

O-246-09

TRADE MARKS ACT 1994

**IN THE MATTER OF Application No. 2418511
by The Coca-Cola Company to register
a trade mark in Class 32**

**IN THE MATTER OF Opposition No. 95457
by Pepsi Co, Inc**

**Appeal of the Applicant from the decision of
Mr. M Reynolds dated 19 December 2008**

DECISION

1. This is an appeal against a decision of Mr Mike Reynolds, the Hearing Officer for the Registrar, dated 19 December 2008, BL O/333/08, in which he upheld an opposition to the registration of the mark set out below. The applicant was the Coca Cola Company ("the applicant") and the opponent Pepsi Co, Inc. ("the opponent").

Background

2. On 4 April 2006, The Coca-Cola Company applied to register the mark set out below. The specification of goods now in issue is 'Mineral and aerated waters and non-alcoholic drinks (not including non-alcoholic beer); fruit drinks and fruit juices; syrups and other preparations for making beverages" in class 32. It may not be immediately apparent from the reproduction of the mark below that it consists of the word "zero" in which the 'O' is in a stylised form, which Coca-Cola describes as a vortex device, set on a dark rectangular

background. The vortex device is registered in its own right under as a UK mark under No. 2418513.



At the examination stage, only relative grounds of objection were raised initially; at that stage the specification of goods included beers, and objections were raised on the basis of several earlier marks for beers and non-alcoholic beers which included the word zero. The applicant amended its specification to exclude both beers and non-alcoholic beers. Later, an objection was also raised under sub-sections 3(1)(b) and (c). Following a hearing, the application was allowed to proceed to publication for the more limited specification set out above.

3. In a letter of 18 October 2006 to the Registry dealing with the relative grounds points raised, Howrey LLP, who were then acting for the applicant, said "it is the O Device rather than the word ZERO that, at this time, gives the mark ZERO & O its distinctiveness." Howrey also identified 5 CTMs, 6 international registrations and 7 UK registrations in Class 32, all incorporating the word zero. The Hearing Officer noted that Howrey expressed the view that "[g]iven the number of entries coexisting on the Registers (and presumably in the marketplace) in the names of apparently unrelated third parties which incorporate the word ZERO in Class 32 and that the word ZERO is not particularly distinctive for the claimed goods, the owners have limited rights in the word ZERO alone".

4. On 3 September 2007 Pepsi Co. Inc filed its notice of opposition based on sub-sections 3(1)(b) and (c) of the Act, saying as to 3(1)(b) that the mark consists of the word ZERO, which is devoid of distinctive character for

- beverages, etc., and as to 3(1)(c) that the word ZERO may serve to designate the quality or characteristics of beverages etc, indicating that they contain zero calories, zero sugar etc. It said that the non-verbal elements of the sign are non-distinctive and insufficient to carry the non-distinctive word ZERO over the hurdle of inherent distinctiveness for the purposes of satisfying section 3(1).
5. The applicant's counterstatement denied that the mark consists of the word ZERO, did not admit that the word ZERO is devoid of distinctive character and denied that the non-verbal elements of the mark are non-distinctive or insufficient to satisfy the requirements of section 3(1).
 6. Both sides filed evidence but neither sought a hearing, instead they submitted written submissions.

The Hearing Officer's decision

7. The Hearing Officer summarised the evidence filed and then referred to the public interest underlying sub-section 3(1). He went on:

"20. ... I derive the following main guiding principles from the cases noted below:

 - ..., signs and indications which may serve in trade to designate the characteristics of goods or services are deemed incapable of fulfilling the indication of origin function of a trade mark – *Wm Wrigley Jr & Company v OHIM – (Doublemint)* paragraph 30;
 - there must be a sufficiently direct and specific relationship between the sign and the goods and services in question to enable the public concerned immediately to perceive, without further thought, a description of the category of goods and services in question or one of their characteristics – *Ford Motor Co v OHIM, Case T-67/07*;

- a sign's descriptiveness may only be assessed, first, in relation to the goods or services concerned and, secondly, in relation to the perception of the target public, which is composed of the consumers of those goods or services – *Ford Motor Co v OHIM*;
- it is not necessary that such a sign be in use at the time of application in a way that is descriptive of the goods or services in question. It is sufficient that it could be used for such purposes – *Wm Wrigley Jr v OHIM*, paragraph 32;
- it is irrelevant whether there are other, more usual signs or indications designating the same characteristics of the goods or services. The word 'exclusively' in paragraph (c) is not to be interpreted as meaning that the sign or indication should be the only way of designating the characteristic(s) in question – *Koninklijke KPN Nederland NV and Benelux-Merkenbureau, Case C-363/99 (Postkantoor)*, paragraph 57;
- it is in principle irrelevant whether the characteristics of the goods or services which may be the subject of the description are commercially essential or merely ancillary – *Postkantoor*, paragraph 102."

8. The Hearing Officer's findings in relation to sub-section 3(1)(c) were, in summary, that the presentation of the mark, including in particular the use of the vortex device as the 'O' of the word zero, was not perceptibly different from the bare word, zero. He considered the meaning(s) of the word and concluded at paragraph 44 that the mark consisted exclusively of a sign or indication that could be used to indicate one or more characteristics of the goods in question and so should be refused registration by reason of sub-section 3(1)(c).
9. The lengthy passage in his decision underlying those findings starts with a reference to the comments made by Howrey which I have set out in paragraph 3 above. The Hearing Officer commented:

"21. ... I bear in mind the position adopted by the applicant at the examination stage and the above-mentioned material in reaching my own view of the matter."

He went on:

"22. The parties are at odds as to how the mark should be seen. The opponent's position is that it consists of the word ZERO or (at best) that word with a very slightly stylised letter O. The applicant's position, advanced by Mr Stone in his evidence, is that the mark consists of:

- the letters ZER in a distinctive white font
- a stylised "O", which the applicant refers to as the "vortex device"
- and
- a solid, black rectangle

23. As the opponent points out that analysis does not sit entirely easily with the claim put forward at the ex parte stage (Howrey's letter ...) that "...it is the O Device rather than the word ZERO that, at this time, gives the mark ZERO & O Device its distinctiveness".

24. What matters of course is how the average consumer will see the mark. The applicant (without conceding that ZERO is non-distinctive for non-alcoholic beverages) readily concedes that the combination of elements is intended to represent the word ZERO... I have no hesitation in reaching the view that that is precisely how consumers will see it. But that is not in itself an answer to whether a whole mark analysis suggests that consumers would understand that the mark consisted of other features as well. The point is of importance because, in the context of an objection under 3(1)(c), the question is whether the mark consists 'exclusively' of signs or indications which may serve in trade to designate characteristics of the goods.

25. ... I am unable to agree that the white font is distinctive in any way. ... it seems a perfectly ordinary font. Nor do I accept that the

solid, black rectangle contributes to the distinctive character of the mark. ...

26. The main issue is the role played by the vortex device ... It is not suggested that a vortex device is in itself descriptive or non-distinctive ... the device is registered as a stand alone mark. The question is whether, in the context of the mark applied for, it would be noticed at all or whether, as the opponent says, the very slight stylisation does not create a perceptible difference between the mark applied for and the word ZERO. Hence, in the opponent's view the mark remains descriptive (I deal below with the merits of the word itself).

27. ... The average consumer does not conduct a detailed or forensic examination of labels ... non-alcoholic drinks are not expensive purchases and for that reason as well are unlikely to command high levels of attention to the minutiae of branding.

28. In *Ekabe International SCA v OHIM*, Case T-28/05 the CFI held:

“45 According to the case-law, if, when the overall impression conveyed by the trade mark applied for to the relevant public is examined, a component which is devoid of any distinctive character is the dominant element of that mark, whereas the other figurative and graphic elements of which it is composed are ancillary and do not possess any feature, in particular in terms of fancifulness or as regards the way in which they are combined, which would allow that mark to fulfil its essential function in relation to the goods and services covered by the trade mark application, then the trade mark applied for as a whole is devoid of any distinctive character ... and must be refused registration (see, to that effect, Case C-37/03 P *BioID v OHIM* [2005] ECR I-7975, paragraphs 73 to 75).

46 The same conclusion can be drawn with regard to a trade mark applied for, the dominant element of which, in the overall impression conveyed to the relevant public, consists of a word

element that is wholly descriptive for the purposes of Article 7(1)(c) of Regulation No 40/94, where the figurative elements which that mark contains do not have sufficient impact on the minds of the relevant public to keep their attention, to the detriment of the descriptive word element, or to bestow a distinctive effect on the overall sign in question (see, to that effect, the Opinion of Advocate General Léger in *BioID v OHIM*, point 75)."

29. ... I am not persuaded that the other features of the mark described above make for a totality that is perceptibly different to the word ZERO. It is against that background that I go on to consider the merits or demerits of the word itself.

10. The Hearing Officer then went on to consider at some length whether the word zero was itself objectionable under sub-section 3(1)(c). After carefully consideration, he concluded that much of the evidence was irrelevant or needed to be treated with caution, and summarised his views in paragraph 42:

" ... Bringing the threads of the argument together the position is:

- zero is a well known dictionary word with a clear meaning indicating 'no' or 'not any'
- register searches ... disclosed a material number of marks covering non-alcoholic beverages in Class 32 which incorporate the element ZERO (along with other matter)
- there is no evidence as to use of these marks in the UK but it is an indication that a number of different traders have expressed the intention of using the element ZERO (see *Digipos Store Solutions Group Ltd v Digi International Inc*, [2008] R.P.C. 24 at paragraph 63)

-there is no evidence that ZERO was in use in trade in this country at the date of the application in relation to the goods of the application

-the Asda example was after the relevant date. The zero dosage champagne example was both after the date and for a different type of product

-the way in which the applicant promoted its mark was apt to explain and/or reinforce the descriptive nature of the word ZERO

-the internet searches ...suggest that by early to mid 2008 the concept of zero sugar or zero calorie drinks was sufficiently entrenched that the term zero drinks was being used and would have been understood by consumers without the need for further explanation.

11. Taking into account the natural meaning of the word zero and the evidence, the Hearing Officer concluded that the mark 'could be used to indicate one or more characteristics of the goods in question' and so should be rejected under sub-section 3(1)(c).

12. Moving on to sub-section 3(1)(b), Mr Reynolds cited paragraph 86 of *Postkantoor* and commented:

"47. I have held that the mark applied for is not perceptibly different to the word ZERO and also that the word on its own (that is to say even absent additional descriptive indications such as 'sugar' or 'calorie') designates a characteristic of the goods. A consequence of that finding is that the (b) objection is also made out. However, in the event that, on appeal, I am found to be wrong in relation to either of these points I go on to consider whether a separate objection exists under (b).

48. I approach this ground of objection on the basis of the following principles derived from the ECJ cases referred to below:

- an objection under Section 3(1)(b) operates independently of objections under Section 3(1)(c) – (*Linde AG (and others) v Deutsches Patent-und Markenamt*, Joined Cases C-53/01 to C-55/01, paragraphs 67 to 68);
- for a mark to possess a distinctive character it must identify the product (or service) in respect of which registration is applied for as originating from a particular undertaking and thus to distinguish that product (or service) from the products (or services) of other undertakings (*Linde* paragraphs 40-41 and 47);
- a mark may be devoid of distinctive character in relation to goods or services for reasons other than the fact that it may be descriptive (*Postkantoor* paragraph 86);
- a trade mark's distinctiveness is not to be considered in the abstract but rather by reference to the goods or services in respect of which registration is sought and by reference to the relevant public's perception of that mark (*Libertel Group BV v Benelux Merkenbureau*, Case C-104/01 paragraphs 72-77);
- the relevant public must be deemed to be composed of the average consumer who is reasonably well-informed and reasonably observant and circumspect (*Libertel* paragraph 46 referring to Case C-342/97 *Lloyd Schuhfabrik Meyer*).

49. The applicant's written submissions also refer me to a number of European cases (for instance *Eurocool* Case T-34/00) where it has been held that a minimum degree of distinctive character will suffice to render the ground for refusal inapplicable.

50. Firstly, as regards the mark itself, if it was found that I had underplayed the significance of the presentational features of the mark (the vortex device in particular), then it might be said that the

mark as a whole cannot be said to consist exclusively of indications that serve in trade to designate a characteristic of the goods. The applicant makes the point that it has the vortex device registered as a stand alone mark (under No. 2418513). I have already acknowledged that I can see no objection to the device itself. Does it, therefore, follow that the applied for mark cannot be held to be devoid of distinctive character because it contains an element that has shown itself to be independently registrable?

51. The answer to that will turn on the precise composition of the mark in issue. In BL O-205-04, an application by The Procter & Gamble Company to register a complex composite mark consisting of the words 'Quick Wash action', with the letter Q fashioned into a clockface together with a device of washing tablets and a bubble stream, the applicant was able to point to a pre-existing registration that included those words and the 'clockface Q'. The Registry's hearing officer considered that he was free to reach the decision he did under section 3(1)(b) (to refuse the mark) notwithstanding the prior acceptance of a mark that consisted of elements that were substantially reproduced (but in less prominent form) as part of the mark under consideration. That decision was upheld on appeal. The opponent's written submissions also refer me to a number of Registry decisions where graphical elements of marks have been held to be insufficient to counteract the descriptive impact of words (Cases BL O-281-08, O-116-07 and O-074-08).

52. In other respects I remain of the view that consumers displaying the degree of attentiveness and observation that is to be expected when selecting a low price consumer product may either fail to spot the minor stylistic embellishment to the letter O of ZERO or, if noticed, would not attribute a trade origin message to a feature that would make minimal impact in a retail trading context.

53. Nor do I consider that the mark can escape objection if it is considered that it is too imprecise a term and not descriptive of beverages without the addition of some form of qualification. It was held in *Imperial Chemical Industries plc v OHIM*, case T- 224/07:

“21 For a finding that there is no distinctive character, it is sufficient that the semantic content of the word mark in question indicate to the consumer a characteristic of the goods or service which, whilst not specific, represents promotional or advertising information which the relevant public will perceive first and foremost as such, rather than as an indication of the commercial origin of the goods or service (REAL PEOPLE, REAL SOLUTIONS, paragraphs 29 and 30, and Case T-128/07 *Suez v OHIM* (Delivering the essentials of life), not published in ECR, paragraph 20).”

54. Even if the mark falls short of conveying the requisite level of specificity to support an objection under section 3(1)(c) I would nevertheless hold that it would not be capable of performing the essential function of a trade mark without the relevant public being educated into seeing it that way. On that basis the (b) objection is also made out.”

13. Mr Reynolds found that the objections applied to all the goods in the specification and upheld the opposition, with costs.

Standard of review

14. This appeal is a review of the Hearing Officer's decision. That decision with regard to each of the issues in this case involved a multi-factorial assessment of the kind to which the approach set out by Robert Walker LJ in *REEF TM* [2002] EWCA Civ 763, [2003] RPC 5 at [28] applies:

“In such circumstances an appellate court should in my view show a real reluctance, but not the very highest degree of reluctance, to

interfere in the absence of a distinct and material error of principle. A decision does not contain an error of principle merely because it could have been better expressed."

The Grounds of Appeal

15. In its Grounds of Appeal the applicant complained that the Hearing Officer
- (1) was wrong to rely upon the statements made by Howrey LLP at the examination stage;
 - (2) failed to assess the mark as a whole;
 - (3) misunderstood what is meant by "consists exclusively of signs ..." for sub-section 3(1)(c) or misapplied the concept;
 - (4) erred in finding that the vortex device did not make a perceptible difference to the mark;
 - (5) should not have relied upon *Ekabe*;
 - (6) was wrong to find the word 'zero' itself lacked distinctiveness;
 - (7) made a number of errors in his assessment of the evidence and its relevance; and
 - (8) made similar errors in his assessment of the position under sub-section 3(1)(b).

I shall deal with these complaints in turn.

Merits of the Appeal

16. I have set out at paragraph 4 above the comments made by Howrey during prosecution of the application. The Hearing Officer mentioned in paragraph 21 of his decision that he would "bear [this] in mind ... in reaching my own view of the matter." In paragraph 23 of the decision, the Hearing Officer also referred to the opponent's point that the claimed distinctiveness of the mark "does not sit entirely easily" with Howrey's comments. The applicant argued that the Hearing Officer was wrong to treat those comments as "file wrapper statements," as if they raised some sort of estoppel as to the extent of the

monopoly conferred by the trade mark, which would prevent the applicant from now raising contrary arguments. I was referred to comments made by Jacob LJ in *Phones4u Limited v Phones4u.co.uk* [2007] RPC 5, warning against relying upon the contents of correspondence with the Office to determine the extent of a monopoly right.

17. I do not consider it necessary to decide whether or not those comments in *Phones4u* are relevant to this appeal, for two reasons. First, I do not think that Howrey's comments differ substantially from one of the arguments now made by the applicant, namely that its mark consists of more than just the word 'zero'. More importantly, however, it seems to me that the Hearing Officer did not rely upon Howrey's comment that the word zero is not "particularly distinctive" or that it was the vortex device which gave the mark its distinctiveness, to draw any adverse inference against the applicant on that basis. I accept the opponent's submission that there is nothing in the rest of his decision to indicate that the Hearing Officer relied upon Howrey's statements in any respect in reaching his conclusions, still less used them to short-circuit a proper consideration of the merits of the claim to distinctiveness of the mark. In the circumstances, I do not think it necessary for me to decide whether the Hearing Officer *would* have been entitled to take Howrey's statements into account.
18. The second Ground of Appeal is that the Hearing Officer failed to assess the mark as a whole; the Applicant complained that Mr Reynolds wrongly "dissected" the mark into its various elements and failed to consider it as a whole. It does not seem to me that there is any substance in this complaint. The Hearing Officer made it plain in paragraph 24 that he was carrying out a 'whole mark analysis' and went on to consider the impact of the whole mark on the average consumer. I do not think that he can be criticised for analysing the various elements of the mark identified by the applicant in its own evidence when considering whether the mark consists 'exclusively' of

signs indicating characteristics of the mark for the purposes of sub-section 3(1)(c). On the contrary, I think it a normal process of examination, to look at the various elements in the mark, when assessing the impact of the mark as a whole, see *Develey Holding GmbH & Co Beteteiligungs KG v OHIM*, Case C-238/06, [2008] ETMR 20 at §82 and *Procter & Gamble Company v OHIM*, Cases C-468/01 P to C-472/01 [2004] E.C.R. I-5173; [2004] E.T.M.R. 89 at §44-45. In my view, that is what the Hearing Officer did here, and he committed no error of principle in his approach to the assessment of the mark as a whole.

19. The third to fifth Grounds of Appeal challenged the Hearing Officer's approach to the assessment of the mark under section 3(1)(c), most particularly in his approach to the issue of whether the mark consists 'exclusively' of signs indicating characteristics of the mark.
20. Section 3(1)(c) implements Art.3(1)(c) of the Directive and corresponds to Art.7(1)(c) of Council Regulation 40/94 of 20 December 1993 on the Community trade mark ("the Regulation"). These provisions have been considered by the European Court of Justice in a number of cases, in particular Joined Cases C-108/97 and C-109/97, *Windsurfing Chiemsee Produktions- und Vertriebs GmbH v Boots-und Segelzubehör Walter Huber* [1999] E.C.R. I-2779; Case C-383/99P, *Procter & Gamble Co v OHIM (BABY-DRY)* [2001] E.C.R. I-6251; Joined Cases C-53/01 and C-55/01, *Linde AG v Deutsches Patent- und Markenamt* [2003] E.C.R. I-3161; Case C-191/01P *OHIM v Wm Wrigley Jr Co (DOUBLEMINT)* [2004] E.T.M.R. 9; and Case C-363/99, *Koninklijke KPN Nederland NV v Benelux—Merkenbureau (POSTKANTOOR)* [2004] E.C.R. I-1619; [2004] E.T.M.R. 57 The Court has repeatedly said that the provision serves a public interest, which is to ensure that descriptive terms are free for use by all.

21. Mr Malynicz submitted that the starting point for my consideration of the meaning of section 3(1)(c) should be (despite certain criticisms and subsequent decisions) the judgment of the ECJ in *Baby-Dry*. It seems to me that in the light of the Hearing Officer's findings, the following paragraphs from the Court's judgment are relevant to the appeal under sub-section 3(1)(c):

"39 The signs and indications referred to in Article 7(1)(c) of Regulation 40/94 are thus only those which may serve in normal usage from a consumer's point of view to designate, either directly or by reference to one of their essential characteristics, goods or services such as those in respect of which registration is sought. Furthermore, a mark composed of signs or indications satisfying that definition should not be refused registration unless it comprises *no other signs or indications and*, in addition, the purely descriptive signs or indications of which it is composed are not *presented or configured* in a manner that distinguishes the resultant whole from the usual way of designating the goods or services concerned or their essential characteristics.

40 *As regards trade marks composed of words*, such as the mark at issue here, descriptiveness must be determined not only in relation to each word taken separately but also in relation to the whole which they form. Any *perceptible difference* between the combination of words submitted for registration and the terms used in the common parlance of the relevant class of consumers to designate the goods or services or their essential characteristics *is apt to confer distinctive character on the word combination* enabling it to be registered as a trade mark." [my emphasis]

22. The essential parts (for present purposes) of the ECJ's judgment in *Doublemint* were cited by the Hearing Officer in paragraph 20 of his decision. I note that the Advocate General had suggested (in paragraph 73 of his

Opinion) that the Court might usefully clarify the concept mentioned in paragraph 40 of *Baby-Dry* of 'perceptible difference', but the Court did not do so. *Doublemint* was followed in *Postkantoor*, and again relevant parts of the judgment were cited by the Hearing Officer in paragraph 20. In addition to the paragraphs cited by him, however, it appears to me that paragraphs 98-100 of the decision are relevant here, especially as paragraph 100 did mention 'perceptible difference':

"98. As a general rule, a mere combination of elements, each of which is descriptive of characteristics of the goods or services in respect of which registration is sought, itself remains descriptive of those characteristics for the purposes of Article 3(1)(c) of the Directive. Merely bringing those elements together without introducing any unusual variations, in particular as to syntax or meaning, cannot result in anything other than a mark consisting exclusively of signs or indications which may serve, in trade, to designate characteristics of the goods or services concerned.

99. However, such a combination may not be descriptive within the meaning of Article 3(1)(c) of the Directive, provided that it creates an impression which is sufficiently far removed from that produced by the simple combination of those elements. In the case of a word mark, which is intended to be heard as much as to be read, that condition must be satisfied as regards both the aural and the visual impression produced by the mark.

100. Thus, a mark consisting of a word composed of elements, each of which is descriptive of characteristics of the goods or services in respect of which registration is sought, is itself descriptive of those characteristics for the purposes of Article 3(1)(c) of the Directive, unless there is a perceptible difference between the word and the mere sum of its parts..."

23. Mr Malynicz, on behalf of the applicant, criticised the Hearing Officer for failing to take into account the later decision of the ECJ in Case C 37/03, *BioID*. However, as he of course accepted, *BioID* concerned the absolute grounds for refusal to register contained in Art 7(1)(b) – equivalent to subsection 3(1)(b) – not Art 7(1)(c), the equivalent to 3(1)(c). I do not think that the Hearing Officer's failure to rely upon *BioID* was wrong. On the other hand, the point is complicated by paragraph 28 of the decision, in which the Hearing Officer referred to a passage from another CFI case, T-28/05, *Ekabe v OHIM*, referring to the Advocate General's Opinion in *BioID*. I deal with this point further below.
24. This case of course differs from that considered by the ECJ in either *Baby-Dry* or *Postkantoor* in that the mark in question does not consist of a more-or-less invented word formed by the juxtaposition of shorter words, but consists (as the opponent would have it) of the word zero with an imperceptibly stylised 'O', or (as the applicant says) of the word zero, in a specific font, on a rectangular dark background, with the 'O' formed by the independently distinctive vortex device.
25. It seems to me that this case more closely resembles the facts in Case T-32/00, *Messe München GmbH v Office for Harmonisation in the Internal Mark* [2001] ETMR 13, in which the CFI held that merely representing a descriptive word mark in a particular font did not take it out of Article 7(1)(c).
26. A similar conclusion was reached in the UK case of 'SPAMBUSTER' *Hormel Foods Corp. v Antilles Landscape Investments NV* [2005] RPC 28, which was decided after *Postkantoor* but before the ECJ's decision in *BioID*.¹ In *Hormel*, Richard Arnold QC (as he then was) sitting as a Deputy Judge of the Chancery Division, had *inter alia* to consider whether the mark below (which

¹ Mr Arnold referred to the CFI's decision, later reversed by the ECJ, see his comments in *Sun Ripened Tobacco* (to which I refer below).

also claimed the colours yellow and red as part of the mark) had been registered in breach of section 3(1)(c):



27. Mr Arnold QC found the claims for invalidity and revocation were barred by estoppel/an abuse of process, so that his comments on the merits of those claims were *obiter*. Nonetheless, as one would expect, his summary of the legal position for sub-section 3(1)(c) is helpful. He found that at the relevant date one of the possible meanings of 'spambuster' was descriptive of the services for which the mark was registered and used. Moreover, he found that even though an unusual font had been adopted "the defendant's Mark contains nothing additional to the word SPAMBUSTER, it merely represents that word in one particular manner." (paragraph 142); to allow such a registration would be to "drive a coach and horses through s 3(1)(c)." He went to hold (at paragraph 149):

"the position would be different if the Defendant's Mark was a device mark containing elements additional to the word SPAMBUSTER. If, for example, the Defendant had registered a device comprising SPAMBUSTER in a particular script followed by an exclamation mark and surrounded by an oval, then the mark would not consist exclusively of signs or indications of the kind proscribed by section 3(1)(c). I recognise that in oral use such visual elements would disappear just as much as the fancy coloured font of the Defendant's Mark disappears, which is why I said above that I did not think the Court of Justice's statement in paragraph 99 of *POSTKANTOOR* should be interpreted too widely. Given this, it might be objected that the distinction I have drawn between a stylised word mark and a device mark is illogical. In my view it is logical, since a device is not the same thing as a word.

Whether it is logical or not, however, the distinction seems to me to be one which is dictated by the legislation.

150. Under section 3(1)(c) the question is whether the mark propounded for registration consists exclusively of one or more descriptive signs. If it does, then registration is precluded in the public interest. If the mark is not a word *per se*, then the question is whether or not the visual elements take the sign out of the realm of section 3(1)(c). For the reasons I given, I consider that this depends on whether the visual elements include something additional to the word as opposed to a representation of the word.

”

28. That decision reflected *Cycling IS... trade mark* [2002] R.P.C. 37, an earlier decision of Mr Geoffrey Hobbs QC sitting as the Appointed Person, decided after *Baby-Dry* but before *Doublemint*. There, Mr Hobbs QC held that the presentational elements (especially the three dots) of the “Cycling IS ...” mark were sufficient to take it out of the ambit of section 3(1)(c), since it did not consist exclusively of descriptive matter.
29. In *British American Tobacco (Brands) Inc.’s application, ‘Sun Ripened Tobacco’* BL O/200/08 (4 July 2008), Mr Arnold QC (then sitting as the Appointed Person) said
 - “10. ... In *Hormel Foods Corp. v Antilles Landscape Investments NV* [2005] RPC 28, I held that a mark which would be objectionable under section 3(1)(c) if it was a pure word mark does not cease to be objectionable under section 3(1)(c) if it is presented in a fancy script. I expressed the view that the position would be different if, instead of being merely presented in a fancy script, the mark contained visual elements additional to the word, such as a device, and that in those circumstances the relevant objection to consider would be that under section 3(1)(b) .

11 In my judgment the approach that was suggested at least with regard to section 3(1)(b) in that case is consistent with the subsequent judgment of the European Court of Justice in *Case C-37/03P BioID AG v Office For Harmonisation in the Internal Market* [2007] ECR 1-7975, in which the Court held, in short, that the mark applied for in that case was devoid of distinctive character within the meaning of Article 7(1)(b) of Regulation 40/94/EC on the Community Trade Mark on the basis that the word element was an abbreviation which was descriptive of the goods and services in question and that the additional visual elements did not endow the trade mark applied for as a whole with any distinctive character."

30. In my judgment, the Hearing Officer in this case clearly asked himself the right question in paragraph 24 of his decision, namely whether this mark consists 'exclusively' of signs or indications which may serve in trade to designate characteristics of the goods. However, he went on to pose a rather different question in paragraph 26, namely whether the stylisation of the 'O' in zero created a 'perceptible difference' between the Mark applied for and the word zero. It was because he answered the latter question in the negative that he went on to consider the registrability of the word zero '*simpliciter*' under sub-section 3(1)(c).
31. In my view, the question of whether there is a 'perceptible difference' between the mark in question and terms describing characteristics of the goods etc, is only applicable to word marks; it is the test laid down by the ECJ in *Baby-Dry* and *Postkantoor* to establish whether a word mark consists exclusively of descriptive elements. However, where elements are added to the word or words which are not mere stylisation but properly turn the mark into a device mark, as Mr Arnold QC said in *Hormel*, the proper test under 3(1)(c) is whether, despite those additional elements, the mark still exclusively consists of elements which may designate the characteristics of

- the goods. It seems to me, regrettably, that despite the Hearing Officer's comment in paragraph 24 that this was the question he was going to answer, it was not the issue upon which his decision under subsection 3 (1)(c) turned.
32. Furthermore, it seems to me that the applicant is right to say that there is something of an oddity in paragraph 28 of the decision. The Hearing Officer cited the CFI's decision in Case T-28/05, *Ekabe v OHIM*, although that was an appeal in opposition proceedings which turned upon the alleged similarity of conflicting signs. The CFI considered the question of the overall impression conveyed by the trade marks and in that regard it referred to Article 7(1)(b) and *BioID*. Whilst its summary of the ECJ's findings in *BioID* at paragraph 45 of the CFI judgment is accurate, it is not clear to me why the Hearing Officer referred to *Ekabe* at all when he was dealing with sub-section 3(1)(c). Moreover, the applicant submitted that paragraph 46 of *Ekabe* does not reflect accurately the Advocate General's Opinion in *BioID*, and certainly, at best, it paraphrases part of the Advocate General's Opinion, which was not then reflected in the judgment of the Court. The Hearing Officer's citation of both of those paragraphs of the CFI decision suggests that he relied upon them both and that this contributed to his finding in paragraph 29 of his decision that the 'other features of the mark' (which must be a reference to the vortex device at least) do not 'make for a totality that is perceptibly different to the word zero.' For the reasons given above, it does not seem to me that the decision in *Ekabe* is relevant to the question to be decided under sub-section 3(1)(c). If the Hearing Officer did rely upon it in reaching his conclusion, it seems to me that he was wrong to do so.
33. For both these reasons, it seems to me that the Hearing Officer did err in principle in his application of subsection 3(1)(c), and it is necessary for me to reconsider the issue.

34. The opponent sought to persuade me that this mark cannot properly be described as a compound mark, as it essentially consists of the word zero with minimal, 'barely noticeable' additional features. The Hearing Officer certainly attributed no significance for the purpose of s 3(1)(c) to the choice of font and the background rectangle, and he appears to have thought that the degree of stylisation of the vortex device was too small and insignificant (given the likely fair and normal use of the mark) to distinguish the mark perceptibly from the word zero. The applicant, on the other hand, argued strenuously that the font, the stylisation of the 'O' and the use of the contrasting rectangular background would be readily apparent to the relevant public. It said that the mark did not consist exclusively of the allegedly descriptive word zero.
35. In my view, it would be wrong to say that the mark consists 'exclusively' of the word zero; in my view it is right to view the mark as a device mark (applying the criteria mentioned by Mr Arnold in the passage cited above from *Horme*) which is not exclusively composed of 'descriptive' elements. As a result, whether or not the word zero may designate one or other characteristic of the goods in the specification, the mark should not be refused registration by reason of sub-section 3(1)(c). I would allow the appeal under that sub-section.

Sub-section 3(1)(b)

36. That leaves the objection based on lack of distinctiveness under sub-section 3(1)(b), for whilst it is clear that a mark that falls within section 3(1)(c) is necessarily devoid of any distinctive character under section 3(1)(b) the converse is not always true. A mark which is not objectionable under 3(1)(c) may still lack the requisite distinctive character when assessed under section 3(1)(b) (*Postkantoor*, paragraphs 70, 86).

37. Numerous ECJ decisions (for instance, Case C 37/03, *BioID* and earlier cases like Case C104/01, *Liberte*) indicate that the public interest behind sub-section 3(1)(b) requires that a mark must be able to fulfil its essential function of guaranteeing to the relevant consumer that products bearing it originate from the trade mark owner. In order to perform that essential function, when used in relation to the specified products, the mark must strike the relevant public as indicating the origin of those goods; the mark must be 'origin specific' and not merely 'origin neutral' (*Cycling IS ...*, paragraph 69).
38. It is clear that the additional elements which may suffice to take a mark out of the ambit of 3(1)(c) need not be distinctive in themselves. For the purposes of s 3(1)(b), however, it is necessary to consider whether a compound mark, taken as a whole, has the necessary capacity to distinguish the proprietor's goods from others on the market, and to fulfill the essential function of the mark (again, see *BioID*).
39. The applicant submitted that Mr Reynolds erred in a number of ways in applying sub-section 3(1)(b) to this mark, first in finding that the word zero was devoid of distinctive character, but also in his assessment of the evidence and its relevance.
40. The Hearing Officer's starting point under s 3(1)(b) was his analysis of the capacity of the word zero to fulfil the essential function of the mark, which he had already carried out in relation to sub-section 3(1)(c). Mr Reynolds considered the evidence filed about use of the word zero at some length, but it was said that he had erred in the weight he gave to the evidence, in particular where it dated from after the date of application for the mark and after the applicant commenced using the mark. One particular complaint which the applicant made about the Hearing Officer's summary of the evidence was his reference to paragraph 62 of the decision of Mr Daniel

Alexander QC sitting as a deputy High Court judge in *Digipos* [2008] RPC 24, dealing with the relevance to the issue of the distinctiveness of the parties' marks of a number of third party marks which used the same prefix, 'digi'. The relevant passage in Mr Alexander's judgment is as follows:

"62. In *British Sugar* [1996] RPC 281 at 305 Jacob J said:

"It has long been held under the old Act that comparison with other marks on the register is in principle irrelevant when considering a particular mark tendered for registration, see e.g. MADAME Trade Mark [1966] RPC 541 and the same must be true under the 1994Act."

63. That was said in the context of a case where absolute grounds were relied on as the basis for refusing registration. However, in the present case, this material is not relied on in support of an argument that a mark which shares characteristics with those already registered should, for that reason, also be registered: the register is not relied on for its precedent value, in my judgment, rightly so. The register is not in this case deployed to show actual use of the marks recorded there either: for that purpose too, it would be of limited, if any, evidential value. Instead, the register is relied upon to show that, as a matter of fact, a significant number of traders have expressed the intention of using (and *maybe* using) the prefix DIGI- as part of a mark in relation to class 9 goods which (one is invited to infer, in the absence of detailed specifications) involve a digital or computer-related element. It does not seem to me to be illegitimate, as a matter of principle, to deploy material of this kind for that limited purpose"

41. The applicant took issue with the Hearing Officer's reference to that passage in *Digipos*, suggesting that it was wrong as a matter of law and inconsistent

with *British Sugar*, and that the Hearing Officer was wrong to place any reliance upon the mere existence of third party marks including the word zero. I do not accept the criticism either of that passage in *Digipos* or of the Hearing Officer's approach to the evidence that there were 'a material number' of earlier marks for goods in class 32 which incorporated the 'element' zero. The applicant commented that there was no evidence of use of the word alone as a trade mark, but that was not the point drawn from the Register by the Hearing Officer. It does not seem to me that it was a material error for the Hearing Officer to take into account the existence of those earlier marks to the limited extent he did, as an aid to deciding whether the word lacked distinctive character.

42. In my view, the Hearing Officer summarised the evidence fairly and carefully. Moreover, it is clear from paragraphs 35-37 of the decision that he had firmly in mind the need to consider the impact of the word zero in relation to the relevant goods at the date of the application to register the mark, and that he might look at later evidence only to the extent that it reflected the position at the relevant date (following Case C-192/03, *Alcon*). He concluded that it was reasonably foreseeable at the date of the application that the word might be used descriptively. The applicant objected to that conclusion in particular because it said that the use of the word zero by third parties after the relevant date was other than as a trade mark, and was consistent with emulation of Coca-Cola's use of the word. However, I do not think that the Hearing Officer thought otherwise; significantly, he had accepted the applicant's uncontested evidence that no other trader was offering soft drinks under a mark including the word zero prior to the date of the application. He specifically mentioned both the date issue and the emulation issue in paragraph 35 of the decision. As a result, I am not persuaded that there is any material error in this part of the decision.

43. The applicant also criticised the Hearing Officer's reference to the manner of use of the mark by the applicant, as shown in the evidence, because it said that he should have considered it in notional fair use, without 'competing visual stimuli.' I consider that the Hearing Officer's comments in paragraph 27 relate to the non-contentious point that the mark must be assessed from the viewpoint of the average consumer, who will not carry out a detailed examination of the labelling on a product of this sort. I do not think that there is anything in the point.
44. As to whether the word was descriptive, the Hearing Officer considered *Doublemint* and the contrasting CFI decision in Case T-67/07 *Ford*. He concluded that the question he had the answer was whether 'zero [is] simply too imprecise to act as a description of a characteristic of the goods?' The applicant did not criticise the formulation of the question, but argued that zero cannot be said to describe a characteristic of the goods because describing a beverage as 'a zero beverage' tells one nothing about it. The Hearing Officer applied *Doublemint*, citing paragraph 32 of the judgment of the ECJ to the effect that it does not matter that a word is not currently in use to describe goods, nor that there are several alternative meanings of the word in relation to the goods, as long as at least one of them could be used to designate a characteristic of the goods. He thought that there were a number of possible meanings of the word zero in relation non-alcoholic beverages. In my view, that was a conclusion which was open to him; zero could for instance refer to 'zero alcohol', 'zero sugar' or 'zero calories.' The applicant argued that this ambiguity saves the word from being descriptive, because it results in the word having no descriptive meaning, but in my view it was open to the Hearing Officer to make the finding he did. It seems to me that with regard to this ground for appeal, the Applicant is inviting me to substitute my own view for that of the Hearing Officer.

45. In any event, Mr Reynolds was careful to go on to consider the position under subsection 3(1)(b) specifically on the basis that it might be said that he had 'underplayed' the significance of the presentational features of the mark, and in particular the vortex device. The applicant complained that he had erred in giving inadequate weight to the visual elements of the device; it argued that it was illogical to accept that the vortex device was individually distinctive yet find that a mark which included it was devoid of distinctive character.
46. It does not seem to me, however, that there is anything wrong with the approach taken by the Hearing Officer. As a matter of principle, one must assess a mark overall, so even if parts of it might not be devoid of distinctive character if used alone, they may have too little impact on the mark as a whole to confer distinctive character overall. It seems to me that this was the assessment Mr Reynolds carried out here.
47. In paragraph 51 of his decision he considered the decision in BL O/205/04, *Quick Wash action*. There both the Hearing Officer and Mr Geoffrey Hobbs QC, the Appointed Person who heard the appeal, held that a mark for washing tablets including the descriptive words 'Quick wash action' was devoid of distinctive character despite the use of an independently registered clock-face device for the Q of 'Quick.'
48. I drew the attention of the parties to the decision of Mr Arnold QC sitting as the Appointed Person in BL O/200/08 *Sun Ripened Tobacco*, another case in which the issue was whether device elements endowed an otherwise descriptive word mark with distinctive character, albeit the device there was also found to be descriptive. The applicant argued that the decision showed that the question is whether the use of the vortex device made a distinctive difference, both in the sense of that element being distinctive in itself and in the sense of whether it endows the sign overall with distinctive character. It

seems to me that whilst the vortex device may have been considered sufficiently distinctive on its own to achieve registration, it does not necessarily follow that using the device within the current mark to replace the 'O' of the word zero either makes the 'O' the most distinctive part of the mark or endows the whole mark with distinctive character.

49. The Hearing Officer was required to and did consider whether the combination of those elements produced a mark that would – overall - be perceived by the average consumer as a badge of origin. Rather as in *Quick Wash Action*, here Mr Reynolds thought that the use of the vortex device in place of a standard 'O' was too minor an embellishment to be perceived by the average consumer of the relevant goods, or, if noticed, to carry an origin specific message. That seems to me to be a conclusion which was open to him, given the rather subtle stylisation of the 'O' which would be likely to be seen just as the final letter of the word "zero". The banality of the other features of the mark could not, following *BioID*, add any origin specific message to the mark. For these reasons, it does not seem to me that there is any error of principle underlying the conclusion which Mr Reynolds reached in paragraph 52 of his decision. Again, with regard to this ground for appeal, the Applicant is inviting me to substitute my own view for that of the Hearing Officer.

50. The applicant's final point was to complain that the Hearing Officer erred in his reference, in paragraph 53 of his decision to *ICI v OHIM*, Case T-224/07, on the basis that the latter decision was one which turned upon the laudatory nature of the word or slogan mark at issue there. That is so, but of course marks may be rejected for lack of distinctive character for a variety of reasons, and Mr Reynolds here was not suggesting that 'zero' is a laudatory word, merely that he considered it to lack distinctive character even if it was deemed an imprecise term. I do not think that his reference to the CFI's

decision vitiates the conclusion he had already reached and expressed in paragraph 52 of his decision.

51. In the circumstances, the appeal fails in relation to the Hearing Officer's findings under s 3(1)(b) and the opposition succeeds on that basis. I am grateful to both counsel for their helpful submissions.

52. It seems to me that costs should follow the event, but should reflect the fact that the appeal was partially successful. Mr Reynolds ordered the applicant to pay the opponent the sum of £1400 as a contribution towards its costs below. That sum should be reduced accordingly, but a further amount should be added to reflect the appeal costs. In the circumstances, it seems to me that it is appropriate to order that the applicant pay the opponent the sum of £1500 as a contribution towards its costs of the appeal and below, such sum to be paid 21 days from today.

Amanda Michaels
17 August 2009

Mr Simon Malynicz instructed by Messrs Simmons & Simmons appeared for the applicant.

Miss Denise McFarland instructed by Messrs. D Young and Co appeared for the opponent.