

O/159/20

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO. UK00003346631
BY PREMIUM LEISURE DISTRIBUTION LTD
TO REGISTER THE FOLLOWING MARK:**



IN CLASS 34

AND

**IN THE MATTER OF OPPOSITION THERETO
UNDER NO. 415253
BY THE ACE OF VAPEZ WHOLESALE LIMITED**

BACKGROUND AND PLEADINGS

1. On 18 October 2018, Premium Leisure Distribution Ltd (“the applicant”) applied to register the trade mark shown on the cover page of this decision in the UK. The application was published for opposition purposes on 26 October 2018 and registration is sought for the following goods:

Class 34 Electronic cigarette liquid [e-liquid] comprised of flavorings in liquid form used to refill electronic cigarette cartridges; Electronic cigarette liquid [e-liquid] comprised of flavourings in liquid form used to refill electronic cigarette cartridges; Electronic cigarette liquid [e-liquid] comprised of propylene glycol; Electronic cigarette liquid [e-liquid] comprised of vegetable glycerin.

2. On 25 January 2019, The Ace of Vapez Wholesale Limited (“the opponent”) opposed the application based upon sections 5(2)(b) and 5(4)(a) of the Trade Marks Act 1994 (“the Act”). For the purposes of its opposition based upon section 5(2)(b), the opponent relies on the following trade marks:

THE ACE OF VAPEZ

UK registration no. 3336935

Filing date 7 September 2018; registration date 11 January 2019
 (“the First Earlier Mark”)



UK registration no. 3336936

Filing date 7 September 2018; registration date 11 January 2019
 (“the Second Earlier Mark”)

3. The opponent relies upon the following goods and services for which the earlier marks are registered:

Class 34 Electronic cigarettes; electronic cigarettes for use as an alternative to traditional cigarettes, not including smokeless tobacco; liquid nicotine solutions for use in electronic cigarettes; solutions for use in electronic cigarettes; liquid refills for electronic cigarettes; flavoured liquid refills for electronic cigarettes; flavourings, other than essential oils, for use in electronic cigarettes; cartridges sold filled with chemical flavourings in liquid form for electronic cigarettes; chemical flavourings in liquid form used to refill electronic cigarette cartridges; vaporizing units and pods for smokers; vaporizing units and pods for imitating cigarettes; oral vaporizers for smokers; smokeless cigarette vaporiser pipes; battery-powered, rechargeable portable vaporising units [electronic cigarettes]; battery-powered, disposable portable vaporising units [electronic cigarettes]; disposable and reusable cartridges filled with vaporisable liquid for use with battery-powered, rechargeable portable vaporising units [electronic cigarettes]; holders, cases, boxes and cleaners for electronic cigarettes; imitation cigarette vaporising units; tips of yellow amber for cigar and cigarette holders; tobacco pouches; tobacco pipes; cigarette cases; cigarette holders; cigarettes; mouthpieces for cigarette holders; pipe cleaners for tobacco pipes; lighters for smokers; matches; tobacco; cigarettes containing tobacco substitutes, not for medical purposes; cigarette filters.

Class 35 Retail and wholesale services in connection with the sale and wholesale of electronic cigarettes, electronic cigarettes for use as an alternative to traditional cigarettes, not including smokeless tobacco, liquid nicotine solutions for use in electronic cigarettes, solutions for use in electronic cigarettes, liquid refills for electronic cigarettes, flavoured liquid refills for electronic cigarettes, flavourings, other than essential oils, for use in electronic cigarettes, cartridges sold filled with chemical flavourings in liquid form for electronic cigarettes, chemical flavourings in liquid form used to refill electronic cigarette cartridges, oral vaporizers for smokers, smokeless cigarette vaporiser pipes, battery-powered, rechargeable portable vaporising units [electronic cigarettes], battery-powered, disposable portable vaporising units [electronic cigarettes], disposable

and reusable cartridges filled with vaporisable liquid for use with battery-powered, rechargeable portable vaporising units [electronic cigarettes], holders, cases, boxes and cleaners for electronic cigarettes, imitation cigarette vaporising units, tips of yellow amber for cigar and cigarette holders, tobacco pouches, tobacco pipes, cigarette cases, cigarette holders, cigarettes, mouthpieces for cigarette holders, pipe cleaners for tobacco pipes, lighters for smokers, matches, tobacco, cigarettes containing tobacco substitutes, not for medical purposes, cigarette filters, batteries, chargers and charging cases for electronic cigarettes, parts, fittings and accessories for electronic cigarettes, clothing, footwear, headgear, bags and lanyards.

4. The opponent claims that there is a likelihood of confusion because the respective marks are similar, and the goods and services are identical or similar.

5. For the purposes of its opposition based upon section 5(4)(a), the opponent relies upon the same signs shown in paragraph 2 above. The opponent claims that it has used the signs throughout the UK since 2014 in respect of the goods and services for which the above trade marks are registered.

6. The applicant filed a counterstatement denying the claims made.

7. The applicant was originally represented by Stephens Scown LLP but is now unrepresented. The opponent is represented by Swindell & Pearson Ltd. Only the opponent filed evidence. Neither party requested a hearing and neither party filed written submissions in lieu. This decision is taken following a careful perusal of the papers.

EVIDENCE

8. The opponent filed evidence in the form of the witness statements of Mark Cooper dated 12 July 2019, Shelley Prince dated 11 July 2019 and David John Minall dated 11 July 2019.

9. Mr Cooper is a Director of the opponent. Mr Cooper explains that the opponent was originally established as a family run business in November 2013 and has traded under the name THE ACE OF VAPEZ since May 2014, selling a range of vaporisers, electronic cigarettes, e-liquids, refills and related accessories. Mr Cooper explains that the opponent has over 200 square foot of warehouse space and over 100 employees. Mr Cooper states that the opponent is both a retailer selling direct to the general public, and a wholesaler selling to other businesses. Mr Cooper states that the wholesale side of the business has over 5,000 regular customers.

10. An undated print out from the opponent's website displays the First and Second Earlier Marks in the body of the page and the First Earlier Mark in the website domain name.¹ The website shows a range of e-liquids and batteries and chargers available for sale. It also describes the opponent as "manufacturer, distributor, wholesaler".

11. An undated print out from the opponent's website lists the locations of the opponent's 7 different retail stores and an undated photograph shows the Second Earlier Mark in use on a store front.²

12. Mr Cooper states that the opponent produces its own e-liquid range. Mr Cooper has provided a number of photographs of the opponent's product range and packaging, only of one of which displays the Second Earlier Mark and none of which display the First Earlier Mark.³ I note that one does display the following mark:



¹ Exhibit MC1

² Exhibit MC2

³ Exhibit MC3

13. Mr Cooper states that the opponent has sold over 3 million items under the First Earlier Mark, with sales of 1,198,592 items in 2018 and 1,188,942 in 2017. Between 1 August 2016 and 18 June 2019, the opponent sold 3,184,968 items.⁴

14. A selection of screenshots showing customer orders from the opponent's wholesale business has been provided.⁵ However, these are all undated and do not display the earlier marks in the product description. Mr Cooper has also provided a selection of screenshots from the opponent's social media pages which displays the First Earlier Mark.⁶ Posts date back to May 2018 and the page creation date visible is August 2016.

15. Ms Prince is an Area Manager for the opponent. Ms Prince states that she was originally employed in June 2017 as a Retail Manager based in The Ace of Vapez outlet in Browhills, Walsall. Ms Prince was promoted to the position of Area Manager in February 2018 to oversee the day to day running of six retail locations around the West Midlands.

16. Ms Prince states that she was contacted by one of the opponent's customers enquiring about the "ACE CBD VAPES" product, believing it to be produced by the opponent. A copy of the conversation, which took place via Whatsapp, reads as follows:

"Hi Shelley, I can't find the Ace CBD on your website??"

"Hi Jas, Ace CBD is not actually our CBD range, it has no link to our company – however we do have a cbd range called Northern Lights, available in 4 flavours and a booster that will available in the coming months [...]"⁷

17. Ms Prince has provided copies of two further conversations with customers.⁸ The first reads as follows:

⁴ Exhibit MC4

⁵ Exhibit MC5

⁶ Exhibit MC7

⁷ Exhibit SP1

⁸ Exhibit SP2

“Hey guys I’m interested in your ace CBD vapes liquid, how much is it in store?”

“Morning Abbie, your not the first person to contact us regarding this but ace CBD vapes is not one of ours. [...]”

“Oh sorry I thought you guys made it. Okay, thanks for your help!”

18. The second conversation is accompanied by the following image:



And reads as follows:

“Hi how much is this in store please?”

“We don’t stock this in store I’m afraid we only stock our own range northern lights”

“Oh ok, thought it was one of your own.”

19. Ms Prince states that she has also received telephone calls from customers enquiring about the applicant’s products, in the belief that they are the opponent’s. Ms

Prince states that these took place on 29 April 2019, 7 May 2019, 11 May 2019, 10 June 2019 and 11 June 2019.

20. Mr Minall has worked for the opponent for approximately 2 years. He worked as a lab technician for the first 6 months and was then promoted to marketing and online sales. Mr Minall reiterates that he has received enquiries from customers believing that the applicant's products are the products of the opponent, as well as enquiries from his own friends.

Section 5(2)(b)

21. Section 5(2)(b) of the Act reads as follows:

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

(a)...

(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.”

22. By virtue of their earlier filing dates, the trade marks upon which the opponent relies qualify as earlier trade marks pursuant to section 6 of the Act. As the opponent's marks had not completed their registration process more than 5 years before the application date of the mark in issue, they are not subject to proof of use pursuant to section 6A of the Act.

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.

(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 to mind the earlier mark, 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 and services

24. As it is the opponent's class 34 goods which share the greater degree of similarity with the applicant's goods, I have only reproduced those in the table below. The class 34 specifications for both the First Earlier Mark and the Second Earlier Mark are identical. The competing goods are, therefore, as follows:

Opponent's goods	Applicant's goods
<u>Class 34</u> Electronic cigarettes; electronic cigarettes for use as an alternative to traditional cigarettes, not including smokeless tobacco; liquid nicotine solutions for use in electronic cigarettes; solutions for use in electronic cigarettes; liquid refills for electronic cigarettes; flavoured liquid refills for electronic cigarettes; flavourings, other than	<u>Class 34</u> Electronic cigarette liquid [e-liquid] comprised of flavorings in liquid form used to refill electronic cigarette cartridges; Electronic cigarette liquid [e-liquid] comprised of flavourings in liquid form used to refill electronic cigarette cartridges; Electronic cigarette liquid [e-liquid] comprised of propylene glycol;

<p>essential oils, for use in electronic cigarettes; cartridges sold filled with chemical flavourings in liquid form for electronic cigarettes; chemical flavourings in liquid form used to refill electronic cigarette cartridges; vaporizing units and pods for smokers; vaporizing units and pods for imitating cigarettes; oral vaporizers for smokers; smokeless cigarette vaporiser pipes; battery-powered, rechargeable portable vaporising units [electronic cigarettes]; battery-powered, disposable portable vaporising units [electronic cigarettes]; disposable and reusable cartridges filled with vaporisable liquid for use with battery-powered, rechargeable portable vaporising units [electronic cigarettes]; holders, cases, boxes and cleaners for electronic cigarettes; imitation cigarette vaporising units; tips of yellow amber for cigar and cigarette holders; tobacco pouches; tobacco pipes; cigarette cases; cigarette holders; cigarettes; mouthpieces for cigarette holders; pipe cleaners for tobacco pipes; lighters for smokers; matches; tobacco; cigarettes containing tobacco substitutes, not for medical purposes; cigarette filters.</p>	<p>Electronic cigarette liquid [e-liquid] comprised of vegetable glycerin.</p>
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25. In *Gérard Meric v Office for Harmonisation in the Internal Market*, Case T- 133/05, the General Court (“GC”) stated that:

“29. In addition, the goods can be considered as identical when the goods designated by the earlier mark are included in a more general category, designated by trade mark application (Case T-388/00 *Institut for Lernsysteme v OHIM – Educational Services* (ELS) [2002] ECR II-4301, paragraph 53) or where the goods designated by the trade mark application are included in a more general category designated by the earlier mark.”

26. “Electronic cigarette liquid [e-liquid] comprised of flavorings in liquid form used to refill electronic cigarette cartridges”, “Electronic cigarette liquid [e-liquid] comprised of flavourings in liquid form used to refill electronic cigarette cartridges”, “Electronic cigarette liquid [e-liquid] comprised of propylene glycol” and “Electronic cigarette liquid [e-liquid] comprised of vegetable glycerin” in the applicant’s specification are either self-evidently or *Merit* identical to “liquid nicotine solutions for use in electronic cigarettes”, “solutions for use in electronic cigarettes” and “liquid refills for electronic cigarettes” in the opponent’s specification.

The average consumer and the nature of the purchasing act

27. As the case law above indicates, it is necessary for me to determine who the average consumer is for the respective parties’ goods. I must then determine the manner in which the goods are likely to be selected by the average consumer. 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.”

28. The average consumer for the goods will be a member of the general public aged over 18. The cost of the purchase is likely to be fairly low, and the goods are likely to be purchased reasonably frequently. However, the average consumer will still take various factors into account such as nicotine content and flavour. Consequently, I consider that a medium degree of attention will be paid during the purchasing process for the goods.

29. The goods are normally stored behind a counter and to purchase the goods, the average consumer is likely to request them from a shop assistant. For these purchases, the aural component will, of course, play a role. However, once the request has been made, the average consumer will still have sight of the packaging at the point of purchase, and so visual considerations cannot be discounted. I also recognise that the goods can, in some outlets, be purchased by self-selection. For these purchases, as well as those placed with online retailers, visual considerations will play a greater role in the selection process. However, as advice may still be sought from a sales assistant, aural components cannot be discounted.

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 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. 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.”

31. 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.

32. The respective trade marks are shown below:

Opponent's trade marks	Applicant's trade mark
<p data-bbox="336 689 655 779">THE ACE OF VAPEZ (the First Earlier Mark)</p>  <p data-bbox="311 987 679 1021">(the Second Earlier Mark)</p>	

33. The First Earlier Mark consists of the words THE ACE OF VAPEZ. There are no other elements to contribute to the overall impression, which lies in the combination of these words. The Second Earlier Mark consists of the same text, presented in a stylised font. The words ACE and OF are separated by a device depicting playing cards, with what appears to be an e-cigarette on the top card. The words THE ACE are presented in black on a white background, and the words OF VAPEZ are presented in white on a black background. I consider that the words themselves play the greater role in the overall impression, with the device, font and use of a split background playing a lesser role. The applicant's mark consists of the letters ACE CBD VAPES in white font on a black background. They are presented beneath a large 'ace of spades' device which appears to have the letter 'A' within it. The device is bigger, but the eye is naturally drawn to the element that can be read. I consider the text and device to play a roughly equal role in the overall impression.

Visual Comparison

The First Earlier Mark and the Applicant's Mark

34. Visually, both the First Earlier Mark and the applicant's mark share the word ACE. The First Earlier Mark does, of course, begin with the word THE which is absent from the applicant's mark. However, as suggested by the opponent, this word which is simply being used as the definite article is likely to be attributed little significance by the average consumer. Both marks end in the word VAPEZ/VAPES which will be seen as a reference to the type of goods sold under the marks. The words ACE and VAPES/VAPEZ are separated in the opponent's mark by the word OF, and by the letters CBD in the applicant's mark, which is a point of visual difference between them. The presence of the ace device in the applicant's mark is a further point of visual difference. I consider the marks to be visually similar to between a low and medium degree.

The Second Earlier Mark and the Applicant's Mark

35. Visually, the same differences apply as described for the First Earlier Mark. However, there is the additional similarity that both marks contain devices that relate to playing cards, albeit different devices. The stylisation of the wording is also a point of visual difference between the marks. I consider the marks to be visually similar to a medium degree.

Aural Comparison

36. The opponent's marks will be pronounced identically. Consequently, the same aural comparison applies for both. The opponent's marks will be pronounced THE-ACE-OVV-VAY-PZZ. The applicant's mark will be pronounced ACE-SEE-BEE-DEE-VAY-PZZ. I consider the marks to be aurally similar to a medium degree.

Conceptual Comparison

The First Earlier Mark and the Applicant's Mark

37. The First Earlier Mark will be seen as a play on a reference to the playing card, the Ace of Spades. The word VAPEZ will be seen as a misspelling of the ordinary dictionary word VAPES; a reference to the opponent's goods. The reference to the playing card the Ace of Spades is also likely to be recognised in the applicant's mark, because of the 'ace of spades' device that appears above the text. The meaning of the word VAPES will also apply to the applicant's mark and goods. The point of conceptual difference is the use of the letters CBD in the applicant's mark. For some people, these may be seen as an acronym with no particular meaning. For others, this may be seen as a reference to cannabidiol. I consider the marks to be conceptually similar to between a medium and high degree.

The Second Earlier Mark and the Applicant's Mark

38. I consider that the same meaning will be derived from the Second Earlier Mark as will be derived from the First Earlier Mark. The reference to the Ace of Spades will be reinforced by the playing card device in the Second Earlier Mark. I consider the marks to be conceptually similar to between a medium and high degree.

Distinctive character of the earlier trade mark

39. In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*, Case C-342/97 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 1-2779, 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. Registered trade marks possess varying degrees of inherent distinctive character, ranging from the very low, because they are suggestive or allusive of a characteristic of the goods, to those with high inherent distinctive character, such as invented words which have no allusive qualities. The distinctiveness of the mark can be enhanced by virtue of the use that has been made of it.

41. I have been provided with no market share figures by the opponent. I recognise that the opponent has sold a not insignificant number of products under the earlier marks. However, these numbers, in the context of the market as a whole are likely to represent a relatively low market share. Whilst the opponent has 6 stores, these are all located in a reasonably small area of the UK and so the geographical spread of use is limited. Taking all of the evidence into account, I am not satisfied that the opponent has demonstrated that its marks have acquired enhanced distinctiveness through use.

42. I now turn to consider the inherent distinctiveness of the marks. In this regard, the applicant states as follows:

“The verbal content “Ace” and “Vapes” or “Vapez” is descriptive of the respective goods and/or services.”

43. I accept that the word VAPEZ is clearly a misspelling of the word 'vapes', and that the word VAPES relates to the goods sold by the opponent. However, the mark as a whole will be recognised as a play on the name of a playing card: 'the Ace of Spades'. This has no connection with the goods, although the replacement of the word 'Spades' with the words 'VAPEZ' does, of course, make it clear what goods are being sold under the mark (notwithstanding the misspelling). I recognise that the word 'Ace' may be taken to refer to something or someone that excels in something. However, in the context of the mark as a whole it is the meaning of the word 'ace' as a playing card that will take precedence. Taking the mark as a whole, I see no reason to conclude that it lacks distinctiveness or, indeed, is of low distinctiveness. I consider the First Earlier Mark to be inherently distinctive to a medium degree. The distinctiveness of the Second Earlier Mark is increased by the presence of the device and the stylisation. I consider the Second Earlier Mark to be inherently distinctive to a slightly higher than medium degree.

Likelihood of confusion

44. Confusion can be direct or indirect. Direct confusion involves the average consumer mistaking one mark for the other, while indirect confusion is where the average consumer realises the marks are not the same but puts the similarity that exists between the marks and the goods down to the responsible undertakings being the same or related. There is no scientific formula to apply in determining whether there is a likelihood of confusion; rather, it is a global assessment where a number of factors need to be borne in mind. The first is the interdependency principle i.e. a lesser degree of similarity between the respective trade marks may be offset by a greater degree of similarity between the respective goods and services and vice versa. As I mentioned above, it is necessary for me to keep in mind the distinctive character of the opponent's trade marks, the average consumer for the goods and the nature of the purchasing process. In doing so, I must be alive to the fact 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 that he has retained in his mind.

45. I have found the First Earlier Mark and the applicant's mark to be visually similar to between a low and medium degree, aurally similar to a medium degree and conceptually similar to between a medium and high degree. I have found the Second Earlier Mark and the applicant's mark to be visually and aurally similar to a medium degree and conceptually similar to between a medium and high degree. I have found the First Earlier Mark to have a medium degree of inherent distinctive character and the Second Earlier Mark to have a slightly higher than medium degree of inherent distinctive character. I have identified the average consumer to be a member of the general public who will purchase the goods by both visual and aural means. I have concluded that a medium degree of attention will be paid during the purchasing process for the goods. I have found the parties' goods to be identical.

46. I consider the differences between the marks, particularly the visual and aural differences, to be sufficient to avoid the marks being mistakenly recalled or misremembered as each other. I consider this to be the case notwithstanding the principle of imperfect recollection. I do not, therefore, consider there to be a likelihood of direct confusion.

47. The opponent's evidence suggests that there has been some confusion in the marketplace. Particularly compelling is the evidence which shows that the customer had come into contact with the mark actually applied for and concluded that this must originate from the opponent. However, even without this evidence, it is clear that the fact that both marks will be recognised as references to the Ace of Spades (with the word SPADES replaced with the word VAPEZ/VAPES) when used on identical goods, will lead the average consumer to conclude that they are marks used by the same or economically linked undertakings. The different devices and stylisation (or the absence of any stylisation or devices) are likely to be viewed by the average consumer as alternative marks being used by the same business. For those consumers who recognise the meaning of the letters CBD in the applicant's mark as a reference to cannabidiol, they may view this as the mark used by the opponent for goods containing that substance. I consider there to be a likelihood of indirect confusion.

48. The opposition based upon section 5(2)(b) succeeds in its entirety.

Section 5(4)(a)

49. I now turn to the opposition based upon section 5(4)(a) of the Act. Section 5(4)(a) states as follows:

“5(4) 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”.

50. 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).”

51. There is no suggestion that the applicant has been using its marks prior to the date of the application in issue. The relevant date for assessing whether section 5(4)(a) applies is, therefore, the date of the application i.e. 18 October 2018.

Goodwill

52. The House of Lords in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (HOL) provided the following guidance regarding goodwill:

“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 customers. It is the one thing which distinguishes an old-established business from a new business at its first start.”

53. In *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 (HC), Pumfrey J. stated:

“27. There is one major problem in assessing a passing off claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under s.11 of the 1938 Act (see *Smith Hayden & Co. Ltd's Application (OVAX)* (1946) 63 R.P.C. 97 as qualified by *BALI Trade Mark* [1969] R.P.C. 472). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

28. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date. Once raised, the applicant must rebut the

prima facie case. Obviously, he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of probabilities that passing off will occur.”

54. However, in *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat) Floyd J. (as he then was) stated that:

“[The above] observations are obviously intended as helpful guidelines as to the way in which a person relying on section 5(4)(a) can raise a case to be answered of passing off. I do not understand Pumfrey J to be laying down any absolute requirements as to the nature of evidence which needs to be filed in every case. The essential is that the evidence should show, at least prima facie, that the opponent's reputation extends to the goods comprised in the application in the applicant's specification of goods. It must also do so as of the relevant date, which is, at least in the first instance, the date of application.”

55. Goodwill arises as a result of trading activities. Clearly, the opponent had been trading prior to the relevant date, having sold over 1 million units prior to the relevant date. By February 2018, when Ms Prince was promoted to Area Manager, the opponent already had six retail outlets. Taking the evidence as a whole into account, I am satisfied that the opponent had a reasonable degree of goodwill at the relevant date in relation to the retailing of liquid for e-cigarettes. I consider that both of the signs relied upon were distinctive of that goodwill.

56. The position is far less clear, in my view, in relation to whether the opponent has goodwill for the goods themselves. The photographs of goods provided by the opponent are undated and, in any event, do not display the signs relied upon by the opponent or an acceptable variant of them. Mr Cooper does state that the figures for units sold relate to goods sold under the First Earlier Mark and this evidence is not challenged. On balance, therefore, I find that the opponent did have a reasonable degree of goodwill in relation to liquids for e-cigarettes at the relevant date and that the First Earlier Mark is distinctive of that goodwill.

Misrepresentation and damage

57. 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.”

58. I recognise that the test for misrepresentation is different from that for likelihood of confusion in that it entails ‘deception of a substantial number of members of the public’ rather than ‘confusion of the average consumer’. However, as recognised by Lewison L.J. in *Marks and Spencer PLC v Interflora*, [2012] EWCA (Civ) 1501, it is doubtful

whether the difference between the legal tests will produce different outcomes. Certainly, I believe that to be the case here. The goods for which the opponent has shown goodwill are identical to the applied-for goods. Even in the case of the retail services for which the opponent has goodwill, these will be similar to a medium degree to the applicant's goods due to an overlap in trade channels, user and a degree of complementarity. Taking the closeness of the parties' fields of activity into account, as well as the similarities between the marks and the opponent's reasonable degree of goodwill, I consider that a substantial number of members of the relevant public would be misled into purchasing the applicant's goods in the mistaken belief that they were the goods of the opponent. Damage through diversion of sales is easily foreseeable.

59. The opposition based upon section 5(4)(a) succeeds in its entirety.

CONCLUSION

60. The opposition is successful and the application is refused.

COSTS

61. The opponent has been successful and is entitled to a contribution towards its costs based upon the scale published in Tribunal Practice Notice 2/2016. In the circumstances, I award the opponent the sum of **£1,300** as a contribution towards the costs of the proceedings. This sum is calculated as follows:

Filing a Notice of opposition and considering the applicant's counterstatement	£300
Filing evidence	£800
Official fee	£200
Total	£1,300

62. I therefore order Premium Leisure Distribution Ltd to pay The Ace of Vapez Wholesale Limited the sum of £1,300. This 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.

Dated this 12th day of March 2020

S WILSON

For the Registrar