

TRADE MARKS ACT 1994

**IN THE MATTER OF TRADE MARK APPLICATION
3274376 FOR 'PODS' IN CLASS 34
BY BRITISH AMERICAN TOBACCO (BRANDS) LIMITED**

**AND IN THE MATTER OF OPPOSITION NO. 412602
BY JT INTERNATIONAL SA**

**AND IN THE MATTER OF AN APPEAL AGAINST THE DECISION OF
MS HEATHER HARRISON DATED 9 AUGUST 2018**

DECISION

1. This is an appeal from a decision, BL O/463/19, of Ms Heather Harrison on behalf of the Registrar, in which she upheld in part the opposition to a trade mark application in the name of British American Tobacco (Brands) Limited ("BAT") which had been brought by JT International SA ("JT") on the basis of section 3(1)(b), 3(1)(c) and 3(1)(d) of the Trade Marks Act 1994 ("the Act"). BAT appeals, saying that the Hearing Officer had reached a conclusion which no reasonable tribunal could have reached on the facts and alleging procedural unfairness.

Background

2. On 1 December 2017, BAT applied to register **PODS** as a trade mark for

Class 34 Cigarettes; tobacco; cigars, cigarillos; lighters; matches; cigarette paper, cigarette tubes, cigarette filters; pocket apparatus for rolling cigarettes; hand held machines for injecting tobacco into paper tubes; tobacco products; tobacco substitutes (not for medical purposes); smokers' articles; electronic cigarettes;

liquids electronic cigarettes; tobacco products for the purpose of being heated; electronic devices and their parts for the purpose of heating cigarettes or tobacco.

3. On examination, a partial objection was raised under sub-sections 3(1)(b) and (c) on the basis that the sign was descriptive of some of the goods in the specification, so that the specification proceeded to publication only in respect of:

Class 34 Cigarettes; tobacco; cigars, cigarillos; lighters; matches; cigarette paper, cigarette tubes, cigarette filters; pocket apparatus for rolling cigarettes; hand held machines for injecting tobacco into paper tubes

4. JT opposed the application on the basis of sections 3(1)(b), 3(1)(c) and 3(1)(d) of the Trade Marks Act 1994 (“the Act”).
5. Both sides filed evidence and a hearing took place by video conference on 26 June 2019. The decision of 9 August 2019 upheld the opposition in part. The application was refused for cigarettes, tobacco, cigars and cigarillos. BAT appealed.
6. The Hearing Officer made a number of findings which it is necessary to scrutinise on this appeal. First, she found that “cigarettes” includes “electronic cigarettes”:

“29. The parties did not address me in detail on the extent to which “cigarettes” is a term which includes electronic cigarettes. The applicant’s position is that the opponent’s evidence in chief concerns e-cigarettes and e-liquids and, as a consequence, does not relate to goods in the contested specification. I do not agree with Mr Sheraton that “cigarettes” in the contested specification does not include within it electronic cigarettes. I acknowledge that such a distinction appears to have been drawn at examination stage. My view is, however, that the average consumer will consider that electronic cigarettes are a subcategory of cigarettes at large and that electronic cigarettes are, therefore, relevant goods in this assessment. This conclusion is reinforced by the Oxford English Dictionary definition of “cigarette” as not only “a thin cylinder of finely cut tobacco rolled in paper for smoking” but also “an object similar to a cigarette containing a narcotic or herbal substance”.
7. She went on to consider the extent to which “pods” was used or was apt to be used descriptively in relation to electronic cigarettes (references removed):

“31. In terms of the evidence provided by the opponent, much is not specific to the UK. The article from the applicant’s own website refers to a tobacco “pod” through which vapour passes. The site is not clearly directed to the UK but nor has the applicant denied that this page appeared on its UK website. There are prints from the UK sites www.electroniccigstore.co.uk, www.ecigclick.co.uk, www.ukecigstore.com and www.vapecub.co.uk, all of which refer to pod vaping/pod systems and/or pods for use with electronic cigarettes. All are said to be from before the relevant date, which has not been challenged, and I note that, where a date is visible, it is either 2016 or 2017. There is also evidence from after the relevant date of “pod” being used in a similar way.

32. Further, there is some evidence that cigarette pods may not only contain e-liquids or nicotine solutions but that tobacco can be presented in capsules or pods, for use with “heat not burn” technology. I have already acknowledged that the print of the applicant’s website is not explicitly focused on the UK but I note that this is not the only instance of such technology referenced in the opponent’s evidence: it is noted in the www.vapecub.co.uk web print. It is also the case that actual descriptive use is not required to sustain an objection under s. 3(1)(c). See, for example, *OHIM v Wrigley (“Doublemint”)*, Case C-191/01.

33. Bearing in mind what I consider to be a commonly understood meaning of the word “pod”, combined with the use which has been demonstrated in relation to capsules for electronic cigarettes, themselves frequently described as “pod” systems, and the rapid advances in technology in this sector over the last several years, my view is that “PODS” is a sign which may serve in trade to designate a characteristic of cigarettes and tobacco, i.e. that the goods use or are available in pods. I consider that the same applies to cigars and cigarillos. Although there is no evidence that liquid or tobacco pods are currently used with electronic cigars or cigarillos, I see no reason why e-cigars or e-cigarillos would not be available with similar technology. The term is, therefore, liable to be used by undertakings in the future to describe such goods.

...

35. There is no evidence of “PODS” (or “pod”) being used in relation to the remaining goods. Nor does the term seem apt to describe either the goods or any characteristic of them. ... my finding is that there is an insufficiently direct and immediate association between the word “pods” and those goods to sustain the objection under s. 3(1)(c).”

8. At paragraph 36 the Hearing Officer remarked that BAT had been advised that it might file a fall-back specification, but had not done so.
9. At paragraph 38, the Hearing Officer found that the same reasoning would apply to the s 3(1)(b) objection. However, at paragraph 41, she found that the evidence was

insufficient to establish that PODS had become customary in the trade for any of the goods at the relevant date, so the s 3(1)(d) objection failed.

Grounds of Appeal

10. BAT's appeal was restricted to challenging the Hearing Officer's findings in relation to cigarettes, cigars and cigarillos. The refusal to register the mark for tobacco was not appealed. The issue, according to BAT, arose from paragraph 33 of the Decision in which the Hearing Officer said that as use had been shown of the word POD in relation to capsules for electronic cigarettes ("pod systems"), 'PODS' was a sign which may serve in trade to designate a characteristic of cigarettes and tobacco. Whilst BAT did not seek to overturn the decision in so far as it related to electronic cigarettes or tobacco, accepting for the purposes of the appeal that "PODS" is descriptive of them, it did challenge the finding that "cigarettes" encompasses e-cigarettes. It accepted that cigarettes and e-cigarettes are similar goods, but denied that they are identical.

11. The Grounds of Appeal raised three main points:
 - a. The Hearing Officer misconstrued the term "cigarettes." She gave the wrong interpretation to the specification in finding that electronic cigarettes are a sub-set of cigarettes. That point had not been in contention between the parties, no submissions were made to her about the point, nor was the OED definition upon which she relied put to the parties. Hence, there was procedural unfairness.
 - b. The same error was said to apply to her findings on cigars and cigarillos, as to which there was no evidence.
 - c. Alternatively, the Hearing Officer should have invited BAT to file a revised specification. BAT suggested that an appropriate specification would read "cigarettes (not including e-cigarettes), cigars (not including e-cigars); cigarillos (not including e-cigarillos)."

12. JT filed a Respondent's Notice, but this did not, to my mind, identify any additional or different reasons supporting the Hearing Officer's decision. I need not refer to it further.

Nature of the appeal

13. This appeal is by way of review. The principles applicable on an appeal of this kind were considered in detail by Daniel Alexander QC sitting as the Appointed Person in *TT Education Ltd v Pie Corbett Consultancy Ltd* (BL O/017/17) at [14]-[52] and his conclusions were approved by Arnold J in *Apple Inc V Arcadia Trading Limited* [2017] EWHC 440 (Ch):

“(i) Appeals to the Appointed Person are limited to a review of the decision of Registrar (CPR 52.11). The Appointed Person will overturn a decision of the Registrar if, but only if, it is wrong (Patents Act 1977, CPR 52.11).

(ii) The approach required depends on the nature of decision in question (*REEF*). There is spectrum of appropriate respect for the Registrar's determination depending on the nature of the decision. At one end of the spectrum are decisions of primary fact reached after an evaluation of oral evidence where credibility is in issue and purely discretionary decisions. Further along the spectrum are multi-factorial decisions often dependent on inferences and an analysis of documentary material (*REEF, DuPont*).

(iii) In the case of conclusions on primary facts it is only in a rare case, such as where that conclusion was one for which there was no evidence in support, which was based on a misunderstanding of the evidence, or which no reasonable judge could have reached, that the Appointed Person should interfere with it (*Re: B* and others).

(iv) In the case of a multifactorial assessment or evaluation, the Appointed Person should 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. Special caution is required before overturning such decisions. In particular, where an Appointed Person has doubts as to whether the Registrar was right, he or she should consider with particular care whether the decision really was wrong or whether it is just not one which the appellate court would have made in a situation where reasonable people may differ as to the outcome of such a multifactorial evaluation (*REEF, BUD, Fine & Country* and others).

(v) Situations where the Registrar's decision will be treated as wrong encompass those in which a decision is (a) unsupportable, (b) simply wrong (c) where the view expressed by the Registrar is one about which the Appointed Person is doubtful but, on balance, concludes was wrong. It is not necessary for the degree of error to be 'clearly' or 'plainly' wrong to warrant

appellate interference but mere doubt about the decision will not suffice. However, in the case of a doubtful decision, if and only if, after anxious consideration, the Appointed Person adheres to his or her view that the Registrar's decision was wrong, should the appeal be allowed (*Re: B*).

(vi) The Appointed Person should not treat a decision as containing an error of principle simply because of a belief that the decision could have been better expressed. Appellate courts should not rush to find misdirections warranting reversal simply because they might have reached a different conclusion on the facts or expressed themselves differently. Moreover, in evaluating the evidence the Appointed Person is entitled to assume, absent good reason to the contrary, that the Registrar has taken all of the evidence into account. (*REEF, Henderson and others*)."

I have these principles in mind on this appeal.

Merits of the appeal

14. The key finding which BAT sought to overturn on this appeal was the Hearing Officer's finding at paragraph 29 of her Decision that "cigarettes" includes a sub-category of electronic cigarettes. Despite the comment at paragraph 29 of the decision ("The parties did not address me in detail on the extent to which "cigarettes" is a term which includes electronic cigarettes.") I was told that this point was not addressed below, in the submissions or in the evidence, nor was it addressed at the hearing. Mr Sammon for JT very properly agreed with Mr Sheraton for BAT that it was not directly put forward. This was, I think, because the parties concentrated in their evidence upon the question of the registrability of PODS for traditional cigarettes, rather than upon electronic cigarettes, because the term 'electronic cigarettes' had already been removed from the specification before publication. The closest they got to raising this point was where, in its skeleton argument, BAT pointed out that PODS had to be assessed by reference to the goods in the specification applied for, and said that JT's evidence about e-cigarettes was therefore irrelevant. That may be so, but it is not exactly the issue now raised, as to whether the term cigarettes includes e-cigarettes.
15. BAT submitted first of all that the fact that both cigarettes and electronic cigarettes were included in the specification applied for shows that the two are not identical, especially as both terms have been included in Class 34 since 2013. It pointed out that

the most recent version of the Nice Classification now lists them separately in the class heading, although the version in force when the application was made did not do so. I am not persuaded that this necessarily shows that the terms do not overlap. There are other examples of overlapping elements in the same class, as well as other examples of class headings which include terms which may be said to fall within other terms also listed in the class heading, such as ‘non-alcoholic beverages’ and ‘mineral waters’ in Class 32. I note that the current explanatory notes for Class 34 suggest that electronic cigarettes fall into Class 34 because they are a substitute for traditional cigarettes, but I am not convinced that this provides a clear answer to the point raised by BAT.

16. BAT also drew my attention to a decision of the EUIPO’s 5th Board of Appeal in a case in which it again was in dispute with JT, R 2105/2018-5 of 28 March 2019. The marks at issue were PLOOM TECH PODS and NEO-PODS. The Board of Appeal found that electronic cigarettes were identical to tobacco products and smokers’ articles, but only similar to cigarettes. However, the decision does not make it clear whether the parties had filed evidence on the issue now raised, whilst the decision was not drawn to the Hearing Officer’s attention.
17. BAT’s second point was to contend that the proper definition of a cigarette was “a thin cylinder containing finely-cut tobacco, which contains paper and is for smoking.” That definition appears to me to be the same as the first part of the OED definition cited by the Hearing Officer in paragraph 29. BAT argued that such a definition excludes e-cigarettes because they are not for smoking - nothing catches fire and no smoke is produced. In some electronic devices, tobacco is heated to produce a vapour, but according to BAT these are not “cigarettes” because they do not burn tobacco and no smoke is produced. BAT argued that smoke and vapour are different, whilst JT submitted that the average consumer would not necessarily perceive them as different.
18. In my judgment, the main difficulty with the view expressed by the Hearing Officer at paragraph 29 (that the average consumer would consider electronic cigarettes to be a

sub-category of cigarettes) is that she did not give any explanation of the reasoning which led her to that conclusion. If she was basing her view on the evidence before her, she did not identify which parts of the evidence led her to that view. She said that the definition in the OED confirmed her view, but again did not say which limb of the dictionary definition she felt supported her own view. It is not clear to me which part of that definition would include an electronic cigarette, as the first limb of the definition calls for the cigarette to contain paper and the second for it to contain a “narcotic or herbal substance.” The second limb might be a proper description of an electronic cigarette (as an object similar to the first kind of cigarette) if nicotine is a narcotic or herbal substance, but so far as I can see the latter question was another point not addressed in the parties’ evidence or submissions.

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

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

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

Amanda Michaels
The Appointed Person
30 April 2020

MR. HIROSHI SHERATON (of Baker & McKenzie LLP) appeared for the Appellant.

MR. MATTHEW SAMMON (of Sonder IP) appeared for the Respondent.