

**O/117/21**

**TRADE MARKS ACT 1994**

**DECISION ON COSTS**

**IN THE MATTER OF APPLICATION NO. 3274376  
BY BRITISH AMERICAN TOBACCO (BRANDS) LIMITED**

**AND**

**IN OPPOSITION THERETO NO. 412602  
BY JT INTERNATIONAL SA**

## Background

1. This is a decision on costs in relation to an appeal. The parties involved are British American Tobacco (Brands) Limited (“the applicant/appellant”) and JT International SA (“the opponent”). The trade mark in issue (no. 3274376) consists of the word ‘PODS’. It was applied for by the applicant/appellant on 1 December 2017 for a range of goods in class 34, namely *cigarettes; tobacco; cigars, cigarillos; lighters; matches; cigarette paper, cigarette tubes, cigarette filters; pocket apparatus for rolling cigarettes; hand held machines for injecting tobacco into paper tubes*. The opponent opposed the registration claiming that ‘PODS’ was descriptive of the goods for which registration was sought under Sections 3(1)(b) and 3(1)(c) of the Trade Marks Act 1994 (“the Act”) and/or was customary in the relevant trade under Section 3(1)(d) of the Act and thus, registration should be refused.

2. In a decision dated 9 August 2019 (see BL O/463/19), the Hearing Officer upheld in part the opposition under Sections 3(1)(b) and (c) refusing registration for “*cigarettes; tobacco; cigars; cigarillos*” and dismissing the opponent’s claims in relation the remaining goods in the application. The crux of the Hearing Officer’s decision was that the word ‘PODS’ was used or was apt to be used descriptively in relation to electronic cigarettes and that the term ‘cigarettes’ in the application included ‘electronic cigarettes’; the same applied to the terms ‘cigars’ and ‘cigarillos’ in the application.

3. The applicant/appellant appealed to the Appointed Person. In her decision on the appeal (BL O/463/19), Amanda Michael, sitting as the Appointed Person, allowed the appeal for the reasons given at paragraphs 19-21 of her decision, which reads:

“19. In my judgment, the lack of any explanation for the conclusion reached by the Hearing Officer, taken together with the fact that both sides accept that the point was not addressed by either of them in the evidence or submissions made to the Hearing Officer, does amount to an error in her decision. Whilst I had the benefit of submissions from both sides on the issue, with some explanations about the variety of cigarettes/cigarettes substitutes on the market, it seems to me that this is a matter which should be remitted to the Registry for reconsideration by another Hearing Officer. The parties may well wish to file

additional evidence on this issue, and I think it appropriate to leave it to the Registrar to give the necessary directions.

20. I have considered whether I should instead allow the mark to proceed to registration for the amended specification put forward by BAT. Assessing the suitability of a fall-back specification is not lightly undertaken on appeal (see e.g. *Advanced Perimeter Systems v Keycorp ("Multisys")* [2012] RPC 14 and [2012] RPC 15) and in this case I do not think it would be appropriate to take this course. On the one hand, BAT put this forward only as a fall-back, and if 'cigarettes' do not properly include 'electronic cigarettes' it will not need a fall-back. On the other, JT expressed concerns that the proposed fall-back wording was insufficiently clear, given the wide range of devices on the market (or which may come on to the market), so that again evidence may be needed on the fall-back.

21. I will therefore order the application to be remitted to the Registry insofar as it relates to the issue of whether cigarettes, cigars and cigarillos include electronic cigarettes, cigars and cigarillos, and for consideration of any fall-back specification that BAT seeks to pursue if necessary.

22. The costs of the appeal will be reserved to be dealt with by the Registrar."

4. On the same day, Ms Michael remitted the case to the Registrar for reconsideration and ordered that the costs of the appeal be reserved to the Hearing Officer hearing the remitted matter.

5. On 23 October 2020, I wrote to the parties informing them that in order to allow the Registrar to reconsider the issues remitted by Ms Michael, the applicant/appellant was permitted to file evidence of whether the terms 'cigarettes', 'cigarillos' and 'cigars' in the application include 'electronic cigarettes', 'electronic cigarillos' and/or 'electronic cigars'. The letter gave the applicant/appellant a deadline of 23 December 2020 to file evidence and the opponent two months from the receipt of the applicant/appellant's evidence to file evidence in reply, or to make submissions.

6. The applicant/appellant did not file any evidence by the deadline of 23 December 2020. Instead, it did file a Form TM21B on 21 December 2020 requesting the specification to be amended as follows:

*Class 34: Lighters; matches; cigarette paper, cigarette tubes, cigarette filters; pocket apparatus for rolling cigarettes; hand held machines for injecting tobacco into paper tubes.*

7. On 12 January 2021, I wrote to the parties informing them that given that the amended specification no longer contained the terms 'cigarettes', 'cigarillos' and 'cigars', the issue of whether these terms would include 'electronic cigarettes', 'electronic cigarillos' and/or 'electronic cigars' had become redundant. I also confirmed that the opponent was no longer required to file any evidence and that the applicant/appellant's mark would proceed to registration for the amended specification as the opponent did not file any appeal against the findings of the Hearing Officer which allowed the mark to be registered for the goods which are now left in the specification.

8. In my letter, I pointed out that the only point left to be decided was the costs of the appeal, to which my decision would be limited. In this connection, it is worth noting that at first instance the Hearing Officer directed that each party bear their own costs. The parties were invited to provide submissions on costs by 26 January 2021.

9. On 20 January 2021, the applicant/appellant responded briefly by saying that any costs should be awarded in line with the official scale. No response was received from the opponent.

## **DECISION**

10. Section 68 of the Act states as follows:

“(1) Provision may be made by rules empowering the registrar, in any proceedings before him under this Act –

(a) to award any party such costs as he may consider reasonable, and

(b) to direct how and by what parties they are to be paid.

[...]"

11. Rule 67 of the Trade Marks Rules 2008 states as follows:

"The registrar may, in any proceedings under the Act or these Rules, by order award to any party such costs as the registrar may consider reasonable, and direct how and by what parties they are to be paid."

12. In opposition proceedings, the general rule is the unsuccessful party pays a contribution towards the costs of the successful party.

13. Although the balance of success in the opposition is, no doubt, the starting point of my considerations, the circumstances of the case are quite unusual as it is not a black and white case. The applicant/appellant's central claim was that the Hearing Officer had misconstrued the term 'cigarettes' and was incorrect in finding that 'electronic cigarettes' are a sub-set of 'cigarettes'. Whilst the applicant/appellant technically won its appeal, the Appointed Person remitted the case to the Registrar only insofar as it related to the issue of whether 'cigarettes', 'cigars' and 'cigarillos' include 'electronic cigarettes', 'electronic cigars' and 'electronic cigarillos'; thus, there was no finding as to whether 'cigarettes' include 'electronic cigarettes'. Further, as the applicant/appellant has now removed the terms in respect of which it appealed, it is not my function to make an evaluation of the issue of whether 'electronic cigarettes' are a sub-set of 'cigarettes'. It is possible that I might have come to the same conclusion as the Hearing Officer that the term 'cigarettes' encompasses 'electronic cigarettes' (in the which case the applicant/appellant would have lost in defending its application to the same extent as it lost in the decision of Hearing Officer which it had appealed), or it is also possible that I might have made a different finding.

14. In essence, therefore, I consider that although the applicant/appellant won its appeal, an award of costs for the appeal in its favour is not appropriate, because its removal of the contested terms has resulted in the opponent ultimately succeeding in

respect of those terms. The hypothetical outcome of the case if a decision on substance had been issued is, in those circumstances, irrelevant.

15. For completeness I should also mention that, in the absence of any request by the opponent, I do not consider that an award of costs in favour of the opponent is merited. Consequently, each party bears its own costs.

Dated this 23<sup>rd</sup> day of February 2021

T Perks

For the Registrar,

the Comptroller-General