in paragraph 21 above. 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.

26. The applicant submits that earlier trade mark EU 13274147 is *“geometrically circular and presented in monochrome with no text”*. EU 14183164 is said to comprise of an elaborate design presenting *“weakly similar motifs [to those in the contested mark] in red in a golden square that is overlaid on an intricate red and white pattern that is substantially circular.”* Therefore, applicant says that the contested mark *“coincides only in irrelevant elements with the earlier marks.”* According to the applicant, *“with regard to structure, proportions, figurative and verbal elements, there are no shared points of contact.”* As a result, the applicant contends that the earlier marks are visually dissimilar to the contested mark.

27. In my view, the sign reproduced in paragraph 21 above 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. By contrast, I find that the curved stylisation of that sign in EU 13274147 is such that it would not be easily recognised by a non-Chinese speaker as corresponding to the sign reproduced in paragraph 21 above.

28. For these reasons, I find that EU 13274147 has little or no visual similarity to the contested mark. However, I find that EU 14183164 is visually similar to a medium degree to the contested mark. In reaching this conclusion I have not found it necessary to factor in that the contested mark could also be used in red. However, I record here that when I asked him about it at the hearing, the applicant’s counsel indicated that the applicant was not disposed to offer a limitation to colour under s.13 of the Act.

29. The opponent submits that the contested mark and the earlier marks will be verbalised as “*the Chinese character mark*” or similar expression. I reject this submission. I prefer the applicant’s submission that the contested mark will be verbalised as DOUBLE HAPPINESS. I see no reason why UK consumers should go past these words and seek to give a name to the figurative elements of the applicant’s mark. Similarly, I reject the submission that UK consumers would seek to give a name to the earlier marks. They are visual marks and will be treated as such.<sup>9</sup> Either of these findings is sufficient by itself for me to conclude that there is no aural similarity between the parties’ marks.

30. The opponent submits that the marks are conceptually similar, even to non-Chinese speakers, because they all convey the idea of a Chinese character. I reject this submission. Even if UK consumers recognise the sign reproduced in paragraph 21 above as a [to them, meaningless] Chinese character that would, if anything, be a visual rather than a conceptual similarity. Therefore, the applicant’s mark has only the meaning conveyed by the word element DOUBLE HAPPINESS. The earlier marks have no semantic content to non-Chinese speakers (and an unknown meaning to Chinese speakers). Consequently, I find that the opponent has not established any conceptual similarity between the marks.

#### Likelihood of confusion

31. My finding that there is no similarity between the contested mark and earlier trade mark EU 13274147 means that the opposition based on that mark must be rejected without further consideration.

32. My findings that there is no aural or conceptual similarity between the contested mark and earlier trade mark EU 14183164, and that most of the goods at issue are likely to be ordered initially by word of mouth, are factors which mitigate the likelihood of confusion. However, as I noted earlier, it does not eliminate the

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<sup>9</sup> See the judgment of the General Court in *Dosenbach-Ochsner AG Schuhe und Sport v OHIM*, Case T-424/10, at paragraphs 45 -47

likelihood of confusion because initial verbal orders are likely to be followed by visual inspections of the goods, at which point competing products may also be visible. In this connection, I recall that I earlier found that the marks are visually similar to a medium degree.

33. In *L.A. Sugar Limited v By Back Beat Inc.*<sup>10</sup>, Mr Iain Purvis Q.C. as the Appointed Person noted that:

“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.”

34. In my judgment, 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

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<sup>10</sup> Case BL-O/375/10

remains a likelihood that average consumers will 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. The fact that the marks are to be used in relation to identical goods increases the likelihood of such indirect confusion.

35. In reaching this conclusion 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 difference 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. For example, I note that in *Nokia Oyj v OHIM*,<sup>11</sup> the General Court stated that:

“Furthermore, it must be recalled that, in this case, although there is a real conceptual difference between the signs, it cannot be regarded as making it possible to neutralise the visual and aural similarities previously established (see, to that effect, Case C-16/06 P *Éditions Albert René* [2008] ECR I-0000, paragraph 98).”

36. For the reasons I have given, I find that there is a likelihood of indirect confusion (or a likelihood of association as it is called in the Act) between the contested mark and earlier EU trade mark 14183164.

37. At the hearing the applicant drew my attention to a decision of the Opposition Division of the EUIPO in case B 2623075. This decision concerns the same or similar marks to those in this opposition. Further, although it is not clear from the decision itself, the case appears to concern the same, or at least similar, goods to those at issue in this case. In its decision of 31<sup>st</sup> January 2017 the Opposition Division found that the marks were dissimilar and therefore rejected the opposition.

38. The opponent’s representative informed me at the hearing that the opponent was likely to file an appeal. Therefore, this is not yet a final decision.

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<sup>11</sup> Case T-460/07

39. I have carefully considered the decision and the reasons given for it. Although I am not bound by the decision of the EUIPO, I am mindful of the need, so far as possible, to achieve consistency in decision making between the EUIPO and the IP offices of the Member States of the EU. However, regrettably, I cannot adopt the decision of the EUIPO so far as the likelihood of confusion between the contested mark and EU 14183164 is concerned. Firstly, I note that the contested mark before the EUIPO differed from the mark before me in that the EU mark was filed, and therefore fell to be considered, in a particular colour scheme; namely, two shades of blue. That may have been seen as an additional point of distinction from earlier EU trade mark 14183164, which as I have already noted, is registered in red and gold. Secondly, although I would be justified, if I found myself in two minds as to the likelihood of confusion, in placing consistency over my own initial impression of the matter, the decision of the Opposition Division does not justify me substituting that first instance decision for my own clearly concluded decision to the contrary.

### **Overall outcome**

40. The opposition is successful. Subject to appeal, the application will be refused in total.

### **Costs**

41. The opponent has been successful and is entitled to a contribution towards its costs. In the circumstances I award the opponent the sum of £1200 as a contribution towards the cost of the proceedings. The sum is calculated as follows:

£500 for filing a notice of opposition and considering the applicant's counterstatement;

£700 for attending a hearing and filing a skeleton argument.

I therefore order N.V. Sumatra Tobacco Trading Company to pay CTBAT International Co. Limited the sum of £1200. The above sum should be paid within 21 days of the expiry of the appeal period or, if there is an appeal, within 21 days of the



conclusion of the appeal proceedings (subject to any decision by the appellant tribunal).

**Dated this 27<sup>th</sup> day of March 2017**

**Allan James  
For the Registrar**