

O-364-19

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO. UK00003294793 BY CBD ECO
(LONDON) LIMITED TO REGISTER THE TRADE MARK**

CBD-ECO

IN CLASSES 3, 5 AND 34

**AND IN THE MATTER OF OPPOSITION THERETO UNDER NO. 413555
BY ECO VAPE LIMITED**

Background and pleadings

CBD ECO (London) Limited (“the applicant”) applied to register the trade mark 3294793 CBD-ECO in the UK on 6 March 2018. It was accepted and published in the Trade Marks Journal on 25 May 2018 in respect of the following list of goods:

Class 3: *Essential oils; oils for the skin; oils for cosmetic purposes; natural oils for cosmetic purposes; perfume oils; baby oils; face oils.*

Class 5: *Medicinal oils; medicated baby oils; edible fish oils.*

Class 34: *Electronic cigarettes; parts, fittings and accessories for electronic cigarettes; cases for cigarettes and electronic cigarettes; flavourings, other than essential oils, for electronic cigarettes and vaporisers; chemical flavourings in liquid form used to refill electronic cigarette cartridges; personal vaporisers and electronic cigarettes, and flavourings and solutions therefor; flavoured nicotine fluids for vaporisers; herbs (smoking -), other than for medical purposes; refills and cartridges for electronic cigarettes; atomisers for smoking and inhalation; substances for smoking sold separately or blended with tobacco or nicotine, none being for medicinal or curative purposes.*

2) On 28 August 2018, Eco Vape Limited (“the opponent”) opposed the mark on the basis of Section 5(4)(a) of the Trade Marks Act 1994 (“the Act”). The opponent relies upon its alleged earlier goodwill identified by the signs ECO CBD and:



3) It claims to have been selling E-juice, inhalators, vaporisers, edible oils and tinctures, throughout the UK, under this signs since May 2016 and has acquired

goodwill under the signs. The applicant's mark is highly similar to both signs and its use would therefore be a misrepresentation to the public and result in damage to the aforementioned goodwill.

4) The applicant filed a counterstatement denying the claims made and put the opponent to proof that it owns the requisite goodwill.

5) The opponent is represented in these proceedings by Adamson Jones and the applicant by Trade Mark Wizards.

6) The parties both filed evidence in these proceedings. This will be summarised to the extent that it is considered necessary. Both parties also filed written submissions in lieu of a hearing which will not be summarised but I will keep them in mind when reaching my decision. No hearing was requested and so this decision is taken following careful consideration of the papers.

Opponent's Evidence

7) This takes the form of a witness statement by Brett Heaps, Managing Director of the opponent.

8) Mr Heaps states that the opponent began selling CBD oil under its sign in May 2016. Mr Heaps provides the following

- Four invoices relating to the purchase of CBD crystals used for the opponent's manufacture of CBD oil and to be sold under its sign. The earliest of these invoices is dated in April 2016¹;
- An invoice from Namesco Limited, dated 28 April 2016, for the registration of four domain names, including eco-cbd.uk and eco-cbd.co.uk²;
- Two invoices³, both dated 20 July 2016, relating to "the design and production of the ECO CBD artwork..."⁴;

¹ Exhibit BH1

² Exhibit BH2

³ Exhibit BH3

- Undated copies of labels all for various flavours of “Cannabidiol eJuice” for use with electronic cigarettes⁵. The opponent’s stylised sign appears prominently on what would be the front of the packaging. Its “eco-cbd” sign appears only as part of the opponent’s website address “www.eco-cbd.uk”;
- Three invoices relating to the printing of these labels are provided all dated in June 2016⁶;
- An article about the opponent and the introduction of its ECO CBD range was published in the August 2016 issue of Vapour Magazine⁷. A copy of the front cover featuring a bottle of cannabidiol e-juice is shown that features the opponent’s stylised sign. The heading and part of the first paragraph of the article state:

“ECO VAPE, Producing the Purest CBD. Eco Vape who produce some of the most popular UK e-liquids have now expanded their facilities in Derby to commercially produce the purest form of CBD from crystals.

[The opponent] began manufacturing e-juice in August 2015 and has quickly built its reputation as one of the UK’s most pioneering e-liquid manufacturers...”⁸

- The same issue of the magazine also carried a full-page advertisement for the opponent’s products featuring its stylised mark. A copy of the advertisement and the invoice relating to it are also provided⁹;
- Copies of fifteen invoices, all dated between June 2016 and January 2017, are provided and relate to sales (in the region of about £39,000) of the opponent’s products. The opponent’s stylised sign appears at the top of each invoice¹⁰;

⁴ Mr Heaps’ witness statement, para 4

⁵ Exhibit BH4

⁶ Exhibit BH5

⁷ Mr Heaps’ witness statement, para 5

⁸ Exhibit BH6

⁹ Exhibit BH6

¹⁰ Exhibit BH7

- Prints of photographs taken at various trade shows in 2016¹¹ are provided showing use of the opponent's stylised sign¹².

Applicant's Evidence

9) This takes the form of a witness statement by Oliver Oguz, Chartered Trade Mark Attorney with the applicant's representative. Mr Oguz provides the following:

- A dictionary extract defining "ECO" as "connected to the environment"¹³;
- Two further dictionary extracts variously defining "ECO" as "ecological or environmental", "not harmful to the environment" and "eco-friendly"¹⁴;
- Three dictionary references variously defining "CPD" as an abbreviation for "cannabidiol" and "a nonintoxicating cannabinoid found in cannabis and hemp"¹⁵

DECISION

10) Section 5(4)(a) states:

"A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or

(b) [.....]

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of "an earlier right" in relation to the trade mark."

¹¹ Mr Heaps' witness statement, para 7

¹² Exhibit BH8

¹³ Exhibit OO-1, page 2

¹⁴ Exhibit OO-1, pages 3 and 4

¹⁵ Exhibit OO-2, pages 6 - 8

11) In *Discount Outlet v Feel Good UK*, [2017] EWHC 1400 IPEC, Her Honour Judge Melissa Clarke, sitting as a deputy Judge of the High Court, conveniently summarised the essential requirements of the law of passing off as follows:

“55. The elements necessary to reach a finding of passing off are the ‘classical trinity’ of that tort as described by Lord Oliver in the Jif Lemon case (*Reckitt & Colman Product v Borden* [1990] 1 WLR 491 HL, [1990] RPC 341, HL), namely goodwill or reputation; misrepresentation leading to deception or a likelihood of deception; and damage resulting from the misrepresentation. The burden is on the Claimants to satisfy me of all three limbs.

56. In relation to deception, the court must assess whether “*a substantial number*” of the Claimants’ customers or potential customers are deceived, but it is not necessary to show that all or even most of them are deceived (per *Interflora Inc v Marks and Spencer Plc* [2012] EWCA Civ 1501, [2013] FSR 21).”

12) Halsbury’s Laws of England Vol. 97A (2012 reissue) provides further guidance with regard to establishing the likelihood of deception. In paragraph 309 it is noted (with footnotes omitted) that:

“To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

(1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and

(2) that members of that class will mistakenly infer from the defendant’s use of a name, mark or other feature which is the same or sufficiently similar that the defendant’s goods or business are from the same source or are connected.

While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot

be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.

In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:

(a) the nature and extent of the reputation relied upon;

(b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;

(c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;

(d) the manner in which the defendant makes use of the name, mark etc. complained of and collateral factors; and

(e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.”

In assessing whether confusion or deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action.”

Relevant Date

13) In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11, Mr Daniel Alexander QC, sitting as the Appointed Person, considered the relevant date for the purposes of s.5(4)(a) of the Act and referred with approval to the following comments of Mr Alan James acting for the Registrar in *SWORDERS TM O-212-06* where he identified the relevant date(s) in the following terms:

‘Strictly, the relevant date for assessing whether s.5(4)(a) applies is always the date of the application for registration or, if there is a priority date, that date: see Article 4 of Directive 89/104. However, where the applicant has used the mark before the date of the application it is necessary to consider what the position would have been at the date of the start of the behaviour complained about, and then to assess whether the position would have been any different at the later date when the application was made.’ ”

14) The opponent has claimed the existence of a goodwill in the UK since May 2016 as identified by its two signs. The applicant has made no counterclaim to an earlier or concurrent goodwill. Therefore, the only relevant date is the filing date of the contested application, namely, 6 March 2018.

Goodwill

15) The long-standing meaning of goodwill was provided in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (HOL):

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start.”

16) The opponent’s evidence illustrates that the opponent has an ongoing business in the manufacture and sale of cannabinoid e-juices and that this has been consistently identified by the opponent’s stylised sign. Wholesale invoices demonstrate that in the period of May 2016 to January 2017, the opponent achieved in the region of £39,000 of UK sales under its stylised sign. There is no evidence to illustrate that sales continued after this time. In *Ad Lib Club Limited v Granville* [1971] FSR 1 (HC), Vice Chancellor Pennycuik stated that:

“It seems to me clear on principle and on authority that where a trader ceases to carry on his business he may nonetheless retain for at any rate some

period of time the goodwill attached to that business. Indeed it is obvious. He may wish to reopen the business or he may wish to sell it. It further seems to me clear in principle and on authority that so long as he does retain the goodwill in connection with his business he must also be able to enforce his rights in respect of any name which is attached to that goodwill. It must be a question of fact and degree at what point in time a trader who has either temporarily or permanently closed down his business should be treated as no longer having any goodwill in that business or in any name attached to it which he is entitled to have protected by law.

In the present case, it is quite true that the plaintiff company has no longer carried on the business of a club, so far as I know, for five years. On the other hand, it is said that the plaintiff company on the evidence continues to be regarded as still possessing goodwill to which this name AD-LIB CLUB is attached. It does, indeed, appear firstly that the defendant must have chosen the name AD-LIB CLUB by reason of the reputation which the plaintiff company's AD-LIB acquired. He has not filed any evidence giving any other reason for the selection of that name and the inference is overwhelming that he has only selected that name because it has a reputation. In the second place, it appears from the newspaper cuttings which have been exhibited that members of the public are likely to regard the new club as a continuation of the plaintiff company's club. The two things are linked up. That is no doubt the reason why the defendant has selected this name".

17) I keep this guidance in mind. In the current case there is no evidence that the opponent has ceased to carry on its business, nor that it has ceased to use its sign. Further, the opponent had clearly not closed down its business at the time it brought the opposition proceedings on 28 August 2018 which is some five months after the relevant date in these proceedings. In these circumstances and in the absence of any evidence to the contrary, it is reasonable that I find that the opponent continued to have a goodwill in its business up to and beyond the relevant date. Further, even if the opponent had not used its stylised sign since January 2017 (the date of the latest evidence) the goodwill attached to the sign would not have been extinguished

entirely by the relevant date in March 2018. I, therefore, conclude that the opponent had the requisite goodwill identified by the stylised sign.

18) The opponent relies upon the principle expressed in Decision 10327 of the EUIPO's Cancellation Division that evidence should be analysed as a whole, rather than a piece by piece assessment, and that all the circumstances of the case must be taken into account. I am not bound by such decisions, however, I agree that this is the correct approach. When taking all the evidence together, I have little hesitation in concluding that it demonstrates that the opponent has the requisite goodwill in the UK at the relevant date and that this goodwill is identified by its stylised sign.

19) None of the evidence illustrates that the opponent's goodwill is identified by its word mark ECO-CBD and I conclude that the opponent is not able to rely upon this sign.

Misrepresentation and damage

20) In *Neutrogena Corporation and Another v Golden Limited and Another* [1996] RPC 473, Morritt L.J. stated that:

“There is no dispute as to what the correct legal principle is. As stated by Lord Oliver of Aylmerton in *Reckitt & Colman Products Ltd. v. Borden Inc.* [1990] R.P.C. 341 at page 407 the question on the issue of deception or confusion is

“is it, on a balance of probabilities, likely that, if the appellants are not restrained as they have been, a substantial number of members of the public will be misled into purchasing the defendants' [product] in the belief that it is the respondents'[product]”

The same proposition is stated in Halsbury's Laws of England 4th Edition Vol.48 para 148 . The necessity for a substantial number is brought out also in *Saville Perfumery Ltd. v. June Perfect Ltd.* (1941) 58 R.P.C. 147 at page 175 ; and *Re Smith Hayden's Application* (1945) 63 R.P.C. 97 at page 101.”

And later in the same judgment:

“... for my part, I think that references, in this context, to “more than *de minimis*” and “above a trivial level” are best avoided notwithstanding this court's reference to the former in *University of London v. American University of London* (unreported 12 November 1993) . It seems to me that such expressions are open to misinterpretation for they do not necessarily connote the opposite of substantial and their use may be thought to reverse the proper emphasis and concentrate on the quantitative to the exclusion of the qualitative aspect of confusion.”

21) The applicant has provided evidence that both the ECO and CBD have dictionary meanings, however, it has not made any specific submissions regarding the significance of these meanings. Nevertheless, I assess the significance of this evidence on the issue of misrepresentation.

22) In *Office Cleaning Services Limited v Westminster Window & General Cleaners Limited* [1946] 63 RPC 39, Lord Simonds stated that:

“Where a trader adopts words in common use for his trade name, some risk of confusion is inevitable. But that risk must be run unless the first user is allowed unfairly to monopolise the words. The court will accept comparatively small differences as sufficient to avert confusion. A greater degree of discrimination may fairly be expected from the public where a trade name consists wholly or in part of words descriptive of the articles to be sold or the services to be rendered.”

23) In *Phones 4u Ltd v Phone4u.co.uk. Internet Ltd* [2006] EWCA 244 (Civ), Jacob L.J. stated that:

“34. The judge also thought the “descriptiveness” of the name affected the question of whether it had a goodwill. But the name is not descriptive in the sense that anyone would describe a business or shop selling mobile phones as a “Phones 4u” business or shop. It is that sort of name which tells you what

the business is, but is also obviously intended to be an invented name to denote a particular business. True it is that it is not particularly inventive—“4u” was a bit in vogue—the sort of thing others might well want to use. For that reason it would be unlikely to be accepted for registration as a trade mark without some proof of acquired distinctiveness. But distinctiveness for trade mark registration purposes is not the same concept as descriptiveness—it requires more. I think the judge was wrong to say, as he did:

“The phrase ‘Phones 4u’ is not inherently distinctive. It is a descriptive phrase, although not wholly descriptive in that I accept that it is more likely to acquire distinctiveness through use than a wholly descriptive expression. Nevertheless, there is an onus on the Claimants to satisfy me that it had become distinctive through use.”

This is the language of distinctiveness for trade mark registration, not that for testing whether a goodwill has been established.”

24) In the current case, taking the applicant’s undisputed evidence, when applying the dictionary meanings, the term ECO CBD will have, as one of its meaning, an “eco-friendly cannabidiol”. Taking account of the relevant consumer for such goods and how ubiquitous ECO is in the English language to indicate “eco-friendly” or “environmentally friendly”, the consumer will readily understand the meaning of the term ECO CBD. Consequently, the get-up of the opponent’s sign plays an important role in creating a sign to which the opponent’s goodwill attaches. Upon seeing the term ECO CBD absent the get-up it will immediately indicate to the consumer a descriptive message rather than identify the opponent’s goodwill.

25) With this in mind, together with the guidance in *Office Cleaning Services*, it is necessary that I consider the differences between the respective sign and mark whilst remaining alert to small differences between the signs and these may be “sufficient to avert confusion”. The applicant’s mark consists of CBD ECO. It is absent the presentation of the opponent’s sign where one word element appears above the other and also the device of what is, clearly, a cannabis plant leaf. Further, the opponent’s sign presents as ECO CBD by virtue of the ECO element being

located above the CBD element. On the other hand, the applicant's mark presents as CBD ECO. Whilst conveying the same message as the opponent's mark, it does so in a way that is less direct because its construction does not follow the normal pattern of the English language with the adjective appearing before verb that it is attributing a characteristic.

26) Taking all of the above into account, I reach the conclusion that because:

- of the descriptive nature of the elements ECO and CBD;
- of the visual differences in presentation, and;
- the reversal of the common elements ECO and CBD in the applicant's mark;

the differences between the signed is sufficient to avert confusion and there is no misrepresentation. In reaching this conclusion, I recognise that both parties are in the same field of activity.

27) In the absence of misrepresentation, there is no damage.

28) In light of these findings, the opposition fails in its entirety and the application may proceed to registration.

COSTS

29) The opposition has failed, and the applicant is entitled to a contribution towards its costs. Awards of costs are governed by Annex A of Tribunal Practice Notice (TPN) 2 of 2016. I take account that both sides filed evidence and no hearing was held but that the opponent filed written oppositions in lieu of a hearing. I award costs as follows:

Considering statement and preparing counterstatement	£300
Preparing evidence and considering other side's evidence	£500
Considering other side's written submissions	£100
TOTAL	£900

30) I order Eco Vape Limited to pay to CBD ECO (London) Limited the sum of **£900**. This sum is to be paid within fourteen days of the expiry of the appeal period or within fourteen days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated 1 July 2019

**Mark Bryant
Principal Hearing Officer
For the Registrar**