TRADE MARKS ACT 1994 **BLO/777/21**

IN THE MATTER OF UK REGISTRATION NO 3374996 IN THE NAME OF LYPHE SUBCO LIMITED

AND IN THE APPLICATION FOR INVALIDITY NO CA000502868 THERETO IN THE NAME OF CBD WELLNESS LIMITED

AND IN THE MATTER OF TRADE MARK APPLICATION NOS 3436148 AND 3436071 IN THE NAME OF CBD WELLNESS LIMITED

AND THE OPPOSITION NOS OP000418904 AND OP000418902 THERETO IN THE NAME OF LYPHE SUBCO LIMITED

DECISION

Introduction

1. This is an appeal against the decision of Allan James, acting on behalf of the Registrar, dated 12 April 2021 (O-256-21). In his decision the Hearing Officer:

   (1) rejected the application by CBD Wellness Limited ("***Wellness***") to invalidate trade mark number 3374996 pursuant to section 47(2) and 5(4)(a) of the Trade Marks Act 1994 ("***the Act***");

   (2) partially upheld the Oppositions brought by Lyphe Subco Limited ("***Lyphe***") against trade mark application numbers 3436148 and 3436071 pursuant to sections 3(1)(b) and 3(1)(c) of the Act;

   (3) rejected the Oppositions brought by Lyphe against trade mark application numbers 3436148 and 3436071 pursuant to sections 5(2)(b) and 5(4)(a) of the Act; and

   (4) ordered Wellness to pay to Lyphe the sum of £3250 by way of a contribution towards its costs.

2. For the purposes of the present appeal there is no challenge to the findings made by the Hearing Officer with respect to trade mark application number 3436071 or the rejection of the Oppositions brought by Lyphe under sections 5(2)(b) and 5(4)(a) of the Act and therefore I say no more about them.

Relevant Background

3. Lyphe is the registered proprietor of trade mark number 3374996 for:

THE MEDICAL
CANNABIS CLINICS

‘*the Lyphe registration*’

4. The application to register the mark was filed on 13 February 2019. It was registered on 17 May 2019 in respect of a wide range of medial, health, clinical and pharmaceutical services in class 44.

5. On 13 October 2019 Wellness filed trade mark application number 3436148 for :

‘*the Wellness logo application*’

6. The trade mark application covered a wide range of goods and services in classes 5, 9, 16, 35, 39, 41, 42 and 44. The services in class 44 included pharmacy and medical services.

7. On 28 October 2019 Wellness applied to invalidate Lyphe’s trade mark number 3374996 pursuant to section 47(2) of the Act on the ground that registration was contrary to section 5(4)(a) of the Act. It was alleged by Wellness that as of the application date, 13 February 2019, Wellness had acquired a common law right in the words, **UK Cannabis Clinic**, as a result of the use of that sign in trade in the UK since 11 August 2018. It was further averred that use of Lyphe’s earlier trade mark for any of the services for which it was registered would be contrary to the law of passing off.

8. On 23 December 2019 Lyphe opposed Wellness’ trade mark application number 3436148 pursuant to *inter alia* section 3(1)(b) and 3(1)(c) of the Act.

9. In relation to these objections, it was said by Wellness that:

(1) The words ‘Cannabis Clinic’ would immediately convey to the public that the goods/services were related to a cannabis clinic and therefore the mark

designated the kind, intended purpose or other characteristic of the goods or services;

(2) The letters 'UK' was also descriptive immediately informing the public that the goods/services related to a cannabis clinic in the UK; and

(3) The graphical aspect of the application was an 'inconsequential element' and therefore insufficient to for the application to avoid the descriptiveness objection.

Additionally, and for the same reasons it was said that the mark was devoid of any distinctive character.

10. On 6 January 2020 Lyphe filed a counterstatement taking issue with Wellness's Grounds of Invalidity; likewise on 6 March 2020 Wellness filed a counterstatement denying the Grounds of Opposition.

11. Both parties sought an award of costs.

12. Subsequently the proceedings between the parties were consolidated.

13. Both parties filed evidence.

14. At the hearing before Mr James, which took place by videoconference on 8 February 2021 Wellness was represented by Mr Philip Hannay of Cloch Solicitors. Lyphe was not represented but filed written submissions in lieu of attendance.

The Hearing Officer's Decision

The Hearing Officer's Decision on the application for invalidity of Lyphe's registration under section 5(4)(a)

15. The Hearing Officer, having identified the relevant statutory provisions, first identified the relevant date for the purposes of his assessment under section 5(4)(a) of the Act by reference to the applicable case law (paragraphs [36] and [37] of the Decision). On the basis of the evidence before him he determined that the filing date namely 13 February 2019 was the relevant date for this purpose (paragraph [37] of the Decision). There is no appeal against that finding.

16. Under the heading '*Goodwill and distinctiveness*' the Hearing Officer first analysed the evidence put forward in support of the case by Wellness (paragraph [38] to [46] of the Decision.

17. The Hearing Officer then went on to state as follows (footnotes omitted; emphasis as in the original):

> 47. In *Smart Planet Technologies, Inc. v Rajinda Sharm* (RECUP), Mr Thomas Mitcheson QC, as the Appointed

Person, reviewed the following authorities about the establishment of goodwill for the purposes of passing-off: *Starbucks (HK) Ltd v British Sky Broadcasting Group Plc*, *Reckitt & Colman Product v Borden* and *Erven Warnink B.V. v. J. Townend & Sons (Hull) Ltd.* After reviewing these authorities Mr Mitcheson concluded that:

".. a successful claimant in a passing off claim needs to demonstrate more than nominal goodwill. It needs to demonstrate significant or substantial goodwill and at the very least sufficient goodwill to be able to conclude that there would be substantial damage on the basis of the misrepresentation relied upon."

48. In the RECUP case the party asserting an earlier right relied on 10 invoices showing sales of around 40k paper cups to 2 customers prior to the relevant date. The evidence showed that the relevant UK market for the goods amounted to 2.5 billion paper cups per annum. The Appointed Person decided that the sales relied on were trivial when set in this context. The Appointed Person was fortified in his decision that insufficient goodwill had been generated under that mark by the fact that the mark obviously alluded to the type of recyclable cups at issue. RECUP was, at best, a weakly distinctive mark.

49. Lyphe submits that UK CANNABIS CLINIC immediately informs the public that the services on which Wellness relies to support its case under s.5(4)(a) relate to a cannabis clinic in the UK. Therefore the mark was not "*recognised by the public as distinctive specifically of the plaintiff's goods or services*" at the relevant date. In support of this submission my attention was drawn to examples of descriptive use of 'cannabis clinic' in combination with 'UK' in Wellness's own advertising. For example, the front page of a promotional brochure in exhibit CBD-03 states that "*UK Cannabis Clinics provide a fully compliant way for pharmacists to run an authorised cannabis clinic in the UK*." And the sign-up form handed to pharmacists at the UK Pharmacy Show in October 2018 invited attendees to "*Join the largest chain of UK Pharmacy Cannabis Clinics.*" These uses are consistent with the natural meaning of the words 'cannabis clinic' in the context of medical services. In that context, the words describe services provided through a clinic specialising in cannabis products. In its counterstatement to Lyphe's opposition, Wellness relies on the fact that 'Cannabis Clinic' are "*…prima facie lowly distinctive words.*" Wellness thereby appears to acknowledge that 'Cannabis Clinic' is a descriptive term for medical services. I see nothing distinctive about the combination 'UK Cannabis Clinic'. In that composite term 'UK' merely designates the national availability of such clinics and their services.

> 50. It is, of course, possible for inherently descriptive words to acquire a secondary meaning as a designation of a specific trade origin as a result of extensive use as such. However, the evidence on which Wellness relies goes nowhere near establishing that UK Cannabis Clinic had become "*recognised by the public as distinctive specifically of the plaintiff's goods or services*" by the relevant date in February 2019. It is true that the mark had been used at, and in connection with, the UK Pharmacy Show in October 2018 which was attended by around 9000 pharmacists and other traders, and that at least 49 pharmacists appear to have signed up at the event. The publicity at the show clearly generated a significant degree of interest. What it does not show, in my view, is that it generated a significant or substantial goodwill under the name UK Cannabis Clinic. In particular, it does not show that those concerned recognised those words as specifically distinctive of Wellness's services (as opposed to a description of a, or a chain of, UK cannabis clinic(s)).
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> 51. I therefore find that Wellness has not established that the requisite goodwill and reputation existed at the relevant date, or that UK Cannabis Clinic was distinctive of the goodwill in such a business. It follows that Wellness did not have an earlier right and the application to invalidate trade mark 3374996 therefore fails.

18. Having found that Wellness had not established the requisite goodwill and reputation the Hearing Officer nonetheless went on to consider the issue of misrepresentation as follows (footnotes omitted):

> 52. For the sake of completeness, I would add that even if I had found that Wellness had established the requisite goodwill under UK Cannabis Clinic, I would still have rejected the application to invalidate trade mark 3374996. This is because use of that mark would not constitute a misrepresentation to the public. In *Discount Outlet v Feel Good UK*, Her Honour Judge Melissa Clarke, sitting as a Deputy Judge of the High Court, conveniently summarised the requirements for misrepresentation through deception as follows:
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> > *56. In relation to deception, the court must assess whether "a substantial number" of the Claimants' customers or potential customers are deceived, but it is not necessary to show that all or even most of them are deceived (per Interflora Inc v Marks and Spencer Plc [2012] EWCA Civ 1501, [2013] FSR 21)."*
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> 53. It is well established that in assessing the likelihood of confusion and deception the tribunal should make allowance for the descriptiveness of the claimant's sign. In the well-

known case of *Office Cleaning Services Limited v Westminster Window & General Cleaners Limited*, Lord Simonds stated that:

> *"Where a trader adopts words in common use for his trade name, some risk of confusion is inevitable. But that risk must be run unless the first user is allowed unfairly to monopolise the words. The court will accept comparatively small differences as sufficient to avert confusion. A greater degree of discrimination may fairly be expected from the public where a trade name consists wholly or in part of words descriptive of the articles to be sold or the services to be rendered."*

54. The only element in common between trade mark 3374996 and the sign UK CANNABIS CLINIC is the words CANNABIS CLINIC(S). Those words are manifestly descriptive of the services on which Wellness relies. In these circumstances, I find that the additional words THE MEDICAL/UK together with the device element in trade mark 3374996 are sufficient to enable the relevant public to distinguish between one cannabis clinic and another. Consequently, Wellness's case under s.47(2)/5(4)(a) of the Act would have failed on misrepresentation, even if I had found that Wellness had established significant or substantial goodwill under UK CANNABIS CLINIC.

The Hearing Officer's Decision with regard to the Opposition to the Wellness Logo mark under section 3(1)(b) and section 3(1)(c)

19. The Hearing Officer first set out the applicable statutory provisions. The Hearing Officer then identified the applicable legal principles to section 3(1)(c) of the Act by reference to the judgment of Arnold J (as he then was) in Starbucks (HK) Ltd v British Sky Broadcasting Group Plc [2012] EWHC 3074 (Ch) at paragraphs [91] to [92].

20. The Hearing Officer began by considering the section 3(1)(c) objection with regard to the Wellness logo application for services in class 44. He found that the relevant public for the purposes of his analysis was '*composed of end users of pharmacy, medical and information services and traders in the relevant filed in the market for online support and/or consultancy in the provision of such services*' (paragraph [59] of the Decision).

21. He then went on to find as follows (footnotes excluded; emphasis as in the original):

> 60. I acknowledge that the mark at issue is comprised of several elements. CANNABIS CLINIC is the most dominant. The letters 'UK' are relatively smaller, but also contribute to the overall impact of the mark. This is partly because they are positioned to the left of CANNABIS CLINIC and therefore

naturally 'read into' those words. The hexagon-like device surrounding the first few letters of the mark and appearing to run down through the first letter 'N' in CANNABIS, also has some visual impact. However, this is clearly a secondary element of the mark compared to the letters and words UK CANNABIS CLINIC. The presentation of the mark in the colours purple and blue is another feature of the mark, although minor and secondary in impact.

61. It is clear the words CANNABIS CLINIC will be immediately understood by the general public, and those in medical/pharmacy professions, as describing the <u>kind</u> of pharmacy, medical and information services provided by a clinic specialising in cannabis products and treatments. The words therefore describe the kind of pharmacy, medical and information services covered by the application. The words also describe the <u>intended purpose</u> of services provided to a cannabis clinic, such as online support services provided to such clinics by a third party medical service. Therefore, apart from hygienic and beauty care for human beings or animals, I have no doubt that the words CANNABIS CLINIC designate characteristics of the services in class 44. Those words would therefore be excluded from registration under s.3(1)(c) of the Act in relation to most of the services in class 44.

62. The letters 'UK' will, of course, be understood as meaning United Kingdom. In the context of the mark they will be understood as designating the geographical scope and availability of the services provided through cannabis clinics. Therefore, the combination UK CANNABIS CLINIC designates the geographical scope and kind (or intended purpose) of the services. The combination of letters and words would therefore be excluded from registration under s.3(1)(c) of the Act in relation to most of the services in class 44.

63. Do the hexagon-like device and/or colour elements of the mark avoid the application of s.3(1)(c)? In *Starbucks (HK) Ltd v British Sky Broadcasting Group Plc*, Arnold J. (as he then was) urged trade mark registries to be cautious about registering descriptive marks under the cover of a figurative "*figleaf*" of distinctiveness. The mark in that case consisted of the word NOW at the centre of a simple 'starburst' device. The judge held that the mark was descriptive and/or non-distinctive and declared the registration invalid.

64. I find that the figurative element of the mark at issue in this case is a simple geometrical device. Its visual impact is low and very much secondary to 'UK' 'CANNABIS CLINIC'.

> 65. Although often registered in black and white, consumers are used to marks being used in colours. The colours purple and blue are not an unusual combination of colours.
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> 66. I therefore find that neither the hexagon-like device, nor the colours, nor the combination of the two, are sufficient to divert the average consumer's attention away from, or to modify, the descriptive message conveyed by the letters/words 'UK' 'CANNABIS CLINIC'. Consequently, I find that the mark consists exclusively of signs or indications which may serve, in trade, to designate the geographical scope and kind (or intended purpose) of the services in class 44, except for *hygienic and beauty care for human beings or animals*. I can see no obvious connection between a cannabis clinic and the provision of these services, and none has been drawn to my attention.

22. On the basis of these findings the Hearing Officer found that save for hygienic and beauty care for human beings or animals the Wellness logo application was excluded from registration in Class 44 pursuant to section 3(1)(c) of the Act.

23. The Hearing Officer then briefly considered the position under section 3(1)(b) and found as follows (footnotes excluded):

> 68. In the event that I am found to be wrong about the applicability of s.3(1)(c), then I find that the mark is also excluded from registration in relation to the same services under s.3(1)(b). This is because the mark as a whole would not serve to identify the services in respect of which registration is applied for as originating from a particular undertaking, and thus to distinguish those services from those of other undertakings. Rather, average consumers would understand the sign to designate merely that the services are provided by a cannabis clinic in the UK.
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> 69. I again except from my findings *hygienic and beauty care for human beings or animals*. This is for the same reasons given in paragraph 66.

24. Following on from these findings the Hearing Officer went on to consider the other classes the subject of the Wellness logo application and on the basis of similar reasoning in summary rejected the application for (1) all the goods applied for in classes 5, 9 and 16 save for those goods which had no connection with cannabis products or cannabis clinics in the UK; and (2) all services applied for in classes 35, 38, and 42 save for those services which were manifestly not services from, or for, cannabis clinics (see paragraphs [70] to [86] of the Decision).

25. Wellness also sought to rely upon acquired distinctiveness to overcome any objection under sections 3(1)(b) and/or (c) of the Act. Having set out the applicable legal principles the Hearing Officer dealt with this issue as follows:

> 91. I can deal with this briefly. There does not appear to be any evidence of use of the words CANNABIS CLINIC as such. I explained in paragraphs 50/51 above why I do not accept that the UK CANNABIS CLINIC mark had acquired a distinctive character by March 2019. The position was barely any different at the relevant date for this purpose in October 2019. There are no sales figures in evidence. There is no evidence as to the total spent promoting the mark. Indeed, Wellness accepts that it suspended taking orders via its website before 1st October 2019 as a result of a dispute with a third party. Overall, the evidence comes nowhere near establishing that a significant proportion of the relevant public identified goods/services as originating from a particular undertaking because of the trade marks covered by applications 3436071 and 3436148.

The appeal

26. On 10 May 2021 Wellness filed an appeal against the Hearing Officer's Decision pursuant to section 76 of the 1994 Act.

27. There were three independent aspects to the appeal (the specific points raised by each are addressed below):

    (1) The findings under section 5(4)(a) of the Act in the context of the application for invalidity of the Lyphe registration;

    (2) The findings under section (3)(1)(b) and/or Section 3(1)(c) of the Act in the context of the Wellness logo application; and

    (3) The order for costs.

28. No Respondent's Notice was filed by Lyphe.

29. The hearing of the appeal took place by videoconference on 14 July 2021. As below Wellness was represented by Mr Philip Hannay of Cloch Solicitors. Lyphe was not represented but filed written submission in lieu of attendance.

Standard of review

30. An appeal against decisions taken by the Registrar is by way of review. Neither surprise at a Hearing Officer's conclusion, nor a belief that he or she has reached the wrong decision suffice to justify interference in this sort of appeal. Before that is warranted, it is necessary for me to be satisfied that there was a distinct and material error of principle in the decision in question or that the Hearing Officer was wrong. See Reef Trade Mark [2003] RPC 5; and Actavis Group PTC v. ICOS Corporation [2019] UKSC 1671 at [78] to [81].

31. Moreover, in Actavis Group PTC (above) the Supreme Court confirmed (per Lord Hodge JSC delivering the judgment of the Court) confirmed that where the decision below involves the making of a value judgment, the decision maker on appeal must be especially cautious about interfering with that judgment on appeal (with emphasis added):

> [80] What is a question of principle in this context? An error of principle is not confined to an error as to the law but extends to certain types of error in the application of a legal standard to the facts in an evaluation of those facts. What is the nature of such an evaluative error? In this case we are not concerned with any challenge to the trial judge's conclusions of primary fact but with the correctness of the judge's evaluation of the facts which he has found, in which he weighs a number of different factors against each other. **This evaluative process is often a matter of degree upon which different judges can legitimately differ and an appellate court ought not to interfere unless it is satisfied that the judge's conclusion is outside the bounds within which reasonable disagreement is possible**: Assicurazioni Generali SpA v Arab Insurance Group (Practice Note) [2002] EWCA Civ 1642; [2003] 1 WLR 577, paras 14-17 per Clarke LJ, a statement which the House of Lords approved in Datec Electronic Holdings Ltd v United Parcels Service Ltd [2007] UKHL 23; [2007] 1 WLR 1325, para 46 per Lord Mance.

32. It is necessary to have these principles in mind on this appeal.

Decision

Appeal against the findings under section 5(4)(a) of the Act in the context of the application for invalidity of Lyphe's trade mark registration

33. Wellness criticised the Hearing Officer's conclusion that there was no protectable goodwill for the purposes of claim for passing off on a number of grounds that can be broadly summarised as follows:

    (1) That the Hearing Officer erred in law by failing to conduct the '*balancing exercise*' required by the judgment of the Supreme Court in Starbucks (HK) Limited v. British Sky Broadcasting Group plc & Others [2015] UKSC 31 at [61] and that therefore failed to distinguish or incorrectly and unjustly applied the principles identified in the decision of Thomas Mitcheson QC sitting as the Appointed Person in RECUP TM (O-304-20).

    (2) That the Hearing Officer did not assess the evidence correctly on the basis that he should have protected Wellness' '*originality, effort and expenditure*'.

34. With regard to the error of law I can deal with this shortly.

35. First, the necessary requirements for a party seeking to establish a passing off right were correctly identified by the Hearing Officer in paragraph [36] of the Decision by reference to the '*classical trinity*' described by Lord Oliver in Reckitt & Colman Products v. Borden (Jif Lemon) [1990] RPC 341 (HL).

36. Second, the Hearing Officer then went on to refer to the review of the authorities about the establishment of goodwill set out in RECUP TM. Those authorities included Starbucks (HK) (above), Jif Lemon (above) and Erven Warnink B.V. v. J. Townend & Sons (Hull) Ltd [1980] RPC 31.

37. It is therefore not correct as submitted before me that there was no mention in the Decision to the Starbuck (HK) case in the Decision; nor it seems to me can it be said that the Hearing Officer did not have the correct principles of law firmly in mind when considering the facts of the case as contained in the evidence that were before him.

38. That that is the correct view is not changed by the reference to the '*balancing exercise*' point raised on behalf of Wellness. The Starbucks (HK) case was concerned with the issue of whether it was enough for a party wishing to rely upon a passing off claim to establish reputation in the jurisdiction. As part of the reasoning rejecting proof of a reputation as being sufficient to form the basis of a claim to passing off, in paragraph [61] of the judgment, it was noted that there was a balancing exercise underlying the law of passing off being the compromise between two competing objectives namely the public interest in free competition on one hand and the protection of a trader against unfair competition on the other. However, this does not alter, as the Supreme Court reaffirmed in Starbucks (HK) at paragraph [15], that the elements required to establish a claim for passing off were those as set out in Jif Lemon and correctly identified by the Hearing Officer.

39. With regard to the assessment of evidence it is necessary to have in mind that the first element that a party seeking to rely upon a claim for passing of must establish is goodwill. This element was described in Jif Lemon as follows: '*First, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services*'. Given that description there seems to be nothing in the criticism that the Hearing Officer headed his findings on goodwill 'Goodwill and distinctiveness'.

40. Moreover, as highlighted in paragraphs [30] to [34] of RECUP TM this requires the party seeking to establish the right to show *inter alia* (1) that it has significant, or at least more than nominal goodwill, in the form of customers in the jurisdiction; and (2) that the mark is recognised by the public as distinctive specifically of that party's goods or services.

41. As was correctly accepted at the hearing this is a fact sensitive exercise[1] in relation to the claim by Wellness that it had acquired common law rights in the words '**UK Cannabis Clinic**' as a result of use of the sign in trade in the UK since 11 August 2018.

42. It was also accepted during the course of the hearing that:

(1) Although there was evidence of a 'launch' of the business at the UK Pharmacy Show on 7/8th October 2018 there was no evidence that at any stage prior to the 13 February 2019 that Wellness supplied any services or product to customers under or by reference to the sign '**UK Cannabis Clinic**';

(2) That there was no evidence of the size of the market in the UK for the relevant services or products;

(3) There was no evidence of the amount that was spent in order for Wellness to exhibit at the UK Pharmacy Show;

(4) There was no evidence that the approximately 49 pharmacists who signed a 'sign up form' at the UK Pharmacy Show paid Wellness any money by way of a sign up fee and/or for any goods or services prior to the relevant date;

(5) There was no evidence that there was anything other than a discussion with Ms Lawson '*of the McKesson Corporation, which runs Lloyds Pharmacies*' at the UK Pharmacy Show; and

(6) The only invoice that was in evidence was an invoice of around £5.7k for the work undertaken promoting the company at the UK Pharmacy Show from Guardian Angels.

43. In addition, there was no criticism in the Grounds Appeal; in the Skeleton of Argument or at the Hearing before me with regard to the findings made by the Hearing Officer in paragraph [49] of his Decision; and it seems to me that the Hearing Officer was correct to take the view in that paragraph that there was '*nothing distinctive about the combination "UK Cannabis Clinic". In that composite term "UK" merely designates the national availability of [cannabis] clinics and their services*'.

44. Against that back ground whilst the Hearing Officer accepted that it was possible for inherently distinctive words to acquire secondary meaning as a result of use it seems to me that it was open to the Hearing Officer to find that the evidence in the present

[1] I was referred to the decision in SOLAS TM (O-093-21) during the course of the hearing. However. that case concerned an invented word and was a decision on its own particular facts and was therefore of no assistance for the purposes of the present appeal which concerned ordinary English words and was likewise based on its own particular facts.

case did not establish that UK Cannabis Clinic had become recognised by the public as distinctive specifically of Wellness' goods or services prior to the relevant date.

45. In this connection (1) it was accepted at the hearing before me that the word 'UK', 'cannabis' and 'clinic' are all English words that members of the public in the UK would be familiar with; and (2) it would appear from the evidence that Wellness had made descriptive use of the words 'cannabis clinic' in its own promotional material as noted by the Hearing Officer in paragraph [49] of the Decision.

46. Moreover, the Hearing Officer made that finding whilst rightly recognising that whilst the publicity at the UK Pharmacy Show generated a significant degree of interest it did not demonstrate that those interested recognised the words UK Cannabis Clinic as specifically distinctive of Wellness as opposed to a description of a or a chain of, UK cannabis clinc(s).

47. In this connection I do not accept the suggestion made on behalf of Wellness that the market in which the parties were competing in was '*an invented market*' only coming into existence as a result of a legislative change was something that could or would have changed the analysis given in particular the points made in paragraphs 40, 41 and 43 above.

48. I therefore reject the suggestion on this appeal that the Hearing Officer did not assess the evidence before him correctly.

49. Although not strictly necessary given my findings with regard to the Hearing Officer's conclusion on the establishment existence of goodwill it also seems to me that Wellness' appeal against the Hearing Officer's finding of no misrepresentation was a finding that the Hearing Officer was entitled to reach.

50. I do not accept the criticism that focuses on the question of the applicability of the judgment of Office Cleaning Services Limited v. Westminster Window & General Cleaners Limited [1946] 63 RPC 39 on the basis that there was no evidence before the Hearing Officer as to whether the words in issue in the current case were 'in common use'. That is to miss the point of the guidance from the Office Cleaning case upon which the Hearing Officer relied.

51. As the Hearing Officer correctly identified where, as in the case before him, the only elements in common between the mark/sign in issue were words which were manifestly descriptive comparatively small differences between the mark and sign would be sufficient to avert confusion as members of the public would apply a greater degree of discrimination in such circumstances. It seems to me that it was entirely open to the Hearing Officer to take the view that the device element and the addition on the words 'THE MEDICAL' in the Lyphe registration and the addition of 'UK' to **UK Cannabis Clinic** was such to enable the relevant public to distinguish between the traders.

Appeal against the findings under section (3)(1)(b) and/or Section 3(1)(c) of the Act in the context of the Wellness logo application

52. With regard to the appeal against the Hearing Officer's findings with regards to sections 3(1)(b) and/or 3(1)(c) of the Act:

    (1) It was not suggested that the Hearing Officer failed to identify the correct principles of law which he should apply for the purposes of the assessment that he was required to make;

    (2) It was accepted that the appeal against the findings under section 3(1)(b) and section 3(1)(c) stood or fell together; and

    (3) It was accepted that the appeal with respect to each of the goods/services the subject of the appeal under section 3(1)(b) and section 3(1)(c) stood or fell together and did not require separate consideration.

53. The gravamen of the appeal under sections 3(1)(b) and 3(1)(c) of the Act was that the Hearing Officer had erred in:

    (1) His assessment of the sign the subject of the Wellness logo application ('***the Wellness logo***')(paragraphs [60] to [66] of the Decision); and

    (2) His assessment of acquired distinctiveness of the Wellness logo (paragraph [91] of the Decision).

54. With regard to the assessment of the Wellness logo a number of criticisms are made of the Hearing Officer's approach.

55. As was clear from paragraph [60] of the Decision the Hearing Officer was well aware that the mark in issue was comprised of several elements. In analysing the Wellness logo application the Hearing Officer took the view:

    (1) That the words CANNABIS CLINIC were the most dominant element of the mark;

    (2) That the letters 'UK' was relatively smaller by also contributed to the overall impact of the mark;

    (3) That the hexagon-like device had some visual impact but was a secondary element of the mark compared to the letters and words UK CANNABIS CLINIC; and

    (4) That the colours purple and blue were a feature of the mark but were of minor and secondary impact.

56. There appears to be no dispute on this appeal as to the Hearing Officer's findings that the words CANNABIS CLINIC are dominant or that those words can designate the characteristic of services and/or goods that are the subject of the application. Rather what is said is that the words are not the *most* dominant element and that the other elements were wrongly and excessively discounted in the analysis which led the Hearing Officer into error when partially upholding the opposition under section 3(1)(b) and section 3(1)(c) of the Act.

57. In the context of an assessment of an application that is comprised of several elements where one or more of such elements are such as to designate a characteristic of the goods or services it is necessary for the decision taker to consider whether the other elements are such as to divert the average consumer's attention away from or to modify the descriptive element or elements of the mark. That this is appropriate is confirmed both in the judgment of Arnold J. as he then was in Starbucks (HK) Ltd v. British Sky Broadcasting Group Plc [2013] FSR 29; and Case T-223/17 Adapta Color, SL v. EUIPO which were cited by the Hearing Officer. Any suggestion that the Hearing Officer should not have referred to the judgment of Arnold J. in this context is in my view unfounded.

58. In the present case the Hearing Officer took the view that:

(1) The letters 'UK' would be understood as meaning the United Kingdom and would be regarded as designating the geographical scope and availability of the goods or services the subject of the application. It is said on this appeal that the Hearing Officer took an overly narrow application of 'UK' without reason. However, no alternative application is put forward on behalf of Wellness. Moreover, in my view, the Hearing Officer's finding as to how the letters would be understood was correct.

(2) With regard to the assessment of the role of the figurative element the Hearing Officer found that it was a simple geometric device. Its visual impact was found to be low and secondary to 'UK' and 'CANNABIS CLINIC' (paragraph [64] of the Decision). Contrary to the submission on behalf of Wellness this was not inconsistent with the findings in paragraph [60] of the Decision where it was found that the figurative element had '*some visual impact*'. Whilst it is correct that an additional figurative element *can* change the perception of the mark taken as a whole it seems to me that it was open to the Hearing Officer to take the view that it was not the case in this instance and that the attention of the public would not be diverted from the clear descriptive message conveyed by the word elements.

(3) Likewise, it was in my view open to the Hearing Officer to find that '*The colours purple and blue are not an unusual combination of colours*' (paragraph [65] of the Decision) and as such would not divert the attention of the public away from the clear descriptive message conveyed by the word elements. I further note that there does not appear to have been any evidence

before the Hearing Officer to suggest that the colour combination was unusual generally or in the particular sectors with which the Wellness logo application was being made for.

(4) Finally, it is said that the Hearing Officer ignored '*the submissions on the legislative impact on the perception of the mark*'. There is no explanation as to the basis upon which it is said that any legislation, whether for the legal prescription of medicinal cannabis or otherwise (a) could have any relevance as a matter of law to the assessment the Hearing Officer was required to make under section 3(1) of the Act; and/or (b) could have any relevance to the perception of the meaning of what were admitted to be ordinary English words; and/or (c) did in fact have any impact on the average consumer(s) perception of the Wellness logo application.

59. In the circumstances it seems to me that it was open to the Hearing Officer to assess the Wellness logo in the manner in which he did for the purposes of assessing the objections under section 3(1)(b) and section 3(1)(c) in the way in which he did.

60. With regard to the appeal against the assessment of acquired distinctiveness it seems to me that for the reasons given by the Hearing Officer in his Decision at paragraphs [50], [51] and [91]; and on the basis of the points set out in paragraphs 40, 41, 43 and 45 above the Hearing Officer was entitled to come to the view that he did that the Wellness logo had not acquired distinctive character by the time that the application for registration was made.

Appeal against the order for costs

61. With regard to the order for costs, it was stated in the Grounds of Appeal, as is usual on appeal, that the cost award made by the Hearing Officer should be reversed. However, it was also stated in the Grounds of Appeal and at the hearing before me that whatever the outcome of the appeal the cost order should be set aside and each party should be ordered to bear its own costs.

62. Given the findings that I have made with regard to the first two aspects of the appeal the first point does not arise. With regard to the second point, it is said in the Grounds of Appeal that on an issue base analysis i.e., considering each ground relied upon in each proceeding before the Hearing Officer the relative success was such that the appropriate cost order was no order as to costs.

63. A convenient summary, so far as it is relevant to the approach of the Registrar to the question of costs, can be found in in the decision of Geoffrey Hobbs QC sitting at the Appointed Person in Edge Interactive (O-295-14) at paragraphs [9] to [11]:

> 9. I now turn to consider the third and fourth of the four points noted in paragraph 6 above in the context of section 68(1) of the Trade Marks Act 1994, which establishes that:

> Provision may be made by rules empowering the registrar, in any proceedings before him under this Act –
>
> (a) to award any party such costs as he may consider reasonable, and
>
> (b) to direct how and by what parties they are to be paid.

Rule 67 of the Trade Marks Rules 2008 accordingly provides that

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

10. The long established practice in Registry proceedings is to require payment of a contribution to the costs of a successful party, with the amount of the contribution being determined by reference to published scale figures. The scale figures are treated as norms to be applied or departed from with greater or lesser willingness according to the nature and circumstances of the case. The Appointed Persons normally draw upon this approach when awarding costs in relation to appeals brought under section 76 of the 1994 Act.

11. The use of scale figures in this way makes it possible for the decision taker to assess costs without investigating whether or why there are: (a) disparities between the levels of costs incurred by the parties to the proceedings in hand; or (b) disparities between the levels of costs in those proceedings and the levels of costs incurred by the parties to other proceedings of the same or similar nature. This approach to the assessment of costs has been retained for the reasons identified in Tribunal Practice Notice TPN 2/2000, supplemented by Tribunal Practice Notices TPN 4/2007 and TPN 6/2008.

64. In paragraphs [128] to [132] of the Decision the Hearing Officer considered the overall outcome of each of the proceedings before him. No error has been identified with regard to the analysis set out in these paragraphs. Moreover, it is clear from these paragraphs and paragraph [133] of the Hearing Officer's Decision that he had in mind that Lyphe had not been entirely successful but nonetheless considered that '*Lyphe had been more successful than Wellness and is entitled to a contribution towards its costs*'. It seems to me that this was a view that he was entitled to reach.

65. No criticism has been made on this appeal of the specific figures that the Hearing Officer assessed for the contribution of costs to be paid. Nor, in my view, given the guidance noted above, could there be. In the circumstances the appeal against the decision on costs is dismissed.

66. For completeness I should note that a further submission relating to specific costs associated with a claim to title was raised before me during the course of the Hearing of the appeal, however this was not a point that had previously been specifically identified in either the Grounds of Appeal or the skeleton of argument and therefore I say no more about it.

Conclusion

67. To conclude, for the reasons that I have set out above, it does not seem to me that there is any error or principle or material error in the Hearing Officer's decision. Moreover, it is not in my view appropriate to interfere with the evaluation that the Hearing Officer made in reaching the decision that he did. In the result the appeal fails and is dismissed.

68. Since the appeal has been dismissed Lyphe is entitled to a contribution towards its costs of the appeal. Lyphe did not appear at the hearing of the appeal but submitted written submissions in lieu of attendance. I will therefore make an order that Wellness pay to Lyphe a contribution of £750 towards its costs of the appeal. This sum should be paid in addition to the costs of £3,250 below. I therefore order CBD Wellness Limited to pay to Lyphe Subco Limited £4,000 within 21 days of this decision.

Emma Himsworth Q.C.

Appointed Person

18 October 2021