

O-595-18

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION NO. 3237001

BY LONDON DOLLAR LTD

TO REGISTER THE TRADE MARK:

**DUNSTON**

IN CLASS 34

AND

IN THE MATTER OF OPPOSITION THERETO

UNDER NOS 410315 & 410321

BY JAPAN TOBACCO INC. AND JT INTERNATIONAL S.A.

## **Background and pleadings**

1. On 13 June 2017, London Dollar Ltd (“the applicant”) applied to register the trade mark **DUNSTON** for the following goods:

Class 34: Cigarettes; cigarettes containing tobacco substitutes, not for medical purposes; cigarillos; cigars; herbs for smoking; snuff; snuff boxes, tobacco, smokers’ articles; matches.

2. The application was published for opposition purposes on 23 June 2017. On 25 September 2017, notices of opposition were filed by Japan Tobacco Inc. and J.T. International S.A. (“the opponents”). The proceedings were consolidated. The oppositions are based upon ss. 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994 (“the Act”) and are, under all grounds, directed against all of the goods in the application.

3. Under s. 5(2)(b), the opponents rely upon the following trade marks:

(i) European Union trade mark (“EUTM”) number 13026811 **WINSTON** (“the 811 mark”).

Filing date: 25 June 2014; date of entry in register: 5 November 2014

Class 34: Tobacco, whether manufactured or unmanufactured; smoking tobacco, pipe tobacco, hand rolling tobacco, chewing tobacco, snus tobacco; cigarettes, electronic cigarettes, cigars, cigarillos; snuff; smokers' articles included in class 34; cigarette papers, cigarette tubes and matches.

(ii) UK trade mark number 1084827 **WINSTON** (“the 827 mark”).<sup>1</sup>

Filing date: 10 October 1977; date of entry in register: 10 October 1977

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<sup>1</sup> The official record confirms that, notwithstanding its particular presentation on the register, the 827 mark is a word mark.

Class 34: Cigarettes

(iii) UK trade mark number 3236849 **WINSTON** (“the 849 mark”)

Filing date: 12 June 2017; date of entry in register: 25 August 2017

Class 34: Tobacco, whether manufactured or unmanufactured; smoking tobacco, pipe tobacco, hand rolling tobacco, chewing tobacco, snus tobacco; cigarettes, electronic cigarettes, cigars, cigarillos; snuff; smokers' articles included in class 34; cigarette papers, cigarette tubes and matches.

4. Given their filing dates, all of the above marks are earlier trade marks in accordance with s. 6 of the Act. Only the 827 mark had been registered for five years or more at the date on which the opposed application was published and that mark is, therefore, subject to the proof of use provisions contained in s. 6A of the Act. A statement was made in the notice of opposition that the mark has been used for all of the goods for which it is registered.

5. Under s. 5(2)(b), the opponents claim that the goods in the application are identical or highly similar to the goods protected by the earlier registrations and that the marks are highly similar. Moreover, the opponents claim that the earlier marks benefit from a level of distinctiveness which has been enhanced through the use made of the marks. As a consequence, the opponents claim that there is a likelihood of confusion, including the likelihood of association.

6. Under s. 5(3), the opponents rely on the three trade marks set out at paragraph 3, above. A reputation is, however, claimed only in respect of cigarettes. The opponents claim that their marks have a reputation in the relevant territory such that use of the mark applied for would cause the relevant public to believe that there is an economic connection between the applicant and the opponents, where no such connection exists. The opponents claim that the mark applied for would take unfair advantage of the marketing efforts of the opponents, which have generated a positive reputation for

quality, resulting in economic benefits to the applicant which it would not otherwise enjoy. The opponents further claim that the reputation of the earlier marks would be tarnished if inferior goods were sold under the mark for which registration is sought. The opponents also claim that the use of the mark applied for would dilute the distinctive character of the earlier marks, undermining their ability to identify the goods of the opponents and damaging its market position.

7. Under s. 5(4)(a), the opponents claim that the sign **WINSTON** has been used throughout the UK since 1977 in respect of cigarettes. The opponents claim that there is a substantial goodwill under the sign and that use of the mark applied for would amount to a misrepresentation to the relevant public, resulting in damage to that goodwill.

8. The applicant filed a counterstatement in which it denies all of the grounds of opposition. It requested that the opponents provide evidence of use of the 827 mark and put the opponents to strict proof of both a reputation and goodwill.

9. Only the opponents filed evidence. A hearing took place before me on 14 August 2018, at which the opponents were represented by Guy Hollingworth of counsel, instructed by Kempner & Partners LLP. The applicant did not attend the hearing but filed written submissions in lieu, which I will bear in mind. The applicant has been represented throughout by A. A. Thornton & Co.

### **Evidence**

10. The opponents' evidence consists of the witness statement of Ronald van Tujil, with seventeen exhibits. Mr van Tujil is the Intellectual Property Director within the Intellectual Property team at JT International SA.

11. Not all of Mr van Tujil's evidence is relevant. In particular, much of it is concerned with demonstrating the opponents' global position, rather than focusing on the relevant territories (the UK or the EU). As a consequence, I do not intend to record the contents

of each exhibit here but confine my summary below to the material most relevant to the matters before me.

12. Mr van Tujil explains that WINSTON products were first introduced to the UK market in 1977.<sup>2</sup> They were withdrawn from the UK market in 2004 before being reintroduced in 2009 in London and, in 2010, nationwide.<sup>3</sup> Mr van Tujil confirms that since then WINSTON products have been on sale continuously throughout the UK.<sup>4</sup> Exhibit RVT12 provides corroboration in the form of press articles dated 2009-2010 concerning the London and UK rollouts of “Winston” cigarettes, as well as images showing the goods on sale. These include images of cigarette packets on which “Winston” is clearly visible.

13. Advertising material dated between 2011 and 2014 is provided, which shows “Winston” applied to packs of cigarettes which are priced in sterling.<sup>5</sup> Mr van Tujil’s statement includes images of the various pack designs between 2009 and 2014, on all of which “Winston” is visible.<sup>6</sup> Mr van Tujil also exhibits a “Winston ePresenter” on which the new plain packaging, described as “coming soon”, is shown.<sup>7</sup> The word “Winston” is visible on both the old and new packaging.

14. Retail price lists dated from 2010 to March 2017 are provided, which also show “Winston” on packets, with prices in sterling.<sup>8</sup>

15. Multiple invoices are exhibited at RVT11, dated between April 2012 and May 2017, which have UK billing and delivery addresses. They include goods identified by the name “Winston”, sometimes in capitals or in combinations such as “Winston Blue” or “Winston Red”.<sup>9</sup> Some of the invoices specifically identify the goods as cigarettes;<sup>10</sup> those that do not carry a warning about the sale of tobacco to minors.<sup>11</sup>

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<sup>2</sup> §34.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> RVT13, RVT15, RVT16.

<sup>6</sup> §46.

<sup>7</sup> RVT17.

<sup>8</sup> RVT10

<sup>9</sup> See, for example, pp. 14, 93, 47.

16. Mr van Tuijl gives the following sales figures for the sale of “WINSTON” cigarettes in the UK:<sup>12</sup>

Year	2012	2013	2014	2015	2016	Jan.-Nov. 2017
Volume (million cigarettes)	90.6	98.6	66.2	77.1	57	36.6
Share of market (%)	0.21	0.24	0.3	0.3	0.22	0.14

17. In terms of EU sales of “WINSTON” cigarettes, the following figures are provided:<sup>13</sup>

Year	2009	2010	2011	2012	2013	2014	2015
Volume (billion cigarettes)	26.5	26.9	27.1	28.4	28.8	30.1	35.2

18. Mr van Tuijl indicates that, in 2016, the opponents sold more than 5 billion cigarettes in each of Spain, Italy and France.<sup>14</sup> At RVT6 are several invoices for goods including “WINSTON” cigarettes. However, only three have destinations in the EU (France (2006, two invoices) and Spain (2010)).<sup>15</sup> Whilst I note that some of the remaining invoices have invoice or billing addresses in the EU, the shipping addresses are outside the EU and the evidence is, therefore, of no particular assistance in showing that the goods entered the relevant market.

19. Mr van Tuijl does not provide EU market share figures but indicates market position for the opponents’ “WINSTON” brand in nine EU countries. I note in particular that between 2012 and 2015 the brand was ranked number 1 in Latvia and at least third in

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<sup>10</sup> pp. 1-64

<sup>11</sup> pp. 65-105.

<sup>12</sup> §37.

<sup>13</sup> §39.

<sup>14</sup> §32.

<sup>15</sup> pp. 4-5, 46-48.

Spain. Results are given for seven other EU countries, where the “WINSTON” brand was at least seventh.

20. That concludes my summary of the evidence, insofar as I consider it necessary.

### **Proof of use**

21. Only the 827 mark is subject to the proof of use provisions. However, all of the earlier marks are identical and the other trade marks, to which proof of use does not apply, cover both cigarettes and other goods. For reasons which will become apparent, it is not necessary for me to decide whether there has been genuine use of the 827 mark. I will proceed on the basis that the opponents may rely upon all of their earlier marks, across their full specifications.

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

22. The opposition is based upon s. 5(2)(b) of the Act, which reads 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”.

23. 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 are:

(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**

24. Some of the contested goods are identical to the goods on which the opposition is based (e.g. cigarettes, tobacco). The opponents argue that the remaining goods and services are highly similar. For reasons of procedural economy, I will not undertake a full comparison of the goods listed above but will proceed on the basis that the contested goods are identical to those covered by the earlier trade marks. If the oppositions fail even where the goods are identical, it follows that the oppositions will also fail where the goods are only similar.

### **The average consumer and the nature of the purchasing act**

25. It is necessary for me to determine both who the average consumer is for the respective parties' goods and the manner in which these goods are likely to be selected by the average consumer in the course of trade. In *Hearst Holdings Inc, Fleischer*

*Studios Inc v A.V.E.L.A. Inc, Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited, J Fox Limited*, [2014] EWHC 439 (Ch), Birss J. described the average consumer in these terms:

“60. The trade mark questions have to be approached from the point of view of the presumed expectations of the average consumer who is reasonably well informed and reasonably circumspect. The parties were agreed that the relevant person is a legal construct and that the test is to be applied objectively by the court from the point of view of that constructed person. The words “average” denotes that the person is typical. The term “average” does not denote some form of numerical mean, mode or median”.

26. The average consumer is a member of the public over the age of 18. It is common ground that UK legislation imposes restrictions on advertising and prohibits the display of tobacco goods in retail outlets.<sup>16</sup> The consumer is, therefore, likely to request or enquire about the goods at issue orally. Whilst aural considerations will play an important part in the purchase, initial enquiries are likely to lead to a visual inspection of the products and there remains a visual aspect to the selection of the goods. Some of the goods, such as matches, are not exclusively sold alongside tobacco products; where they are sold on open shelves, the balance will shift in favour of visual considerations.

27. The parties dispute the level of attention with which the goods will be purchased. The applicant argues that there is “a high degree of brand loyalty amongst the smoking public” and that the consumer will display a higher than average level of attention.<sup>17</sup> It directs me to two previous decision of this tribunal, namely *Vapouriz v CCHG* (O/511/16) and *The London Vape Company v Nicoventures Holdings* (O/328/17). The former is of little assistance as the goods are different from those in the instant proceedings. Whilst the latter decision did cover tobacco and cigarettes, there were a

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<sup>16</sup> Written submissions, §14; skeleton §§18-26.

<sup>17</sup> Written submissions, §5.

number of other non-tobacco goods at issue in the assessment and the hearing officer's findings, even if they were binding or of real persuasive value, are not directly applicable to the matter before me.

28. Mr Hollingworth submitted at the hearing that the level of attention paid to the purchase of the goods at issue will be lower than average. He submitted that the goods are low value, frequent purchases. In response to the applicant's submissions on brand loyalty, Mr Hollingworth argued that "familiarity breeds contempt" and that the consumer will, if anything, be less attentive.

29. As Mr Hollingworth pointed out at the hearing, it has been held on more than one occasion that the concept of brand loyalty is of no real assistance either way in the assessment of confusion under s. 5(2)(b).<sup>18</sup> As far as the consumer's level of attention is concerned, even if it had been established that the goods at issue were subject to a high degree of brand loyalty (on which there is no evidence), it does not seem to me that brand loyalty is a significant factor which would materially alter the care with which goods are chosen unlike, for example, factors such as the expense or technical complexity of a product, or whether it is rarely purchased. In my view, the consumer is likely to take some care to ensure that the desired flavour or strength of product is selected. The goods are not terribly expensive and are likely to be purchased with reasonable frequency. Consequently, the average consumer will pay an average level of attention to the purchase.

### **Comparison of trade marks**

30. It is clear from *Sabel BV v Puma AG* (particularly paragraph 23) that the average consumer normally perceives a trade mark as a whole and does not proceed to analyse its various details. The same case also explains that the visual, aural and conceptual

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<sup>18</sup> See, for example, the decisions of the Appointed Persons in *Double Happiness Trade Mark* (O/005/18) at [23] and *Bonjorno Café Trade Mark* (O/382/10), at [12]-[15].

similarities of the trade marks must be assessed by reference to the overall impressions created by the trade marks, bearing in mind their distinctive and dominant components.

31. The Court of Justice of the European Union (“CJEU”) 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”.

32. It would be wrong, therefore, artificially to dissect the trade marks, although it is necessary to take into account the distinctive and dominant components of the trade marks and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions created by the trade marks.

33. The trade marks to be compared are as follows:

<b>Earlier trade marks</b>	<b>Contested trade mark</b>
WINSTON	DUNSTON

34. The earlier marks all consist of the word “WINSTON”, presented in capital letters. The overall impression rests in that word. The contested mark also consists of a single word presented in capital letters, namely “DUNSTON”, in which the overall impression is contained.

35. The applicant stresses that, visually, the letters “WI” and “DU” are very different, and submits that there is only a low degree of visual similarity between the marks. The opponents emphasise the identical five letters at the end of the marks. Whilst I acknowledge that five of the seven letters of each mark are identical (“-NSTON”), the words are not particularly long and the difference in the first two letters has a significant impact. They are visually similar to a medium degree.

36. The parties agree that the contested marks are two syllables in length. Mr Hollingworth submitted that the focus on the first part of the mark would be weaker when contained in a sentence and that the “NST” sound, shared by the marks, is particularly striking. I do not find these submissions persuasive. The rule of thumb that the initial part of a word tends to have more impact seems to me to apply in this case; in any event, I can see no reason why a three-consonant combination would be the focal point of a mark. As with the visual comparison, notwithstanding the identical second syllable, the difference between the first syllables resulting from the different letters “WI” and “DU” leads to a medium degree of aural similarity overall.

37. The applicant submits that the marks at issue will be perceived either as place names or, more likely, personal names.<sup>19</sup> Mr Hollingworth agreed that some average consumers may think of a place or of a person but argued that neither mark has a clear concept and that they are conceptually neutral. Although perhaps not the commonest of names, “WINSTON” is, in my view, likely to be perceived as either a forename or surname. Without any further context, I see no reason why the mark would conjure the image of Winston Churchill. Nor am I aware of any geographical locations with that name which are of sufficient size or renown to convey the concept of a place name to the average consumer.

38. “DUNSTON” may, as a matter of fact, be a personal name but it does not strike me as a particularly common name and I am not persuaded that the average consumer will immediately perceive such a meaning, though I accept that some average consumers

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<sup>19</sup> Submissions, §11.

might. It seems even less likely that the consumer will know that “DUNSTON” is a place name. The contested mark is most likely to be perceived as a word with no particular meaning, albeit one that shares the traits of English personal or place names. In this scenario, there is a conceptual difference between the marks, to the extent that the earlier marks have a clear meaning, whilst the contested mark does not. For those consumers who do know that “DUNSTON” is a personal name, there is a superficial level of conceptual similarity, attributable to both marks being names.

### **Distinctive character of the earlier trade mark**

39. The distinctive character of the earlier marks must be assessed, as the more distinctive the earlier marks, either inherently or through use, the greater the likelihood of confusion (*Sabel* at [24]). In *Lloyd Schuhfabrik*, 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 Cases C-108/97 and C-109/97 *Windsurfing Chiemsee v Huber and Attenberger* [1999] ECR I-2779, 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)".

40. The opponents claim that the earlier marks benefit from a level of distinctive character which has been enhanced through the use made of them. The relevant market for the assessment of enhanced distinctiveness is the UK. No turnover figures are provided, though sales information is given in the form of cigarette numbers and there is evidence of advertising. However, the market share in the UK is very low, only 0.3% at its highest. I am not persuaded that the use which has been shown of the mark "WINSTON" is sufficient to support the claim of enhanced distinctive character.

41. That leaves the inherent position. Names are not, in general, particularly distinctive. However, "WINSTON" is a relatively unusual name and is unconnected to the goods. It has, in my view, a medium level of inherent distinctive character.

### **Likelihood of confusion**

42. When determining whether there is a likelihood of confusion, a global assessment of the competing factors must be made (*Sabel* at [22]). I must consider the various factors from the perspective of the average consumer and decide whether they are likely to be confused. The factors considered above have a degree of interdependency (*Canon* at [17]), so, for example, a high degree of similarity between the marks may be offset by a lower degree of similarity between the goods, and vice versa. Confusion can be direct (where the average consumer mistakes one mark for the other) or indirect (where the average consumer realises the marks are not the same but puts the similarity that exists between the marks/goods down to the responsible undertakings being the same or related). In making my assessment, I must keep in mind that the average consumer rarely has the opportunity to make direct comparisons between trade marks and must instead rely upon the imperfect picture of them he has retained in his mind (*Lloyd Schuhfabrik* at [26]).

43. I have proceeded on the basis that the goods are identical, which is the position most favourable to the opponents. The earlier marks are inherently distinctive to a medium degree. The marks are visually and aurally similar to a medium degree. For one group of average consumers, there is a degree of conceptual similarity because both marks are names. Considering this group first, even in respect of identical goods, my view is that there is no likelihood of confusion, whether direct or indirect. The difference at the beginning of the marks, which will be as noticeable in a primarily aural purchase as in a visual one, is sufficiently striking to avoid any direct confusion. The average consumer may well recall that both marks are names but the differences are such that, in my view, the consumer paying an average level of attention will not mistake one mark for the other. Nor is there a likelihood of indirect confusion: I can see no reason why the consumer who is aware of one mark would suppose that the goods sold under the other mark are produced by the same undertaking: there is no obvious logical step which would suggest that one is, for example, a brand extension of the other, and the superficial conceptual similarity is insufficiently pronounced to lead the consumer to believe that the undertakings are economically linked.

44. As far as the consumer who does not perceive “DUNSTON” as a name is concerned—and I consider this the more likely scenario—the opponents’ position is even weaker. The conceptual difference between the marks, coupled with the visual and aural differences, is more than enough to preclude a likelihood of confusion, whether direct or indirect. If there is no confusion in respect of identical goods, it follows that there is also no confusion in respect of goods which are only similar. The opposition under s. 5(2)(b) is dismissed.

45. In case I am wrong regarding whether the earlier marks may benefit from enhanced distinctive character, and in case of an appeal on the point, I will add my views on confusion if the distinctive character of the earlier marks were found to have been enhanced through use. Even assuming that the marks enjoyed a high degree of enhanced distinctive character, I remain of the view that there would be no confusion, for the same reasons as given above, namely that the differences between the marks



are such that the average consumer will neither mistake the marks for one another nor assume any connection between the respective economic undertakings.

46. As I have found that there is no likelihood of confusion, there is no need to consider whether or not the 827 mark has been used, as it is irrelevant to the outcome.

### **Section 5(4)(a)**

47. 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”.

48. In *Discount Outlet v Feel Good UK*, [2017] EWHC 1400 IPEC, HHJ Clarke, sitting as a deputy Judge of the High Court stated that:

“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)".

49. Whether there has been passing off must be judged at a particular point (or points) in time. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O/410/11, Daniel Alexander QC, sitting as the Appointed Person, considered the matter of the relevant date in a passing off case. He said:

"43. In *SWORDERS TM* O-212-06 Mr Alan James acting for the Registrar well summarised the position in s.5(4)(a) proceedings as follows:

'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.'"

50. There is no claim and no evidence that the contested mark was in use prior to the date of application. That being the case, the relevant date is 13 June 2017.

51. I bear in mind the following guidance regarding goodwill from the House of Lords 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”.

52. At the hearing, Mr Hollingworth did not drop the claim under s. 5(4)(a) but indicated that the decision is likely to follow that under s. 5(2)(b). It is clear that the opponents operated a business selling cigarettes and had a protectable goodwill associated with the sign “WINSTON” at the date of application. There is ample evidence in the form of advertising and packaging material, as well as invoices and volume sales figures to support such a finding. However, my view is that the applicant’s passing off case goes no further. This is because, for the reasons given in my finding under s. 5(2)(b), even when considering goods in the same field of activity, the use of the contested mark is not likely to deceive a substantial number of the opponents’ customers or potential customers. Consequently, use of the contested mark would not constitute a misrepresentation to the public. The s. 5(4)(a) ground of opposition is dismissed.

### **Section 5(3)**

53. Section 5(3) states:

“(3) A trade mark which-

(a) is identical with or similar to an earlier trade mark, shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a European Union trade mark or international trade mark (EC), in the European Union) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark”.

54. The relevant case law can be found in the following judgments of the CJEU: Case C-375/97, *General Motors*, [1999] ETMR 950, Case 252/07, *Intel*, [2009] ETMR 13, Case C-408/01, *Adidas-Salomon*, [2004] ETMR 10 and C-487/07, *L’Oreal v Bellure*

[2009] ETMR 55 and Case C-323/09, *Marks and Spencer v Interflora*. The law appears to be as follows.

a) The reputation of a trade mark must be established in relation to the relevant section of the public as regards the goods or services for which the mark is registered; *General Motors*, paragraph 24.

(b) The trade mark for which protection is sought must be known by a significant part of that relevant public; *General Motors*, paragraph 26.

(c) It is necessary for the public when confronted with the later mark to make a link with the earlier reputed mark, which is the case where the public calls the earlier mark to mind; *Adidas Saloman*, paragraph 29 and *Intel*, paragraph 63.

(d) Whether such a link exists must be assessed globally taking account of all relevant factors, including the degree of similarity between the respective marks and between the goods/services, the extent of the overlap between the relevant consumers for those goods/services, and the strength of the earlier mark's reputation and distinctiveness; *Intel*, paragraph 42.

(e) Where a link is established, the owner of the earlier mark must also establish the existence of one or more of the types of injury set out in the section, or there is a serious likelihood that such an injury will occur in the future; *Intel*, paragraph 68; whether this is the case must also be assessed globally, taking account of all relevant factors; *Intel*, paragraph 79.

(f) Detriment to the distinctive character of the earlier mark occurs when the mark's ability to identify the goods/services for which it is registered is weakened as a result of the use of the later mark, and requires evidence of a change in the economic behaviour of the average consumer of the goods/services for which the

earlier mark is registered, or a serious risk that this will happen in future; *Intel*, paragraphs 76 and 77.

(g) The more unique the earlier mark appears, the greater the likelihood that the use of a later identical or similar mark will be detrimental to its distinctive character; *Intel*, paragraph 74.

(h) Detriment to the reputation of the earlier mark is caused when goods or services for which the later mark is used may be perceived by the public in such a way that the power of attraction of the earlier mark is reduced, and occurs particularly where the goods or services offered under the later mark have a characteristic or quality which is liable to have a negative impact on the earlier mark; *L'Oreal v Bellure NV*, paragraph 40.

(i) The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an unfair advantage where it seeks to ride on the coat-tails of the senior mark in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image. This covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation (*Marks and Spencer v Interflora*, paragraph 74 and the court's answer to question 1 in *L'Oreal v Bellure*).

### Reputation

55. In *General Motors*, Case C-375/97, the CJEU held that:

“25. It cannot be inferred from either the letter or the spirit of Article 5(2) of the Directive that the trade mark must be known by a given percentage of the public so defined.

26. The degree of knowledge required must be considered to be reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that trade mark.

27. In examining whether this condition is fulfilled, the national court must take into consideration all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it.

28. Territorially, the condition is fulfilled when, in the terms of Article 5(2) of the Directive, the trade mark has a reputation 'in the Member State'. In the absence of any definition of the Community provision in this respect, a trade mark cannot be required to have a reputation 'throughout' the territory of the Member State. It is sufficient for it to exist in a substantial part of it”.

56. As two of the earlier marks are EUTMs, I also keep in mind the guidance of the CJEU in *Pago International GmbH v Tirolmilch registrierte GmbH*, Case C-301/07, where the court held that:

“20. By its first question, the national court in essence asks the Court, first, to clarify the meaning of the expression ‘has a reputation in the Community’, by means of which, in Article 9(1)(c) of the regulation, one of the conditions is laid down which a Community trade mark must fulfil in order to benefit from the protection accorded by that provision and, second, to state whether that condition, from a geographical point of view, is satisfied in a case where the Community trade mark has a reputation in only one Member State.

21. The concept of 'reputation' assumes a certain degree of knowledge amongst the relevant public.

22. The relevant public is that concerned by the Community trade mark, that is to say, depending on the product or service marketed, either the public at large or a more specialised public, for example traders in a specific sector (see, by way of analogy, *General Motors*, paragraph 24, with regard to Article 5(2) of the directive).

23. It cannot be required that the Community trade mark be known by a given percentage of the public so defined (*General Motors*, by way of analogy, paragraph 25).

24. The degree of knowledge required must be considered to be reached when the Community trade mark is known by a significant part of the public concerned by the products or services covered by that trade mark (*General Motors*, by way of analogy, paragraph 26).

25. In examining this condition, the national court must take into consideration all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it (*General Motors*, by way of analogy, paragraph 27).

26. In view of the elements of the main proceedings, it is thus for the national court to determine whether the Community trade mark at issue is known by a significant part of the public concerned by the goods which that trade mark covers.

27. Territorially, the condition as to reputation must be considered to be fulfilled when the Community trade mark has a reputation in a substantial part of the territory of the Community (see, by way of analogy, *General Motors*, paragraph 28).

28. It should be noted that the Court has already ruled that, with regard to a Benelux trade mark, it is sufficient, for the purposes of Article 5(2) of the directive, that it has a reputation in a substantial part of the Benelux territory, which part may consist of a part of one of the Benelux countries (*General Motors*, paragraph 29).

29 As the present case concerns a Community trade mark with a reputation throughout the territory of a Member State, namely Austria, the view may be taken, regard being had to the circumstances of the main proceedings, that the territorial requirement imposed by Article 9(1)(c) of the regulation is satisfied.

30. The answer to the first question referred is therefore that Article 9(1)(c) of the regulation must be interpreted as meaning that, in order to benefit from the protection afforded in that provision, a Community trade mark must be known by a significant part of the public concerned by the products or services covered by that trade mark, in a substantial part of the territory of the Community, and that, in view of the facts of the main proceedings, the territory of the Member State in question may be considered to constitute a substantial part of the territory of the Community”.

57. In *Burgerista Operations GmbH v Burgista Bros Limited* [2018] EWHC (IPEC), HHJ Hacon considered whether an EU trade mark registered for restaurant services had a reputation under article 9(2)(c) of the EU Trade Mark Regulation (which is equivalent to s.10(3) of the Trade Marks Act). The judge summarised the law as follows:

“69. I draw the following from the judgments of the Court in *PAGO* and *Iron & Smith* and from the opinion of Advocate General Wahl in *Iron & Smith*:

(1) An EU trade mark has a reputation within the meaning of art.9(2)(c) if it was known to a significant part of the relevant public at the relevant date.



- (2) The relevant public are those concerned by the products or services covered by the trade mark.
- (3) The relevant date is the date on which the defendant first started to use the accused sign.
- (4) From a geographical perspective, the trade mark must have been known in a substantial part of the EU at the relevant date.
- (5) There is no fixed percentage threshold which can be used to assess what constitutes a significant part of the public; it is proportion rather than absolute numbers that matters.
- (6) Reputation constitutes a knowledge threshold, to be assessed according to a combination of geographical and economic criteria.
- (7) All relevant facts are to be taken into consideration when making the assessment, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by undertaking in promoting it.
- (8) The market for the goods or services in question, and from this the identity of the relevant public, ought to assume a paramount role in the assessment.
- (9) The territory of a single Member State (large or small) may constitute a substantial part of the EU, but the assessment must be conducted without consideration of geographical borders”.

58. The test for a qualifying ‘reputation’ is found in *General Motors* and is set out above. The earlier mark must be known by ‘a significant part’ of the relevant public. Some commentators have regarded this as setting a low threshold. In *Iron & Smith kft v Unilever NV*, Case C-125/14, the CJEU was asked whether a Community Trade Mark (now an EUTM) with a reputation ‘in the Community’ (now the European Union), but not in the Member State where infringement was alleged, was capable of being infringed under provisions of the Community Trade Mark Regulation (now the European Union Trade Mark Regulation) broadly equivalent to s. 5(3) of the Act. The court answered that:

“If the earlier [EUTM] has already acquired a reputation in a substantial part of the territory of the European Union, but not with the relevant public in the Member State in which registration of the later national mark concerned by the opposition has been applied for, the proprietor of the [EUTM] may benefit from the protection introduced by Article 4(3) of Directive 2008/95 where it is shown that a commercially significant part of that public is familiar with that mark, makes a connection between it and the later national mark, and that there is, taking account of all the relevant factors in the case, either actual and present injury to its mark, for the purposes of that provision or, failing that, a serious risk that such injury may occur in the future”.

59. An EUTM may therefore be known to “a significant part of the public concerned by the products or services covered by that trade mark” in the EU, without meeting that threshold in a particular Member State. Nevertheless, provided that the mark is known to “a commercially significant part of” the relevant public in the relevant Member State concerned, it may be entitled to extended protection in that Member State on account of its reputation in the EU. The distinction is clearer in the French version of the same judgment, which talks of a “commercially non-negligible” part of the relevant public in the Member State being aware of the earlier CTM (now EUTM) and making a link with the later national trade mark. A “commercially non-negligible” part of the relevant public therefore represents a lower threshold than the standard requirement. It follows that the standard requirement must be for more than a non-negligible or minimal level of reputation. This makes sense because s. 5(3) is intended to provide more extensive protection to marks with a certain level of reputation. This suggests that the level of reputation required under s. 5(3) is more than minimal, and probably higher than that which is required in order to support a passing off right under the common law in the UK.

60. Although I have found that the level of use in the UK was adequate for goodwill in the UK, I do not consider that the evidence establishes that the earlier marks had a reputation in the UK. I note that some evidence of advertising and promotion has been

provided and am mindful of the restrictions on distributing such material in the UK. However, as I noted above, UK market share was, at its highest, just 0.3%. I do not consider that a less than half a percent share of the market can properly be considered a significant part of the relevant public.

61. However, there is also the EU position to consider. The opponents' evidence could certainly have been more focused. There is no evidence of advertising in other EU countries, nor is its absence explained by any evidence that the sale and promotion of tobacco products in other EU countries is subject to restrictive legislation. At the hearing, Mr Hollingworth directed me to *Iron & Smith* as authority for a relatively low level of market share serving to establish a reputation in the EU. That case concerned market share of 5% in the UK and 0.2% in Italy. I do not have market share or turnover figures for EU countries other than the UK. Whilst very many cigarettes have been sold, those figures are not, in isolation, of great assistance. However, there is evidence, attributed to independent sources, that "WINSTON" cigarettes held first place in terms of market share in Latvia each year between 2012 and 2015. In the same period, it was number 3 or higher in Spain and at least seventh in seven other EU countries. I am prepared to accept that, on the balance of probabilities, the opponents had a reputation in the EU for cigarettes sold under the "WINSTON" brand.

#### Link

62. My assessment of whether the public will make the required link between the marks must take into account all of the relevant factors. I have already found that the marks have a medium degree of visual and aural similarity, and that the conceptual position will either be that there is a very general level of similarity because both marks are names, or no similarity. I have proceeded on the basis that the goods are identical, and that their purchase will be mainly aural with an average level of attention paid to their selection. The distinctive character of the earlier mark, which has not been enhanced in the UK, is medium. There is no likelihood of confusion. In the absence of more precise evidence, I cannot find that the opponents' reputation is any higher than reasonable.

The reputation is outside the UK. As the extract from *Iron & Smith* reproduced at paragraph 58, above, makes clear, the fact that the earlier marks' reputation is not in the UK is not fatal to the opponents' claim of a link. If a commercially significant part of the public in the UK is familiar with the earlier marks and makes a connection between those marks and the contested mark, the required link may be made out.

63. Notwithstanding the possibility that a commercially significant number of consumers in the UK might be aware of the earlier marks, my view is that the relevant public in the UK would not make the required link between the parties' marks. Even if both marks were perceived as names, the differences are such that I see no reason why one would bring the other to mind. There would be no link. For the avoidance of doubt, even if a reputation in the UK had been established, I do not consider that the required link would be made by the average consumer: the differences between the marks are sufficiently pronounced that the earlier marks would not be brought to mind. The ground is dismissed.

## **Conclusion**

64. The opposition has failed. Subject to appeal, the application will be proceed to registration.

## **Costs**

65. The applicant has been successful and is entitled to an award of costs. Awards of costs are governed by Tribunal Practice Notice ("TPN") 2/2016. No evidence was filed by the applicant, which is reflected in the award below. I award costs to the applicant on the following basis:

Considering the notice of opposition and preparing  
the counterstatement:

£200

Considering the other party's evidence:	£500
Written submissions:	£300
<b>Total:</b>	<b>£1,000</b>

66. I order Japan Tobacco Inc. to pay London Dollar Ltd the sum of **£1,000**. 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 this 24<sup>th</sup> day of September 2018**



**Heather Harrison**  
**For the Registrar**