

BL O/187/20

TRADE MARKS ACT 1994

IN THE MATTER OF UK REGISTRATION NO 3344587  
IN THE NAME OF ALL VAPE LIMITED  
IN RESPECT OF TRADE MARK:

**QIS**

AND

AN APPLICATION FOR A DECLARATION OF THE  
INVALIDITY THEREOF UNDER NO 502577  
BY PHILIP MORRIS PRODUCTS S.A.

## BACKGROUND

1. Trade mark No. 3344587 shown on the cover page of this decision stands registered in the name of All Vape Limited (the proprietor). It was applied for on 10 October 2018 and completed its registration procedure on 5 April 2019. It is registered for the following:<sup>1</sup>

### **Class 9**

Chargers for electronic cigarettes; batteries for electronic cigarettes; parts and fittings for all the aforementioned; all the aforementioned for use with electronic cigarettes and vaping equipment.

### **Class 34**

Electronic cigarettes; cigarettes; smokers' articles; cartridges for electronic cigarettes; liquids for electronic cigarettes; oral vaporisers for smokers; cigarette cases; cigarette boxes; tobacco products; cartomisers; clearomisers; atomisers; tanks for e-cigarettes; bottles for e-cigarettes; parts and fittings for all the aforementioned.

### **Class 35**

Advertising services; retail services for the sale of chargers for electronic cigarettes, batteries for electronic cigarettes, electronic cigarettes, cigarettes, smokers' articles, cartridges for electronic cigarettes, liquids for electronic cigarettes, oral vaporisers for smokers, cigarette cases, cigarette boxes, tobacco products, cartomisers, clearomisers, atomisers, tanks for e-cigarettes, bottles for e-cigarettes and parts and fittings for the aforementioned; information, advisory and consultancy services for all the aforementioned.

### **Class 40**

Custom manufacture of liquids for electronic cigarettes; custom manufacture of electronic cigarettes; custom manufacture of parts and fittings for electronic cigarettes; information, advisory and consultancy services for all the aforementioned.

2. On 25 April 2019, Philip Morris Products S.A. (the applicant) filed an application to have this trade mark declared invalid under the provisions of sections 47(2)(a) (which allow s.5

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<sup>1</sup> *International Classification of Goods and Services for the Purposes of the Registration of Marks under the Nice Agreement (15 June 1957, as revised and amended).*

grounds to apply to registered trade marks) and sections 5(2)(b) and 5(3) of the Trade Marks Act 1994 (“the Act”).

3. The grounds of opposition are:

(i) Under s. 5(2)(b) of the Act because there is a likelihood of confusion between the applicant’s earlier mark and the contested mark used for identical or similar goods and/or services.

(ii) Under s.5(3) of the Act because the applicant’s earlier mark is identical with or similar to the registration, the applicant has a reputation and the use of the later mark would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.

4. The applicant relies upon the following trade marks, goods and services:

<b>Mark details:</b>	<b>Goods and services:</b>
<p><b>IR:</b> 1218246</p> <p><b>IQOS</b></p> <p><b>Priority date:</b> 22 April 2014 (Andorra)</p> <p><b>International registration date:</b> 10 July 2014</p> <p><b>Date of protection in the EU:</b> 17 August 2015</p>	<p><b>Class 9</b> Batteries for electronic cigarettes; batteries for electronic devices that are used for heating tobacco, battery chargers for electronic devices that are used for heating tobacco; USB chargers for electronic devices that are used for heating tobacco; car chargers for electronic cigarettes; car chargers for devices that are used for heating tobacco.</p> <p><b>Class 11</b> Electronic vaporizers; apparatus for heating liquids; apparatus for generating vapor, wired vaporizer.</p> <p><b>Class 34</b> Tobacco, raw or manufactured; tobacco products, including cigars, cigarettes, cigarillos, tobacco for roll-your-own cigarettes, pipe tobacco, chewing tobacco,</p>

	<p>snuff tobacco, kretek; snus; tobacco substitutes (not for medical purposes); smokers' articles, including cigarette paper and tubes, cigarette filters, tobacco tins, cigarette cases and ashtrays, pipes, pocket apparatus for rolling cigarettes, lighters; matches; tobacco sticks, heated tobacco products, electronic apparatus that heat cigarettes; electronic smoking apparatus; electronic cigarettes; electronic cigarettes for use as an alternative to traditional cigarettes; electronic nicotine inhalation devices; vaporizing apparatus for tobacco, tobacco products and tobacco substitutes; smokers' articles for electronic cigarettes; chargers, extinguishers and accessories, parts and fittings for use in connection with electronic cigarettes or apparatus for heating tobacco; electronic rechargeable cigarette cases.</p>
<p><b>EUTM:</b> 017681727</p> <p><b>IQOS</b></p> <p><b>Filing date:</b> 11 January 2018</p> <p><b>Date of registration:</b> 20 August 2018</p>	<p><b>Class 9</b> Charging docks and charging stations for electronic devices that are used for heating tobacco; charging docks and charging stations for electronic cigarettes; portable power supplies for electronic devices that are used for heating tobacco; portable power supplies for electronic cigarettes.</p> <p><b>Class 34</b> Protective oases, decorative covers and carrying cases for electronic cigarettes, tobacco heating devices and electronic &amp;rooking devices; in-car cradles and in-car holders for electronic cigarettes, tobacco heating devices and electronic smoking devices: containers for the disposal of used heated tobacco sticks; cleaners, cleaning utensils and cleaning brushes for electronic cigarettes, tobacco heating devices and electronic smoking devices.</p>

	<p><b>Class 35</b></p> <p>Retail services and online retail services relating to heated tobacco products, electronic cigarettes, electronic smoking devices, electronic devices and their parts for the purpose of heating cigarettes or tobacco; Retail services and online retail services relating to oral vaporizing devices, vaporizers for electronic cigarettes and smoking devices, electronic rechargeable cigarette cases, chargers and charging docks for the aforementioned goods; Retail services and online retail services relating to extinguishers for heated cigarettes and heated tobacco sticks, parts and fittings for the aforementioned goods; Retail services and online retail services relating to liquid nicotine solutions for use in electronic cigarettes, tobacco substitutes (not for medical purposes); Retail services and online retail services relating to smokers' articles, protective cases, decorative covers and carrying cases for electronic cigarettes and electronic smoking devices, cleaning utensils.</p> <p><b>Class 37:</b></p> <p>Maintenance and repair of electronic cigarettes, tobacco heating devices and electronic smoking devices; maintenance and repair of batteries and battery chargers for electronic: cigarettes. tobacco heating devices and electronic smoking devices.</p>
<p><b>UKTM:</b> 3053997</p> <p><b>IQOS</b></p> <p><b>Filing date:</b> 2 May 2014</p>	<p><b>Class 9</b></p> <p>Batteries for electronic cigarettes; batteries for electronic devices that are used for heating tobacco, battery chargers for electronic cigarettes, battery chargers for electronic devices that are used for heating tobacco; USB chargers for electronic cigarettes; USB chargers for electronic devices that are used for heating tobacco; car chargers for electronic cigarettes; car chargers for electronic cigarettes; car</p>

<p><b>Date of registration:</b> 29 August 2014</p> <p><b>Priority date:</b> 22 April 2014 (Andorra)</p>	<p>chargers for devices that are used for heating tobacco; electronic rechargeable cigarette cases, chargers, extinguishers and accessories, parts and fittings for use in connection with electronic cigarettes or apparatus for heating tobacco.</p> <p><b>Class 11</b> Electronic vaporizers; apparatus for heating liquids; apparatus for generating vapor, wired vaporizer.</p> <p><b>Class 34</b> Tobacco, raw or manufactured; tobacco products; including cigars, cigarettes, cigarillos, tobacco for roll your own cigarettes, pipe tobacco, chewing tobacco, snuff tobacco, kretek; snus; tobacco substitutes (not for medical purposes); electronic smoking vaporizers; apparatus for heating tobacco and tobacco products; smokers' articles, including cigarette paper, cigarette tubes, cigarette filters, tobacco tins, cigarette cases, ashtrays, pipes, pocket apparatus for rolling cigarettes, lighters, matches; tobacco sticks, heated tobacco products, electronic devices that heat cigarettes; electronic smoking devices; electronic cigarettes; electronic cigarettes for use as an alternative to traditional cigarettes; electronic nicotine inhalation devices; vaporising devices for tobacco, tobacco products and tobacco substitutes; smoker's articles for electronic cigarettes; chargers, extinguishers and accessories, parts and fittings for use in connection with electronic cigarettes or apparatus for heating tobacco.</p>
<p><b>UKTM:</b> 3177925</p>	<p><b>Class 9</b> Batteries for electronic cigarettes; batteries for electronic devices that are used for heating tobacco, chargers for electronic devices that are used for</p>



**Filing date:**

2 August 2016

**Date of registration:**

28 October 2016

**Priority date:**

12 February 2016 (Khazakhstan)

heating tobacco; USB chargers for electronic devices that are used for heating tobacco; car chargers for electronic cigarettes; car chargers for devices that are used for heating tobacco; battery chargers for electronic cigarettes.

**Class 11**

Electronic vaporizers except electronic cigarettes; apparatus for heating liquids; apparatus for generating vapour.

**Class 34**

Wired vaporizer for electronic cigarettes and electronic smoking devices; tobacco, raw or manufactured; tobacco products, including cigars, cigarettes, cigarillos, tobacco for roll your own cigarettes, pipe tobacco, chewing tobacco, snuff tobacco, kretek; snus; tobacco substitutes (not for medical purposes); smokers' articles, including cigarette paper and tubes, cigarette filters, tobacco tins, cigarette cases and ashtrays, pipes, pocket apparatus for rolling cigarettes, lighters; matches; tobacco sticks, tobacco products for the purpose of being heated, electronic devices and their parts for the purpose of heating cigarettes or tobacco in order to release nicotine-containing aerosol for inhalation; liquid nicotine solutions for use in electronic cigarettes; electronic smoking devices; electronic cigarettes; electronic cigarettes as substitute for traditional cigarettes; electronic devices for the inhalation of nicotine containing aerosol; oral vaporising devices for use by smokers, tobacco products and tobacco substitutes; smokers' articles for electronic cigarettes; parts and fittings for the aforesaid products included in class 34; extinguishers for heated cigarettes and cigars as well as heated tobacco sticks; electronic rechargeable cigarette cases.

5. For the purposes of its invalidation under s.5(3) the applicant relies on the same four trade marks for which it claims a reputation for the following goods and services:

IR: 1218246 for IQOS

**Class 9**

Battery chargers for electronic devices that are used for heating tobacco.

**Class 34**

Heated tobacco products, electronic apparatus that heat cigarettes; electronic cigarettes; vaporizing apparatus for tobacco and tobacco products.

EUTM: 17681727 for IQOS

**Class 35**

Retail services and online retail services relating to heated tobacco products, electronic cigarettes, electronic smoking devices, electronic devices and their parts for the purpose of heating cigarettes or tobacco; Retail services and online retail services relating to oral vaporizing devices, vaporizers for electronic cigarettes and smoking devices, electronic rechargeable cigarette cases, chargers and charging docks for the aforementioned goods; Retail services and online retail services relating to extinguishers for heated cigarettes and heated tobacco sticks, parts and fittings for the aforementioned goods; Retail services and online retail services relating to liquid nicotine solutions for use in electronic cigarettes, tobacco substitutes (not for medical purposes).

UKTM: 3053997 for IQOS

**Class 9**

Battery chargers for electronic devices that are used for heating tobacco.

**Class 34**

Apparatus for heating tobacco and tobacco products; heated tobacco products, electronic devices that heat cigarettes; electronic cigarettes; vaporising devices for tobacco, tobacco products and tobacco substitutes.

UKTM: 3177925 for IQOS (stylised)

### **Class 9**

Batteries for electronic devices that are used for heating tobacco, chargers for electronic devices that are used for heating tobacco.

### **Class 34**

Tobacco products for the purpose of being heated, electronic devices and their parts for the purpose of heating cigarettes or tobacco in order to release nicotine-containing aerosol for inhalation; electronic cigarettes; oral vaporising devices for use by smokers, tobacco products and tobacco substitutes.

6. An earlier trade mark is defined in section 6 of the Act, the relevant parts of which state:

“6.-(1) In this Act an ‘earlier trade mark’ means -

(a) a registered trade mark, international trade mark (UK) or Community trade mark or international trade mark (EC) which has a date of application for registration earlier than that of the trade mark in question, taking account (where appropriate) of the priorities claimed in respect of the trade marks.

(2) References in this Act to an earlier trade mark include a trade mark in respect of which an application for registration has been made and which, if registered, would be an earlier trade mark by virtue of subsection (1)(a) or (b), subject to its being so registered.”

7. The marks relied upon by the applicant are earlier marks, which are not subject to proof of use because, at the date of the application for invalidity, they had not been registered for five years.<sup>2</sup> Consequently, the applicant is entitled to rely on its full specifications for all of the marks relied on.

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<sup>2</sup> See section 6A of the Act (added by virtue of the Trade Marks (Proof of Use, etc.) Regulations 2004: SI 2004/946) which came into force on 5th May 2004.

8. On 24 June 2019, the proprietor filed a counterstatement in which it submitted that the registered mark is dissimilar to the applicant's earlier marks to the extent that the criteria under s.5(2)(b) and 5(3) cannot be satisfied. In addition, the proprietor puts the applicant to proof of its claim to have a reputation in 'vaping cigarettes'.

9. The applicant filed evidence; both parties filed written submissions in lieu of a hearing. Neither party requested a hearing so I make this decision based on careful consideration of the papers before me.

10. The proprietor is represented by Dolleymores. The cancellation applicant is represented by Bird & Bird LLP.

## **EVIDENCE**

### **The applicant's evidence**

#### Witness statement of Paul Graeme Nicholson with exhibits PGN-1 – PGN-9

11. Mr Nicholson is Senior Counsel of Trade Marks, Copyright and Designs at PMI Global Studio Limited, which he describes as 'an affiliate' of the applicant. His witness statement is dated 3 September 2019.

12. Mr Nicholson states that the applicant is a leading international tobacco company, employing 77,000 employees globally. The applicant's products are sold in more than 180 markets to 150 million customers worldwide. In 2017 it reported net revenues of \$28.7 billion. In 2018 the figure was \$29.6 billion. The applicant's portfolio of brands includes six of the top 15 international cigarette brands. In 2017, the applicant had a market share of 28%.

13. In addition to cigarettes, Mr Nicholson submits:

*"[The applicant] is heavily engaged in the development and commercialisation of smoke-free alternatives to cigarettes, which we refer to as 'reduced -risk products (RRPs)'."*

14. Mr Nicholson says of these products:

*“[The applicant] has a range of RRP’s in various stages of development, scientific assessment and commercialisation. [The applicant’s] RRP’s do not burn tobacco or generate any smoke. Rather, they produce an aerosol that contains far lower quantities of harmful and potentially harmful constituents than found in cigarette smoke. Our IQOS system (an electronic tobacco heating device comprising a charger and a battery-operated holder, and specially designed tobacco sticks)...is our leading RRP product.”*

15. He states that the applicant’s IQOS system was launched in Japan in November 2014 and has now obtained 16.6% of the market (which includes combustible cigarettes, but excludes e-cigarettes as these do not contain tobacco).

16. The applicant has dedicated retail stores for IQOS in the UK. The first opened in Soho, London in December 2016. It now has five in London, two in Manchester and three in Bristol. The applicant sells its goods through Sainsburys, Amazon and independent newsagents and retailers.<sup>3</sup> It promotes its goods at trade shows and also sells and advertises IQOS through its website.<sup>4</sup> The applicant’s IQOS system has been featured in a number of international press articles.<sup>5</sup>

17. The applicant’s evidence also includes prints from trade mark registers, annual reports and details of an award in Chicago. I do not intend to summarise the evidence in any more detail here, but I shall refer to the relevant exhibits as necessary in the decision.

## **DECISION**

18. Section 47(2) reads:

“The registration of a trade mark may be declared invalid on the ground-

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<sup>3</sup> See exhibit PGN-5.

<sup>4</sup> See exhibit PGN-6 for prints from the applicant’s blog.

<sup>5</sup> See exhibit PGN-9.

(a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain.”

19. Sections 5(2)(b) and 5(3) read 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,

or there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

(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 Community trade mark, in the European Community) 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.”

### **The cancellation under 5(2)(b)**

20. 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 the earlier mark to mind, is not sufficient;

(j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;

(k) if the association between the marks creates a risk that the public might believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

### **Comparison of goods and services**

21. Some of the contested goods and services are identical to those listed in the specifications for the applicant's earlier marks: for example, electronic cigarettes in class 34 and the chargers for those same goods in class 9. I will make the necessary assessments under the pleaded 5(2)(b) ground based on these goods, but will return to the remaining goods and services later, if necessary.

### **The average consumer**

22. In accordance with the above cited case law (para. 20), I must determine who the average consumer is for the goods at issue and also identify the manner in which those goods will be selected in the course of trade.

23. 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*<sup>6</sup>, 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

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<sup>6</sup> [2014] EWHC 439 (Ch)

court from the point of view of that constructed person. The word ‘average’ denotes that the person is typical. The term ‘average’ does not denote some form of numerical mean, mode or median.”

24. The average consumer for these goods will be a member of the general public who is over the age of 18.<sup>7</sup> The nature of the purchase is likely to be both visual and aural, with a greater emphasis on the visual purchase. This is because, in my experience, electronic cigarettes are usually sold from locked cabinets or shelves behind a counter and are not accessible to the consumer without assistance. However, in contrast with tobacco cigarettes, electronic cigarettes may be promoted through advertising, therefore, the potential for visual confusion still exists. Other smokers’ articles such as, inter alia, chargers will be bought, for the most part, visually, the average consumer encountering the goods and trade marks on a shelf, the internet or in a catalogue. Given the nature of these products which are sold in a range of styles, strengths and flavours, the level of attention paid will be at least average.

### **Comparison of marks<sup>8</sup>**

25. I will begin by comparing the applicant’s UK TM 3053997 for the mark IQOS with the contested mark. The marks to be compared are as follows:

<b>Applicant’s earlier mark</b>	<b>Proprietor’s mark</b>
<b>IQOS</b>	<b>QIS</b>

26. In making a comparison between the marks, I must consider the respective marks’ visual, aural and conceptual similarities with reference to the overall impressions created by

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<sup>7</sup> Tobacco products cannot be sold in England and Wales to anyone under the age of 18, see The Children and Young Persons (Sale of Tobacco) Order 2007, Article 2 which amended s.7 of the Children and Young Persons Act 1933. In Scotland and Northern Ireland the minimum age at which tobacco can be purchased is also 18. Electronic cigarettes are also restricted to those over the age of 18 by s.3 of the Nicotine Inhaling Products (Age of Sale and Proxy Purchasing) Regulations 2015.

<sup>8</sup> The parties’ submissions regarding the similarity between their respective marks can be found in the proprietor’s written submission filed in lieu of a hearing, dated 17 December 2019, paragraphs 5-15; and the applicant’s written submissions filed in lieu of a hearing, dated 17 December 2019, paragraphs 17-34.

them, bearing in mind their distinctive and dominant components<sup>9</sup>, but without engaging in an artificial dissection of the marks, because the average consumer normally perceives a mark as a whole and does not analyse its details.

27. The applicant's marks consist of the four letters IQOS in capital letters with no stylisation. Consequently, the overall impression rests in the mark as a whole.

28. The proprietor's mark consists of the three letters QIS in capital letters with no stylisation. Consequently, the overall impression rests in the mark as a whole.

### **Visual similarity**

29. With regard to visual similarity between the competing marks, the applicant submits:

*"21. The Proprietor's Mark and [the applicant's plain word marks] are highly similar. All letters within the Proprietor's Mark are contained within [the applicant's plain word marks]. Although these three letters have a slightly different order in both marks, the marks have a very similar overall structure. The two consonants (Q and S) are placed in the same sequence in both marks; the letter Q is placed in the first half of the marks, and the letter S is placed at the end of both marks."*

30. The applicant relies on a decision of the General Court (GC) in which it compared the signs CALPICO and CALYPSO, in which it held:

*"In general, in respect of word marks which are relatively short, such as those in this case, the central elements are as important as the elements at the beginning and end of the sign (see, to that effect, Case T-117/02 *Grupo El Prado Cervea v OHIM - Heritiers Debuschewitz (CHUFAFIT)* [2004] ECR-II-0000, paragraph 48)."*

31. The applicant says:

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<sup>9</sup> Sabel v Puma AG, para.23

*“25. ...all the letters forming the Proprietor's Mark are contained in the Earlier Marks. In the Earlier Marks and the Proprietor's Mark the letter Q is followed by a vowel (which is not the vowel U), and the last letter is an S.*

*26. The fact that two of the letters in the Proprietor's Mark appear in a different order to that in the Earlier Marks is insufficient to render the marks in question dissimilar. This is particularly the case given that consumers when purchasing any of the goods at issue will perceive the very similar structure of the marks (as discussed above) and their identical ending.”*

32. The applicant concludes there is a high degree of visual similarity between the parties' respective marks.

33. The proprietor draws my attention to the GC decision in *El Corte Ingles, SA v OHIM*<sup>10</sup>, in which it was held that:

*“81 ... as the Opposition Division and the Board of Appeal rightly held, the consumer normally attaches more importance to the first part of words ... ”*

34. It submits that, *“the case law has also established that slight differences within short marks can completely alter the perception of the public so that those marks are considered dissimilar”* and relies on:

*“The decision in Kruger v OHIM - T-273/02, paragraph 39 [...] where it is stated, ‘... in respect of word marks which are relatively short, such as those in this case, the central elements are as important as the elements at the beginning and end of the sign.’*

*The decision of the CFI in Aventis Pharma SA v OHIM - T-95/07, paragraph 43 stated, ‘... in the case of short marks, where every letter is important, a difference in one letter can modify the perception of those marks.’”*

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<sup>10</sup> T-183/02 and T-184/02

35. The proprietor concludes that the marks are visually dissimilar:

*“9. The Applicant's trade marks begin with the letter, ‘I’ which is, visually, thin and straight. In contrast, the mark in the Registration begins with a rounded letter, ‘Q’ providing a significant visual difference at the beginning of the mark. The central letters of the Applicant's trade marks are visually distinctive. They consist of the letters ‘Q’ and ‘O’ consecutively which creates a highly distinctive double-circle effect. This effect is also present in the stylised version of the Applicant's trade mark even though there is a more angular appearance to the letter ‘Q’. This striking visual effect is not present in The Registration which will be readily apparent to the public.”*

36. Visual similarity rests in the fact that both marks end in S and include a capital letter Q and a capital ‘I’. The visual differences are that the proprietor’s mark is three letters long and begins with ‘Q’. The earlier mark is four letters long, including the letter ‘O’ which does not appear in the contested mark, and it begins with a letter ‘I’. The fact that the letters Q I and S are included in the earlier mark does not lead to a finding of visual similarity when they appear in a different order and with an additional letter O. I disagree with the applicant that the ‘similar structure’ of the marks and their identical ending result in marks which are visually highly similar. I agree with the proprietor that the ‘O’ following ‘Q’ in the earlier marks does give a different visual impression to the proprietor’s mark which has a certain symmetry, being made up of a wide ‘Q’, a narrow ‘I’ and a wide ‘S’. Overall, I find these marks to be visually similar to a low degree.

### **Aural similarity**

37. The applicant submits:

*“30. The Earlier Marks would both be pronounced identically, with the ‘I’ element being pronounced first followed by the ‘QOS’ element. The latter element will be pronounced as ‘KOS’. The marks would therefore be pronounced I-KOS, with the two elements being clearly distinguished. The letter Q is likely to be stressed and the letter S at the end is likely to be to stressed and elongated.*

31. *The Proprietor's Mark contains only one syllable: QIS. The Proprietor's Mark is therefore phonetically highly similar to the QOS element of the Earlier Marks. The Proprietor's Mark and the Applicant's Earlier Marks place added emphasis and stress on the consonants Q and S. This results in a high degree of phonetic similarity.*

32. *Indeed, the only difference truly perceptible to the ear would be the initial I in the Earlier Marks. The elements QOS and QIS have extremely similar sounds."*

38. The proprietor submits that both parties' marks are invented words and so the likely pronunciation of the words must be taken into account. It relies on *Kaul v OHIM*<sup>11</sup> which said:

"...Since it is an invented term which does not correspond to any existing word in a Community language, as long as it has not been registered and used to describe goods, it can only be a matter of its likely pronunciation by the public concerned."

39. The proprietor concludes:

*"13. The marks will be spoken as read from left to right, and as such, the initial letter of the marks will have considerable importance. Due to the differences in these initial letters the beginning of both marks differ aurally. When spoken The Applicant's marks will be pronounced as, 'eyekohss' or, 'ihkohss' whereas The Registration will be pronounced as, 'kiss'. The only aural similarity between the marks is the last letter which has lesser importance than either the beginning or central parts of the marks.*

*14. The marks also differ in their syllables; IQOS consisting of two syllables whereas QIS consists of a single syllable. In light of the above, when considering the marks as a whole they are aurally dissimilar."*

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<sup>11</sup> T-402/07.

40. Both parties submit that the proprietor's mark will be pronounced as a single syllable invented word. I think it is just as likely that the average consumer will, when presented with three letters which neither form a word which is known to them, nor form a misspelling of a word which is known to them, approach the proprietor's mark as an acronym and will sound the letters Q, I and S individually. This is particularly the case here as the Q is not followed by a U, which would be the far more common presentation of a 'Q word' in English. If the average consumer does attempt to pronounce QIS, then it will likely be pronounced 'KISS'. The earlier marks may also be sounded out by their individual letters, or may be pronounced 'I-KOS' as suggested by the proprietor. The high point of aural similarity exists where the consumer attempts to pronounce both marks as words. Even then I find the similarity to be lower than medium. If the proprietor's mark is pronounced as individual letters, as an acronym, which I find just as likely, then the aural similarity is extremely low.

### **Conceptual similarity**

41. The parties submit that both sides' marks have no conceptual meaning and are neutral for the purposes of comparison. I agree.

### **Distinctive character of the earlier marks**

42. In determining the distinctive character of a trade mark and, accordingly, in assessing whether it is highly distinctive, it is necessary to make an overall assessment of the greater or lesser capacity of the trade 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 and services from those of other undertakings - *Windsurfing Chiemsee v Huber and Attenberger*.<sup>12</sup> The distinctiveness of an earlier mark can be enhanced by virtue of the use made of it.

43. The applicant has filed evidence of use of its IQOS marks but, even though its turnover and global business is extremely significant, I do not have any indication of the extent of the reach of its IQOS marks in the UK in particular. No turnover figures have been provided for

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<sup>12</sup> Joined Cases C-108/97 and C-109/97 [1999] ETMR 585.

the UK and there is no evidence of any actual sales in the UK. A global market share figure is provided but that does not assist in an assessment of the UK market. It is clear from the evidence that the applicant has shops in the UK and a UK website and Mr Nicholson confirms that the applicant sells its good through Sainsburys and the Amazon marketplace. However, I have no indication of the extent of those sales. Mr Nicholson provides evidence from press articles relating to the UK business but these only confirm that the applicant makes its goods available in the UK, has business establishments in the UK (confined to London until May 2019) and that it is a large global brand.<sup>13</sup> Consequently, I cannot conclude that the applicant has enhanced the distinctiveness of its IQOS marks in the UK, by the use made of them.

44. In terms of inherent distinctiveness, the earlier IQOS mark has no descriptive or allusive meaning in respect of the goods and services and is possessed of a high degree of inherent distinctive character.

### **Likelihood of confusion**

45. In assessing the likelihood of confusion I must adopt the global approach advocated by case law and take into account the fact that marks are rarely recalled perfectly, the consumer relying instead on the imperfect picture of them he has kept in his mind.<sup>14</sup> I must also keep in mind the average consumer for the goods, the nature of the purchasing process and have regard to 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 vice versa.

46. I am making my initial finding on the basis of identical goods in classes 9 and 34. The marks have a low degree of visual similarity, a lower than medium degree of aural similarity where the consumer pronounces the competing marks as words (extremely low where the consumer pronounces individual letters) and conceptually neutral. I have found the average consumer to be a member of the general public who is over the age of 18 and the level of attention paid to the purchase to be at least average. The purchase may be visual or aural,

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<sup>13</sup> See exhibit PGN-9.

<sup>14</sup> *Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel B.V* paragraph 27

with a greater emphasis on the visual, given the nature of the goods. The earlier mark has a high degree of inherent distinctive character.

47. The types of confusion were explained in *L.A. Sugar Limited v By Back Beat Inc*,<sup>15</sup> by Mr Iain Purvis Q.C., sitting as the Appointed Person:

“16. Although direct confusion and indirect confusion both involve mistakes on the part of the consumer, it is important to remember that these mistakes are very different in nature. Direct confusion involves no process of reasoning – it is a simple matter of mistaking one mark for another. Indirect confusion, on the other hand, only arises where the consumer has actually recognised that the later mark is different from the earlier mark. It therefore requires a mental process of some kind on the part of the consumer when he or she sees the later mark, which may be conscious or subconscious but, analysed in formal terms, is something along the following lines: The later mark is different from the earlier mark, but also has something in common with it. Taking account of the common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark.”

48. In my experience, the average consumer is used to marks which are made up of combinations of letters and is able to distinguish between them. Consequently, the differences between the parties’ respective marks are such that, even where the goods and services are identical and are frequent, low priced purchases, the marks in their totality are sufficiently different that there is no likelihood of direct confusion. The visual differences between the marks are sufficient to avoid the consumer thinking that one mark is the other mark and the same is true with regard to the aural distinctions between the marks.

49. With regard to indirect confusion, there is nothing about either of the marks which would bring the other to mind in a way which would result in the average consumer drawing the conclusion that the goods of one party originated from or are the responsibility of the other. The earlier marks are IQOS, the contested mark is QIS. Neither has a letter sequence which is replicated in the other, they are different lengths with noticeably different beginnings.

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<sup>15</sup> BL O/375/10

Neither would be seen as a natural brand extension of the other. In other words, there would not be indirect confusion between the competing marks.

50. I have made this assessment based on the high point of the opponent's case. Its UK TM 'IQOS', in plain, unadorned text and with no stylisation, allows the mark comparison to be made taking account of fair and notional use of that mark. The opponent's IR and EUTM plain word marks put it in no better position. The relevant market for assessing enhanced distinctiveness is the UK market, so the same assessment applies.

51. The opponent's remaining mark is slightly stylised UKTM 3177925 and accordingly is registered as it appears and is slightly less similar to the opponent's mark than the mark I have already considered.

52. I have based the assessment on identical goods in classes 9 and 34 and have taken account of the full range of purchasing possibilities. Even so, I have found that there will not be a likelihood of confusion. It follows that for a mark which is less similar and/or registered for goods and services are less similar there will be no likelihood of confusion. Accordingly, I do not intend to consider the opponent's other marks or remaining goods and services as they put it in no better position.

### **The opposition under section 5(3) of the Act**

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. In order to get an opposition under this section of the Act off the ground, the applicant must show that it has the necessary reputation in the UK. That requirement is defined in *General Motors, Case C-375/97*, in which the CJEU held:

“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.”

55. In this case, as I have already outlined earlier in this decision, I do not have turnover figures or marketing/advertising spend figures at all. I have global figures for market share and a global worth in US dollars, which whilst considerable, does not allow me to reach conclusions about any particular parts of the applicant’s market. The most I can conclude from the evidence is that the applicant has a significant market in its IQOS brand globally. To what extent that relates to the relevant jurisdictions for this case, I cannot be sure.

56. In addition, even if the applicant were to have demonstrated a reputation for IQOS in the EU (and the evidence does not show that to be the case), it has not been shown that any commercially significant part of the UK public is aware of it. Further, the UK public is used to distinguishing between different combinations of letters in trade marks and the low levels

of similarity between the marks would not be sufficient to result in the necessary link being established, even if the earlier mark had a certain degree of recognition amongst the UK public.<sup>16</sup>

57. The opposition under section 5(3) of the Act fails.

## **COSTS**

58. The cancellation application having failed, the proprietor is entitled to a contribution towards its costs which I award on the following basis, bearing in mind that the proprietor did not file evidence, and the decision was made from the papers:<sup>17</sup>

Preparing the counterstatement and considering the cancellation application:	£400
Preparing and filing submissions:	£400
<b>TOTAL</b>	<b>£800</b>

59. I order Philip Morris Products SA to pay All Vape Limited the sum of £800. These costs should be paid within 21 days of the date of this decision or, if there is an appeal, within 21 days of the conclusion of the appeal proceedings (subject to any order of the appellate tribunal).

**Dated this 20<sup>th</sup> day of March 2020**

**AI Skilton**  
**For the Registrar,**  
**The Comptroller-General**

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<sup>16</sup> Defined in *Adidas Saloman* [2004] ETMR 10 and *Intel* [2009] ETMR 13.

<sup>17</sup> The scale of costs applicable to proceedings before the Comptroller can be found in Tribunal Practice Notice 2/2016.