

**BENELUX OFFICE FOR INTELLECTUAL PROPERTY**  
**CANCELLATION DECISION**  
**N° 300003**  
**van 17 January 2020**

**Claimant:** **PHILIP MORRIS PRODUCTS S.A.**  
Quai Jeanrenaud 3  
2000 Neuchâtel  
Switzerland

**Representative:** **HOYNG ROKH MONEGIER LLP**  
Nerviërslaan 9-31  
1040 Brussels  
Belgium

*against*

**Defendant:** **KT & G Corporation**  
Beotkkot-gil Daedeok-gu 71  
Daejeon  
Republic of Korea

**Representative:** **Novagraaf Nederland B.V.**  
Hoogoorddreef 5  
1101 BA Amsterdam  
The Netherlands

**Contested trademark: Benelux trademark 1027745**






## I. FACTS AND PROCEEDINGS


### A. Facts

1. On 5 June 2018 the claimant filed an application for a declaration of invalidity with the Benelux Office for Intellectual Property (hereinafter: "the Office") in accordance with Article 2.30bis (1)(b), invoking the relative ground for invalidity as stated under Article 2.2ter (1)(b) of the Benelux Convention on Intellectual Property (hereinafter: "BCIP")<sup>1</sup>, namely that there exists a likelihood of confusion on the part of the public due to the identity with, or similarity to the earlier trademark(s) and the identity or similarity of the goods or services covered by the trademarks.


2. The claim for invalidity is based on the following earlier trademarks:

- International trademark 1343304, indicating the European Union, of the figurative  trademark , registered on 23 January 2017 for goods in classes 9, 11 and 34;

- EU trademark 17874220 of the figurative trademark , filed on 14 March 2018 and registered on 3 August 2018 for goods in classes 9, 11 and 34 with a priority dated 15 November 2017;

- EU trademark 17893511 of the figurative trademark , filed on 27 April 2018 and registered on 12 September 2018 for goods in classes 9, 11 and 34 with a priority dated 23 November 2017.

3. According to the registers the claimant is the actual holder of the earlier trademarks invoked.

4. The claim for invalidity is aimed at Benelux registration 1027745 of the combined word-/figurative trademark , filed on 31 January 2018 and registered on 11 April 2018 for goods in classes 9, 11 and 34.

5. The cancellation claim is directed against all goods of the contested trademark and based on all goods of the trademarks invoked.

6. The language of the proceedings is English.

### B. Course of the proceedings

7. The cancellation claim is admissible and was notified by the Office to the parties on 6 August 2018. During the administrative phase the proceedings were suspended ex-officio awaiting the registration of the second and third trademark invoked. The Office notified the parties about the end of

the ex officio suspension on 18 September 2018. The procedure was resumed and both parties filed arguments. The course of the proceedings meets the requirements as stated in the BCIP and the Implementing Regulations (hereinafter: "IR"). The administrative phase was completed on 1 February 2019.

## **II. ARGUMENTS**

### **A. Claimant's arguments**

8. The claimant states that he is part of the Philip Morris International group of companies, a major player in the field of 'high quality tobacco and related products' and 'a pioneer in the field of so-called smoke-free products such as systems that heat tobacco just enough to release a flavourful nicotine-containing tobacco vapour without burning tobacco'. According to the claimant, Philip Morris International introduced these products in 2014 and is a market leader in this segment. The holder of the contested trademark is a legal entity organized under the laws of the Republic of Korea that became active in the field of heated tobacco products at the end of 2017, according to the claimant.

9. The claimant finds that the goods of the contested trademark are identical or similar to a very high extent to those of the earlier trademarks invoked.

10. Considering the fact that signs to be compared are purely figurative marks that do not convey a particular concept, the claimant is of the opinion that a conceptual comparison is not possible.

11. Furthermore, the claimant considers that it is also not possible to compare the signs on a phonetic level because they are composed of figurative elements which cannot be immediately associated with a specific, concrete word. However, even if the contested trademark would be read as consisting of the characters l-i-l, in small caps, a phonetic comparison would not be possible because the earlier trademarks cannot be pronounced, the only exception being the third trademark invoked, which would then be read as consisting of the same characters.

12. According to the claimant the similarity assessment must focus on the visual similarity and the visual impression conferred by the signs is very similar because it is dominated by the view of three parallel (vertical) bars. The bars in the earlier trademarks and in the contested trademark all have curved ends and have identical length and width proportions due to their length and the open spaces between them. The circle on top of the central bar in the contested trademark does not do away with this global impression of visual similarity because it stays within the proportions defined by the outer bars, according to the claimant, who also points out that the central bar in the third earlier trademark could be perceived as a lower-case character 'i' or 'l' in case of the second trademark invoked. The claimant finds that the blue colour of the contested trademark is also not of a nature to do away with the global impression of visual similarity because the earlier invoked trademarks offer protection for all colour variations as they are registered in black and white. As a consequence, the signs are visually highly similar, according to the claimant.

13. The relevant public consists of legal-aged smokers and/or those legal-aged smokers who have converted from smoking combustible cigarettes to using 'reduced risk products'. The claimant is therefore of the opinion that the relevant public displays a higher than average level of attention, but he also finds

that this does not outweigh the high degree of similarity of the signs and of the goods, thereby considering the fact that consumers must rely on their imperfect recollection.

14. The claimant shows examples of the use of the contested trademark and claims that the defendant deliberately seeks to create consumer confusion. The fact that the goods on which the trademarks are applied are small, contributes, according to the claimant, to the risk of confusion, as does the fact that only a limited number of producers are active on this specific market.

15. According to the claimant there exists a likelihood of confusion and he therefore requests the Office to invalidate the contested trademark and to grant to the claimant a cost award in the sense of Article 2.30ter (5) BCIP iuncto Rule 1.44 (2) IR.

## **B. Arguments of the defendant**

16. The defendant explicitly does not contest the identity and similarity of the relevant goods in the classes 9, 11 and 34.

17. As the relevant goods are aimed at smokers a high degree of brand loyalty and attention must be assumed for some goods such as tobacco and tobacco products, whereas the level of attention will be average for other goods such as matches. In respect of tobacco replacement products and 'reduced risk' tobacco products, the defendant finds that the level of attention will be as high as for traditional tobacco products, if not higher given the higher costs of the purchase.

18. The defendant elaborates on the specific sales conditions for the relevant products and points out that tobacco replacement products can be purchased more easily online than traditional tobacco products. Consumers will search for the mark by typing the brand into a search engine or by a verbal request (voice recognition). The defendant also stresses the importance of the aural impact due to the fact that tobacco products are generally hidden from view behind a counter. Although the visual impact cannot be ignored, the consumer has often decided on the brand and type of goods before the purchase and they will request these orally, according to the defendant.

19. The defendant finds that the trademarks invoked are all extremely simple in nature.

20. According to the defendant the contested trademark could be read as L-i-L, although it is intended to be seen as a purely figurative mark. The observation of the claimant that the third trademark invoked could also be read as LIL is a little far-fetched, according to the defendant, as the broken bar in the middle does not take on the characteristics of the letter "i" of the alphabet. The trademarks invoked should simply be seen as consisting of bars.

21. The defendant finds that visually, whilst the trademarks coincide to the extent that all consist of bars, the middle bar of the contested trademark is clearly the letter "i". Furthermore, the trademarks invoked are all in greyscale, which leads to a significant visual difference and the combined differences are sufficient to outweigh the common elements, which are not particularly strong in the overall impression. The defendant also points out the fact that in short marks, small differences can frequently lead to a different overall impression.

22. As to the statement of the claimant that the defendant "deliberately seeks to create consumer confusion" (see paragraph 14) by showing examples of use, the defendant replies that "it is likely that the signs of both parties would be seen as having a decorative purpose rather than a distinctive badge of origin". The defendant thereby refers to the claimant's own submissions that all show the use of the trademarks in association with the house brand iQOS. Furthermore the defendant observes that the claimant uses the first trademark invoked on its stick for heated tobacco, for which the trademark HEETS is used whereby the first trademark invoked fulfils the role of the letter "E". Lastly, the defendant states that his company, a former public enterprise, is now one of the so-called "representative companies" in Korea that has no reason or need to copy the trademarks of the claimant. The defendant considers the claimant's statement to be a veiled allegation of bad faith, which has not been alleged nor substantiated further and that it should be disregarded.

23. The defendant is of the opinion that the trademarks are similar only to a visually low degree and that they have no aural or conceptual similarities.

24. According to the defendant the distinctiveness of the earlier trademarks invoked is low as they are simplistic geometric designs.

25. Considering the specific nature of the purchasing public and the low level of visual differences between the marks requiring consumers to add additional verbal elements, the defendant finds that confusion will not occur, as the consumer will have significant information that shows no connection between the entities.

26. The statement of the claimant that "the fact that the goods on which the trademarks are applied are small, contributes to the risk of confusion" (see para. 14) has not been substantiated, according to the defendant.

27. The defendant requests the Office to reject the cancellation action in its entirety and to grant a cost award in their favour.

### **III. DECISION**

#### **A.1 Legal framework**

28. Pursuant to Article 2.30bis (1)(b)(i) BCIP the proprietor of an earlier trademark may file an application for invalidation with the Office against a registered trademark based on the relative grounds for invalidity referred to in Article 2.2ter BCIP.

29. According to Article 2.2ter (1) BCIP *"a trademark shall, in case an opposition is filed, not be registered or, if registered, shall be liable to be declared invalid where: (...) b. because of its identity with, or similarity to, the earlier trademark and the identity or similarity of the goods or services covered by the trademarks, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association with the earlier trademark."*

## A.2 Regarding the ground set out in Article 2.2ter (1)(b) BCIP – relative grounds for invalidity and likelihood of confusion



30. According to case law of the Court of Justice of the European Union (hereinafter: the “CJEU”) concerning the interpretation of Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trademarks (hereinafter: “Directive”), the likelihood of confusion of the public, which is defined as the risk that the public might believe that the goods or services in question come from the same undertaking or, as the case may be, from economically-linked undertakings, must be appreciated globally taking into account all factors relevant to the circumstances of the case (CJEU, Canon, C-39/97, 29 September 1998, ECLI:EU:C:1998:442; Lloyd Schuhfabrik Meyer, C-342/97, 22 June 1999, ECLI:EU:C:1999:323; CJBen, Brouwerij Haacht/Grandes Sources belges, A 98/3, 2 October 2000; Marca Mode/Adidas, A 98/5, 7 June 2002; Supreme Court of the Netherlands, Flügel-bottle, C02/133HR, 14 November 2003, ECLI:NL:HR:2003:AK4818; Court of Appeal Brussels, N-20060227-1, 27 February 2006).

### **Comparison of the signs**

31. The wording of Article 5 (1)(b) of the Directive (cf. article 2.2ter (1)(b) BCIP) according to which “there exists a likelihood of confusion on the part of the public including the likelihood of association with the earlier trademark” shows that the perception of marks in the mind of the average consumer of the type of goods or services in question plays a decisive role in the global assessment of the likelihood of confusion. The average consumer normally perceives a mark as a whole and does not proceed to analyse its various details (CJEU, Sabel, C-251/95, 11 November 1997, ECLI:EU:C:1997:528).

32. Global assessment of the visual, aural or conceptual similarity of the marks in question, must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components (CJEU, Sabel and Lloyd, already cited).

33. For reasons of procedural economy, the Office will first compare the contested sign with the third earlier trademark invoked (EU trademark 17893511). The signs to be compared are the following:

| Earlier trademark:  | Contested trademark:  |
|---|---|
|  |  |

### *Visual comparison*

34. Both trademarks are figurative trademarks. The earlier trademark consists of three vertical lines in different grey-scales, whereby the line in the middle consists of two separate lines of equal size. The contested trademark also consists of three vertical lines. They are depicted in the colour blue. The line in the middle of the contested trademark is  $\frac{3}{4}$  of the size of the adjacent lines and is characterized by the placement of a (round) point above the line. Therefore this ‘line’ resembles the letter ‘i’. The lines of the

earlier trademark and those of which the contested trademark consists are characterized by their round edges.

35. The Office finds that the strong visual resemblance of the trademarks cannot be ignored due to the fact that the impression left in the memory of the consumer will mainly be that of three vertical lines having almost the exact same height and width and which are characterized by their round edges. The trademarks differ solely in the element in the middle.

36. Although the trademarks can be typified as 'short' trademarks, whereby as a general rule differences are more easily perceived, this would merely be the case for verbal trademarks (see to that effect: EGC, COR/DOR, T-342/05, 23 May 2007, ECLI:EU:T:2007:152). The Office, however is of the opinion that the visual impression left by the trademarks involved would be that of them being composed of geometrical shapes. Even if the contested trademark would be read as a word, namely 'lil', this would not alter the conclusion that the trademarks are highly similar from a visual point of view.

37. The trademarks are visually highly similar.

#### *Aural comparison*

38. The trademark invoked would most likely not be pronounced whereas it solely consists of geometrical shapes (lines/bars). The contested trademark could, but not necessarily, be read as 'lil' due to the point placed on the line in the middle. In that case it would be pronounced as [lil]. Insofar as the contested trademark would be pronounced, the two signs cannot be phonetically compared directly because of the absence of a word element in the trademark invoked (see EGC, KAJMAN, T-364/13, 30 September 2015, ECLI:EU:T:2015:738).

39. In the unlikely event that both signs would be pronounced, they would be pronounced identically.

40. According to the Office, an aural comparison is not relevant.

#### *Conceptual comparison*

41. The trademarks involved do not convey a concept as such (see EGC, Beifa Group/OHMI, T-148/08, 12 May 2010, ECLI:EU:T:2010:190). Therefore, a conceptual comparison is not applicable.

#### *Conclusion*

42. The trademarks are visually highly similar. Neither an aural nor a conceptual comparison is relevant.

#### ***Comparison of the goods***

43. In assessing the similarity of the goods and services concerned, all the relevant factors relating to these goods or services themselves should be considered. These factors include, inter alia, their nature, their end-users and their method of use and whether they are in competition with each other or are complementary (Canon, already cited).

44. With the comparison of the goods of the earlier trademark invoked and the goods against which the cancellation is filed, the goods are only considered on the basis of what is expressed in the register.

45. The goods to be compared are the following:

| <b>Cancellation based on:</b>   | <b>Cancellation directed against:</b>  |
|---|--|
| Cl 9 Batteries for electronic cigarettes; batteries for electronic devices that are used for heating tobacco, chargers for electronic devices that are used for heating tobacco; USB chargers for electronic devices that are used for heating tobacco; car chargers for electronic cigarettes; car chargers for devices that are used for heating tobacco; battery chargers for electronic cigarettes; protective cases and carrying cases for the aforementioned goods.   | Cl 9 Batteries for electronic cigarettes; chargers for electronic cigarettes; charging case for electronic cigarettes; plugs; plug adaptors.   |
| Cl 11 Electronic vaporizers except electronic cigarettes; apparatus for heating liquids; apparatus for generating vapour.   | Cl 11 Tobacco roasters; cooling installations for tobacco; steam facial apparatus [saunas]; apparatus for steam generating; electric heaters; electric heating filaments.  |
| Cl 34 Wired vaporizer for electronic cigarettes and electronic smoking devices; tobacco, raw or manufactured; tobacco products, including cigars, cigarettes, cigarillos, tobacco for roll your own cigarettes, pipe tobacco, chewing tobacco, snuff tobacco, kretek; snus; tobacco substitutes (not for medical purposes); smokers' articles, including cigarette paper and tubes, cigarette filters, tobacco tins, cigarette cases and ashtrays, pipes, pocket apparatus for rolling cigarettes, lighters; matches; tobacco sticks, tobacco products for the purpose of being heated, electronic devices and their parts for the purpose of heating cigarettes or tobacco in order to release nicotine-containing aerosol for inhalation; liquid nicotine solutions for use in electronic cigarettes; electronic smoking devices; electronic cigarettes; electronic cigarettes as substitute for traditional cigarettes; electronic devices for the inhalation of nicotine containing aerosol; oral vaporising devices for smokers, | Cl 34 Tobacco; cigarettes; cigars; snuff; cigarette papers; tobacco pipes, not of precious metal; cigarette filters; cigarette cases, not of precious metal; tobacco pouches; cigarette lighters, not of precious metal; matches; tobacco pipe cleaners; ashtrays for smokers, not of precious metal; cigar cutters; electronic cigarettes; electronic cigarette cartridges; nicotine for electronic cigarettes; nicotine liquid for electronic cigarettes; liquid solutions for use in electronic cigarettes; flavorings, other than essential oils, for use in electronic cigarettes; neck chains for electronic cigarettes; USB adapter for electronic cigarettes; atomizers for electronic cigarettes. |



|  |  |
|--|--|
| tobacco products and tobacco substitutes; smoker's articles for electronic cigarettes; parts and fittings for the aforesaid products included in class 34; devices for extinguishing heated cigarettes and cigars as well as heated tobacco sticks; electronic rechargeable cigarette cases; protective cases and carrying cases for electronic cigarettes and electronic smoking devices. |  |
|--|--|

46. The defendant explicitly does not contest the identity and similarity of the relevant goods in the classes 9, 11 and 34 (see para. 16).

#### *Conclusion*

47. The identity and similarity of the goods is undisputed.

#### **A.3 Global assessment**

48. When assessing the likelihood of confusion, in particular the level of attention of the relevant public, the similarity of the goods and services in question and the similarity of the signs are important factors.

49. The average consumer is deemed to be reasonably well-informed and reasonably observant and circumspect (case Lloyd, already cited). It should also be borne in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question. In the present case, the goods which are found to be identical (see paragraph 46) are directed at the public at large with a higher than average degree of attention. Although tobacco products are 'relatively cheap' articles for mass consumption, smokers are considered particularly careful and selective about the brand of cigarettes they smoke, so a higher degree of brand loyalty and attention is assumed when tobacco products are involved. The Office finds these conclusions to be applicable as well for tobacco replacement products.

50. The more distinctive the earlier trademark, the greater the likelihood of confusion. Marks with a highly distinctive character, either per se or because of the reputation they possess on the market, enjoy broader protection than marks with a less distinctive character (Canon, Sabel and Lloyd, already cited). The applicant did not explicitly claim that its mark is particularly distinctive by virtue of intensive use or reputation. Consequently, assessment of the distinctiveness of the earlier mark will rest on its distinctiveness per se. In the present case, the earlier trade mark has no meaning for any of the goods from the perspective of the public in the relevant territory. Therefore, the distinctiveness of the earlier mark must be seen as normal. Although the defendant states that "the distinctiveness of the earlier trademarks invoked is low as they are simplistic geometric designs", this statement has however not been substantiated (see paragraph 24).

51. The global assessment of the likelihood of confusion assumes that there is a certain degree of interdependence between the factors to be considered, particularly between the level of similarity of the signs and of the goods or services which they cover. A lesser degree of similarity between the relevant goods or services can be offset by a greater degree of similarity between the trademarks, and vice versa (Canon and Lloyd, already cited).

52. The identity and similarity of the contested goods is undisputed (see paras. 16 and 47). The signs are visually similar to a high degree. Neither an aural nor a conceptual comparison is relevant. The level of attention of the consumers for the relevant goods is higher than average, although this does not mean that they will examine the marks in detail. Even for a public with a high level of attentiveness, the fact remains that the average consumer only rarely has the chance to make a direct comparison between the different marks but must place his trust in the imperfect picture of them that he has kept in his mind (Lloyd, already cited).

53. Based on the foregoing, the Office finds that the relevant public might believe that the goods in question come from the same undertaking or from economically-linked undertakings.

#### **B. Other factors**

54. The defendant elaborates on specific sales conditions for the relevant products thereby stressing the importance of the aural impact due to the fact that tobacco products are generally hidden from view behind a counter (see paragraph 18) whereas the claimant points out to the fact that the goods on which the trademarks are applied are small (see paragraph 14). Even if the Office would consider the defendant's remark, this does not alter the fact that in this specific case an aural comparison is not relevant. Therefore the Office only takes into account the (high) visual similarity of the signs, whereby also should be borne in mind that the comparison is solely based on the trademarks as registered and not on actual or future use (see to that effect: CJEU, Quantum, C-171/06, 15 March 2007, ECLI:EU:C:2007:171; 02 Holdings Limited, C-533/06, 12 June 2008, ECLI:EU:C:2008:339 and EGC, Ferromix e.a, T-305/06-T-307/06, 15 October 2008, ECLI:EU:T:2008:444).

#### **C. Conclusion**

55. Based on the foregoing the Office is of the opinion that there exists a likelihood of confusion.

56. Because of the fact that the request for cancellation succeeds in its entirety based on one of the trademarks invoked, the Office will not proceed to a comparison with the other trademarks invoked (see also paragraph 33).

#### **IV. DECISION**

57. The cancellation application with number 3000003 is justified.

58. Benelux registration 1027745 will be declared invalid.

59. The defendant shall pay the claimant 1,420 euros in accordance with Article 2.30ter (5) BCIP in conjunction with rule 1.44 (2) IR, as the cancellation application is awarded in its entirety. This decision constitutes an enforceable order pursuant to Article 2.30ter (5) BCIP.

The Hague, 17 January 2020



Tomas Westenbroek  
*(rapporteur)*

Diter Wuytens

Camille Janssen

Administrative officer: Diter Wuytens