

O/438/19

TRADE MARKS ACT 1994

IN THE MATTER OF REGISTRATION NO. UK00003260633

IN THE NAME OF MOHAMMED ASLAM

FOR THE FOLLOWING TRADE MARK:

Cephalus

IN CLASS 5

AND

AN APPLICATION FOR A DECLARATION OF INVALIDITY

UNDER NO. 502147 BY CEPHALON, INC.

BACKGROUND AND PLEADINGS

1. Mr Mohammed Aslam (“the proprietor”) applied for the trade mark **Cephalus** in the UK on 2 October 2017. It was registered on 2 March 2018 for the following goods:

Class 5 Pharmaceutical preparations and substances; Pharmaceutical preparations for human use.

2. On 6 July 2018, Cephalon, Inc. (“the applicant”) applied to have the proprietor’s mark declared invalid under section 47 of the Trade Marks Act 1994 (“the Act”). The application is based on sections 5(2)(b) and 5(3) of the Act. The application for invalidity is directed against all of the goods in the proprietor’s specification.

3. The applicant relies on EUTM registration no. 5612056 for the trade mark **CEPHALON**, which was filed on 21 December 2006 and registered on 7 December 2007. The applicant’s mark is registered for the following goods and services:

Class 5 Pharmaceutical and veterinary preparations; sanitary preparations for medical purposes; dietetic substances adapted for medical use, food for babies; plasters, materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides; pharmaceuticals, biopharmaceutical, and specialty pharmaceuticals for use in human medicine.

Class 42 Scientific and technological services and research and design relating thereto; industrial analysis and research services; design and development of computer hardware and software; legal services; pharmaceutical and biotechnology research and development services; provision of information by means of a global computer network regarding pharmaceutical and biotechnology research and development.

4. Under section 5(2)(b), the applicant relies on all goods and services for which its mark is registered but has made a statement of use in respect of “pharmaceutical

preparations” and “pharmaceuticals, biopharmaceutical, and specialty pharmaceuticals for use in human medicine” only. The applicant claims that the proprietor’s mark is similar to its own mark and that they are registered for identical or similar goods and services and there is a likelihood of confusion.

5. Under section 5(3), the applicant claims that its earlier mark has a reputation in respect of “pharmaceutical preparations” and “pharmaceuticals, biopharmaceutical, and specialty pharmaceuticals for use in human medicine”. The applicant claims that use of the proprietor’s mark would, without due cause, take unfair advantage of, or be detrimental to, the distinctive character and/or repute of its earlier mark.

6. The proprietor filed a counterstatement denying the claims made and requests that the applicant prove use of its earlier mark.

7. The applicant is represented by D Young & Co LLP and the proprietor is represented by Jonathan Linn Intellectual Property. The applicant filed evidence in the form of the witness statement of Dean Michael Cooper dated 10 December 2018 and the witness statement of Jeremy Bankes Pennant dated 10 December 2018. The proprietor filed written submissions dated 18 February 2019. The applicant filed further evidence, following a Case Management Conference, in the form of the witness statement of Sharon Hausdorff dated 14 May 2019. Neither party requested a hearing and both parties filed written submissions in lieu. This decision is taken following a careful perusal of the papers.

EVIDENCE

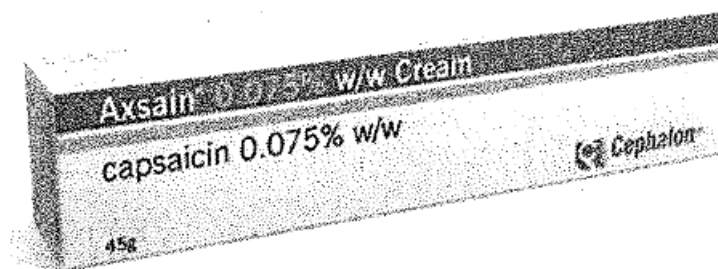
Applicant’s Evidence in Chief

8. As noted above, the applicant’s evidence in chief consists of the witness statement of Mr Cooper, which is accompanied by 5 exhibits and the witness statement of Mr Pennant, which is accompanied by 3 exhibits. Mr Cooper is the Director of Cephalon (UK) Limited and Mr Pennant is the applicant’s trade mark attorney.

9. Mr Cooper states that the applicant was founded in 1987 and has used (either itself or through its associated companies) the CEPHALON mark since that time. Mr Cooper states that the following goods have been sold under the CEPHALON mark in the UK:

SAP PRODUCT CODE	Product	Sales 2017 (in excess of £...)	YTD 2018 Sales (in excess of £...)
231-10-02102	Amphotericin B (Abelcet®)	70,000	50,000
231-10-01968	Arsenic trioxide (TRISENOX®)	1,100,000	1,100,000
231-10-C16992	Capsaicin (Axsain®)	1,900,000	1,500,000
231-10-C17161	Capsaicin (Zacin®)	5,500,000	4,700,000
231-10-C17018	Diltiazem (Dilzem®) XL	110,000	30,000
231-10-C17020	Diltiazem (Dilzem®) XL	180,000	80,000
231-10-C17022	Diltiazem (Dilzem®) XL	50,000	60,000
231-10-01969	Doxorubicin (Myocet®)	80,000	40,000
166,886	Modafinil (Provigil®)	140,000	140,000
166,894	Modafinil (Provigil®)	150,000	90,000
231-10-C17166	Selegiline (Zelapar®) 1.25 mg Oral Lyophilisate.	120,000	70,000
231-10-C17073	Tiagabine (Gabitril®)	100,000	90,000
231-10-C17074	Tiagabine (Gabitril®)	70,000	60,000
231-10-C17075	Tiagabine (Gabitril®)	50,000	30,000

10. Mr Cooper has provided a website print out (the website itself is undated but the print date is 10 December 2018) which shows the following product (although there does not appear to be a facility to purchase the product through the website)¹:



11. The description provided for this product on the website states:

¹ Exhibit ABC2

“For the symptomatic relief of neuralgia associated with and following Herpes Zoster infections (post-herpetic neuralgia) after open skin lesions have healed.

For the symptomatic management of painful diabetic peripheral polyneuropathy.”

12. Mr Cooper has provided further photographs of products bearing the mark shown in paragraph 10 above² (both of which are undated).

13. An article in The Observer dated 16 February 2015 (about the use of narcoleptic drugs by students to boost performance) refers to Cephalon as the “makers of Provigil” and states that they made \$1.2bn in worldwide sales in 2012³.

14. Mr Cooper has provided accounts for the year ending 31 December 2017 for Cephalon (UK) Limited⁴. Mr Cooper states that this shows activity for the company using the name CEPHALON in relation to pharmaceutical products in the UK. The accounts show turnover of £22,324,000 in 2016 and £18,103,000 in 2017.

15. Mr Pennant’s evidence addresses various other marks which are registered in the UK for goods in class 5 and which use the prefix CEPHA-. Mr Pennant has also provided a print out from the website www.medicines.org.uk which refers to the drug Zelpar as being a product of Cephalon (UK) Limited⁵. The page is, itself, undated but the print date is 10 December 2018. There does not appear to be a facility to purchase the drug through the website, which serves to provide information about it. The description provided for the product is as follows:

“[...] Zelpar may be used alone in early Parkinson’s disease for symptomatic relief and/or to delay the need for...”

² Exhibit ABC3

³ Exhibit ABC4

⁴ Exhibit ABC5

⁵ Exhibit JBP3

Proprietor's Evidence

16. As noted above, the proprietor filed written submissions during the evidence rounds, dated 18 February 2019. I have read those submissions in full and will refer to them below as appropriate. I do not propose to summarise those submissions here, but note the following points in particular:

- a. The proprietor does not consider that the applicant's evidence is sufficient to demonstrate proof of use of its earlier mark; and
- b. The proprietor notes that there is some discrepancy between the ownership of Cephalon (UK) Limited as described in Mr Cooper's statement (i.e. that it is a wholly owned subsidiary of the applicant) and as recorded on the accounts provided at Exhibit ABC5 (i.e. that it is owned by Teva Pharmaceutical Industries Limited) which the proprietor submits renders the evidence of use by Cephalon (UK) Limited as irrelevant as it does not amount to use by the applicant or a party it controls or licenses.

17. The proprietor also filed written submissions in lieu of a hearing. Whilst I do not propose to summarise those here, I have taken them into consideration and will refer to them below as appropriate.

Applicant's Further Evidence

18. As noted above, the applicant filed further evidence following a Case Management Conference. This further evidence consists of the witness statement of Ms Hausdorff. Ms Hausdorff is the VP and Chief Patent Counsel at Teva Pharmaceutical Industries Ltd ("Teva Pharmaceutical"); the ultimate parent company of the applicant. This is a position that Ms Hausdorff has held since 2018.

19. The purpose of the further evidence filed by the applicant is to address the discrepancies regarding ownership of Cephalon (UK) Limited. Ms Hausdorff states that Cephalon Inc, Cephalon (UK) Limited and Teva UK Holdings Ltd are all related entities, being wholly owned subsidiaries of Teva Pharmaceutical. She states that

Cephalon Inc was acquired by Teva Pharmaceutical on 14 October 2011, at which time both Cephalon Inc and Cephalon (UK) Limited became wholly owned subsidiaries.

20. The applicant filed written submissions in lieu of a hearing. Whilst I do not propose to summarise those submissions here, I have taken them into consideration and will refer to them below as appropriate.

DECISION

21. Sections 5(2)(b) and 5(3) of the Act have application in invalidation proceedings because of the provisions set out in section 47(2)(a) of the Act. Section 47 of the Act states as follows:

“47. –

(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

(2) The registration of a trade mark may be declared invalid on the ground-

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

(b) that there is an earlier right in relation to which the condition set out in section 5 (4) is satisfied

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.

(2A) But the registration of a trade mark may not be declared invalid on the ground that there is an earlier trade mark unless –

(a) the registration procedure for the earlier trade mark was completed within the period of five years ending with the date of the application for the declaration,

(b) the registration procedure for the earlier trade mark was not completed before that date, or

(c) the use conditions are met.

(2B) The use conditions are met if –

(a) within the period of five years ending with the date of the application for the declaration the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with his consent in relation to the goods or services for which it is registered, or

(b) it has not been so used, but there are proper reasons for non-use.

(2C) For these purposes –

(a) use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, and

(b) use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.

(2D) In relation to a European Union trade mark or international trade mark (EC), any reference in subsection (2B) or (2C) to the United Kingdom shall be construed as a reference to the European Union.

(2E) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated for the purposes of this section as if it were registered only in respect of those goods or services.

(2F) Subsection (2A) does not apply where the earlier trade mark is a trade mark within section 6(1)(c).

[...]

(5) Where the grounds of invalidity exists in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made.

Provided that this shall not affect transactions past and closed.”

22. By virtue of this section, a registered trade mark may be declared invalid if there is an earlier trade mark which satisfies the conditions under sections 5(2) and/or 5(3) of the Act and the owner of the earlier mark has not consented to the registration. In circumstances in which the earlier mark completed its registration process more than

five years before the date of the application for invalidity, the use conditions must be met.

23. Section 5(2)(b) of the Act reads as follows:

“5(2) A trade mark shall not be registered if because –

(a)...

(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected

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

24. Section 5(3) of the Act reads as follows:

“5(3) A trade mark which -

(a) is identical with or similar to an earlier trade mark, shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a European Union trade mark or international trade mark (EC), in the European Union) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or repute of the earlier trade mark.”

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

“6(1) In this Act an “earlier trade mark” means –

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

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

26. The applicant’s mark qualifies as an earlier trade mark under the above provisions. As the applicant’s mark completed its registration process more than five years before the date of the application for invalidity, the use conditions must be satisfied.

Proof of Use

27. The first issue is therefore whether, or to what extent, the opponent has shown genuine use of the earlier mark.

28. The relevant period is the five-year period ending on the date of the application for invalidity. Consequently, the relevant period for these proceedings is 7 July 2013 to 6 July 2018.

29. In *Walton International Ltd & Anor v Verweij Fashion BV* [2018] EWHC 1608 (Ch) Arnold J summarised the law relating to genuine use as follows:

“114.....The CJEU has considered what amounts to “genuine use” of a trade mark in a series of cases: Case C-40/01 *Ansul BV v Ajax Brandbeveiliging BV* [2003] ECR I-2439, *La Mer* (cited above), Case C-416/04 P *Sunrider Corp v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [2006] ECR I-4237, Case C-442/07 *Verein Radetsky-Order v Bunderversammlung Kameradschaft ‘Feldmarschall Radetsky’* [2008] ECR I-

9223, Case C-495/07 *Silberquelle GmbH v Maselli-Strickmode GmbH* [2009] ECR I-2759, Case C-149/11 *Leno Merken BV v Hagelkruis Beheer BV* [EU:C:2012:816], [2013] ETMR 16, Case C-609/11 P *Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG* [EU:C:2013:592], [2014] ETMR, Case C-141/13 P *Reber Holding & Co KG v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:C:2014:2089] and Case C-689/15 *W.F. Gözze Frottierweberei GmbH v Verein Bremer Baumwollbörse* [EU:C:2017:434], [2017] Bus LR 1795.

115. The principles established by these cases may be summarised as follows:

(1) Genuine use means actual use of the trade mark by the proprietor or by a third party with authority to use the mark: *Ansul* at [35] and [37].

(2) The use must be more than merely token, that is to say, serving solely to preserve the rights conferred by the registration of the mark: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Leno* at [29]; *Centrotherm* at [71]; *Reber* at [29].

(3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end user by enabling him to distinguish the goods or services from others which have another origin: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Silberquelle* at [17]; *Leno* at [29]; *Centrotherm* at [71]. Accordingly, affixing of a trade mark on goods as a label of quality is not genuine use unless it guarantees, additionally and simultaneously, to consumers that those goods come from a single undertaking under the control of which the goods are manufactured and which is responsible for their quality: *Gözze* at [43]-[51].

(4) Use of the mark must relate to goods or services which are already marketed or which are about to be marketed and for which preparations to secure customers are under way, particularly in the form of advertising campaigns: *Ansul* at [37]. Internal use by the proprietor does not suffice: *Ansul* at [37]; *Verein* at [14] and [22]. Nor does the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter:

Silberquelle at [20]-[21]. But use by a non-profit making association can constitute genuine use: *Verein* at [16]-[23].

(5) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, that is to say, use in accordance with the commercial *raison d'être* of the mark, which is to create or preserve an outlet for the goods or services that bear the mark: *Ansul* at [37]-[38]; *Verein* at [14]; *Silberquelle* at [18]; *Centrotherm* at [71]; *Reber* at [29].

(6) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including: (a) whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods and services in question; (b) the nature of the goods or services; (c) the characteristics of the market concerned; (d) the scale and frequency of use of the mark; (e) whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them; (f) the evidence that the proprietor is able to provide; and (g) the territorial extent of the use: *Ansul* at [38] and [39]; *La Mer* at [22]-[23]; *Sunrider* at [70]-[71], [76]; *Leno* at [29]-[30], [56]; *Centrotherm* at [72]-[76]; *Reber* at [29], [32]-[34].

(7) Use of the mark need not always be quantitatively significant for it to be deemed genuine. Even minimal use may qualify as genuine use if it is deemed to be justified in the economic sector concerned for the purpose of creating or preserving market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor. Thus there is no *de minimis* rule: *Ansul* at [39]; *La Mer* at [21], [24] and [25]; *Sunrider* at [72] and [76]-[77]; *Leno* at [55].

(8) It is not the case that every proven commercial use of the mark may automatically be deemed to constitute genuine use: *Reber* at [32].”

30. As the earlier mark is an EUTM, the comments of the Court of Justice of the European Union (“CJEU”) in *Leno Merken BV v Hagelkruis Beheer BV*, Case C-149/11, are relevant. The court noted that:

“36. It should, however, be observed that [...] the territorial scope of the use is not a separate condition for genuine use but one of the factors determining genuine use, which must be included in the overall analysis and examined at the same time as other such factors. In that regard, the phrase ‘in the Community’ is intended to define the geographical market serving as the reference point for all consideration of whether a Community trade mark has been put to genuine use.”

And:

“50. Whilst there is admittedly some justification for thinking that a Community trade mark should – because it enjoys more extensive territorial protection than a national trade mark – be used in a larger area than the territory of a single Member State in order for the use to be regarded as ‘genuine use’, it cannot be ruled out that, in certain circumstances, the market for the goods or services for which a Community trade mark has been registered is in fact restricted to the territory of a single Member State. In such a case, use of the Community trade mark on that territory might satisfy the conditions both for genuine use of a Community trade mark and for genuine use of a national trade mark.”

And:

“55. Since the assessment of whether the use of the trade mark is genuine is carried out by reference to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark serves to create or maintain market shares for the goods or services for which it was registered, it is impossible to determine a priori, and in the abstract, what territorial scope should be chosen in order to determine whether the use of the mark is genuine or not. A *de minimis* rule, which would not allow the national court to appraise

all the circumstances of the dispute before it, cannot therefore be laid down (see, by analogy, the order in *La Mer Technology*, paragraphs 25 and 27, and the judgment in *Sunrider v OHIM*, paragraphs 72 and 77)".

The court held that:

"Article 15(1) of Regulation No 207/2009 of 26 February 2009 on the Community trade mark must be interpreted as meaning that the territorial borders of the Member States should be disregarded in the assessment of whether a trade mark has been put to 'genuine use in the Community' within the meaning of that provision.

A Community trade mark is put to 'genuine use' within the meaning of Article 15(1) of Regulation No 207/2009 when it is used in accordance with its essential function and for the purpose of maintaining or creating market share within the European Community for the goods or services covered by it. It is for the referring court to assess whether the conditions are met in the main proceedings, taking account of all the relevant facts and circumstances, including the characteristics of the mark concerned, the nature of the goods or services protected by the trade mark and the territorial extent and the scale of the use as well as its frequency and regularity."

31. In *The London Taxi Corporation Limited v Frazer-Nash Research Limited & Ecotive Limited*, [2016] EWHC 52, Arnold J. reviewed the case law since the *Leno* case and concluded as follows:

"228. Since the decision of the Court of Justice in *Leno* there have been a number of decisions of OHIM Boards of Appeal, the General Court and national courts with respect to the question of the geographical extent of the use required for genuine use in the Community. It does not seem to me that a clear picture has yet emerged as to how the broad principles laid down in *Leno* are to be applied. It is sufficient for present purposes to refer by way of illustration to two cases which I am aware have attracted comment.

229. In Case T-278/13 *Now Wireless Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs)* the General Court upheld at [47] the finding of the Board of Appeal that there had been genuine use of the contested mark in relation to the services in issue in London and the Thames Valley. On that basis, the General Court dismissed the applicant's challenge to the Board of Appeal's conclusion that there had been genuine use of the mark in the Community. At first blush, this appears to be a decision to the effect that use in rather less than the whole of one Member State is sufficient to constitute genuine use in the Community. On closer examination, however, it appears that the applicant's argument was not that use within London and the Thames Valley was not sufficient to constitute genuine use in the Community, but rather that the Board of Appeal was wrong to find that the mark had been used in those areas, and that it should have found that the mark had only been used in parts of London: see [42] and [54]-[58]. This stance may have been due to the fact that the applicant was based in Guilford, and thus a finding which still left open the possibility of conversion of the community trade mark to a national trade mark may not have sufficed for its purposes.

230. In *The Sofa Workshop Ltd v Sofaworks Ltd* [2015] EWHC 1773 (IPEC), [2015] ETMR 37 at [25] His Honour Judge Hacon interpreted *Leno* as establishing that "genuine use in the Community will in general require use in more than one Member State" but "an exception to that general requirement arises where the market for the relevant goods or services is restricted to the territory of a single Member State." On this basis, he went on to hold at [33]-[40] that extensive use of the trade mark in the UK, and one sale in Denmark, was not sufficient to amount to genuine use in the Community. As I understand it, this decision is presently under appeal and it would therefore be inappropriate for me to comment on the merits of the decision. All I will say is that, while I find the thrust of Judge Hacon's analysis of *Leno* persuasive, I would not myself express the applicable principles in terms of a general rule and an exception to that general rule. Rather, I would prefer to say that the assessment is a multi-factorial one which includes the geographical extent of the use."

32. The General Court (“GC”) restated its interpretation of *Leno* in Case T-398/13, *TVR Automotive Ltd v OHIM* (see paragraph 57 of the judgment). This case concerned national (rather than local) use of what was then known as a Community trade mark (now a European Union trade mark). Consequently, in trade mark opposition and cancellation proceedings the registrar continues to entertain the possibility that use of an EUTM in an area of the Union corresponding to the territory of one Member State may be sufficient to constitute genuine use of an EUTM. This applies even where there are no special factors, such as the market for the goods/services being limited to that area of the Union.

33. Whether the use shown is sufficient for this purpose will depend on whether there has been real commercial exploitation of the EUTM, in the course of trade, sufficient to create or maintain a market for the goods at issue in the Union during the relevant 5-year period. In making the assessment I am required to consider the relevant factors, including:

- a) The scale and frequency of the use shown;
- b) The nature of the use shown;
- c) The goods for which use has been shown;
- d) The nature of those goods and the market(s) for them; and
- e) The geographical extent of the use shown.

34. Proven use of a mark which fails to establish that “the commercial exploitation of the mark is real” because the use would not be “viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark” is, therefore, not genuine use.

Preliminary Issue

35. The proprietor has raised issues regarding the applicant's evidence of use of its earlier mark. The proprietor argues that the applicant cannot rely on use of the mark by Cephalon (UK) Limited because it has not consented to the use and/or has no control over its business activities.

36. In my view, these points are without merit. Firstly, there is clearly a relationship between the applicant and Cephalon (UK) Limited; both being wholly owned subsidiaries of Teva Pharmaceutical. As noted above, the use conditions will be satisfied pursuant to section 47(2B) if it has been put to genuine use "by the proprietor or with his consent in relation to the goods or services for which it is registered". There is no requirement that this consent be formalised or documented in a Licence. It is clear from the applicant's evidence that the use made of the earlier mark by Cephalon (UK) Limited was use with the consent of the applicant. Secondly, there is no requirement that the applicant have control over the party that has made use of the mark or the way in which they have used the mark⁶. Consequently, the applicant is not prevented from relying upon this evidence.

Form of the mark

37. In *Colloseum Holdings AG v Levi Strauss & Co.*, Case C-12/12, which concerned the use of one mark with, or as part of, another mark, the CJEU found that (my emphasis):

32. "31. It is true that the 'use' through which a sign acquires a distinctive character under Article 7(3) of Regulation No 40/94 relates to the period before its registration as a trade mark, whereas 'genuine use', within the meaning of Article 15(1) of that regulation, relates to a five-year period following registration and, accordingly, 'use' within the meaning of Article 7(3) for the purpose of

⁶ See the decision of Mr Geoffrey Hobbs QC, sitting as the Appointed Person in *Einstein Trade Mark*, [2007] RPC 23.

registration may not be relied on as such to establish 'use' within the meaning of Article 15(1) for the purpose of preserving the rights of the proprietor of the registered trade mark.

32. Nevertheless, as is apparent from paragraphs 27 to 30 of the judgment in *Nestle*, the 'use' of a mark, in its literal sense, generally encompasses both its independent use and its use as part of another mark taken as a whole or in conjunction with that other mark.

33. As the German and United Kingdom Governments pointed out at the hearing before the Court, the criterion of use, which continues to be fundamental, cannot be assessed in the light of different considerations according to whether the issue to be decided is whether use is capable of giving rise to rights relating to a mark or of ensuring that such rights are preserved. If it is possible to acquire trade mark protection for a sign through a specific use made of the sign, that same form of use must also be capable of ensuring that such protection is preserved.

34. Therefore, the requirements that apply to verification of the genuine use of a mark, within the meaning of Article 15(1) of Regulation No 40/94, are analogous to those concerning the acquisition of a sign of distinctive character through use for the purpose of its registration, within the meaning of Article 7(3) of the regulation.

35. Nevertheless, as pointed out by the German Government, the United Kingdom Government and the European Commission, a registered trade mark that is used only as part of a composite mark or in conjunction with another mark must continue to be perceived as indicative of the origin of the product at issue for that use to be covered by the term 'genuine use' within the meaning of Article 15(1)". (emphasis added)

38. In *Nirvana Trade Mark*, BL O/262/06, Mr Richard Arnold Q.C. (as he then was), sitting as the Appointed Person, summarised the test under section 46(2) of the Act as follows:

“33. ...The first question [in a case of this kind] is what sign was presented as the trade mark on the goods and in the marketing materials during the relevant period...

34. The second question is whether that sign differs from the registered trade mark in elements which do not alter the latter’s distinctive character. As can be seen from the discussion above, this second question breaks down in the sub-questions, (a) what is the distinctive character of the registered trade mark, (b) what are the differences between the mark used and the registered trade mark and (c) do the differences identified in (b) alter the distinctive character identified in (a)? An affirmative answer to the second question does not depend upon the average consumer not registering the differences at all.”

39. Although this case was decided before the judgment of the CJEU in *Colloseum*, it remains sound law so far as the question is whether the use of a mark in a different form constitutes genuine use of the mark as required. The later judgment of the CJEU must also be taken into account where the mark is used as registered, but as part of a composite mark.

40. Where the applicant’s mark has been used in word only form this will, clearly, be use upon which the applicant can rely. The applicant has also used the mark in the following variant:



41. This is use of the word CEPHALON in combination with a device. The content of the device is not entirely clear due to the quality of the image. However, as per *Colloseum* cited above, use in combination with additional matter is acceptable variant use. Consequently, this is use upon which the applicant may rely.

Sufficient Use

42. An assessment of genuine use is a global assessment, which includes looking at the evidential picture as a whole, not whether each individual piece of evidence shows use by itself⁷.

43. As indicated in the case law cited above, use does not need to be quantitatively significant in order to be genuine. The assessment must take into account a number of factors in order to ascertain whether there has been real commercial exploitation of the mark which can be regarded as “warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark”.

44. Mr Cooper has provided a list of products that he states have been sold under the CEPHALON mark in the UK. In 2017, the total sales for these products amounted to several million pounds. A website print out is provided (which is undated save for the print date of 10 December 2018 which is after the relevant period) which shows one of these products i.e. Capsaicin Axsain. The image shows both the “Axsain” mark and the CEPHALON mark. The proprietor argues that it is the word Axsain which serves as the trade mark in this context and that use of the applicant’s mark in this way does not amount to trade mark use. The proprietor argues that the CEPHALON mark is presented only to identify the medical license holder. To my mind, this argument is flawed. A business is not limited to using only one trade mark on their goods. Indeed, it is not uncommon for businesses to use their house mark on all goods sold by them and to use secondary marks to identify sub-brands sold under the house mark. I can see no reason why consumers would not consider the presence of the word CEPHALON on the product in the way shown in the applicant’s evidence to be trade mark use. The proprietor has provided no evidence to support this assertion.

45. The applicant’s evidence is certainly far from complete. I have been provided with no invoices for sales of the products and no images of products bearing the

⁷ *New Yorker SHK Jeans GmbH & Co KG v OHIM*, T-415/09

CEPHALON mark which I can identify as falling within the relevant period. However, taking the evidence as a whole into account, in particular Mr Cooper's evidence that the sales figures provided relate to products that have been sold under the CEPHALON mark in the UK, the website print out which supports this (albeit it is undated) and the sales figures which fall within the relevant period, I am satisfied that the applicant has done enough to demonstrate use of the mark in the UK. As noted above, use of an EUTM in an area of the Union corresponding to the territory of one Member State may be sufficient to constitute genuine use. I consider that to be the case here.

Fair Specification

46. I must now consider whether, or the extent to which, the evidence shows use for all the goods relied upon.

47. In *Euro Gida Sanayi Ve Ticaret Limited v Gima (UK) Limited*, BL O/345/10, Mr Geoffrey Hobbs Q.C. as the Appointed Person summed up the law as being:

“In the present state of the law, fair protection is to be achieved by identifying and defining not the particular examples of goods or services for which there has been genuine use but the particular categories of goods or services they should realistically be taken to exemplify. For that purpose the terminology of the resulting specification should accord with the perceptions of the average consumer of the goods or services concerned.”

48. In *Property Renaissance Ltd (t/a Titanic Spa) v Stanley Dock Hotel Ltd (t/a Titanic Hotel Liverpool) & Ors* [2016] EWHC 3103 (Ch), Mr Justice Carr summed up the law relating to partial revocation as follows:

“iii) Where the trade mark proprietor has made genuine use of the mark in respect of some goods or services covered by the general wording of the specification, and not others, it is necessary for the court to arrive at a fair specification in the circumstance, which may require amendment; *Thomas Pink Ltd v Victoria's Secret UK Ltd* [2014] EWHC 2631 (Ch) (“Thomas Pink”) at [52].

iv) In cases of partial revocation, pursuant to section 46(5) of the Trade Marks Act 1994, the question is how would the average consumer fairly describe the services in relation to which the trade mark has been used; *Thomas Pink* at [53].

v) It is not the task of the court to describe the use made by the trade mark proprietor in the narrowest possible terms unless that is what the average consumer would do. For example, in *Pan World Brands v Tripp Ltd* (Extreme Trade Mark) [2008] RPC 2 it was held that use in relation to holdalls justified a registration for luggage generally; *Thomas Pink* at [53].

vi) A trade mark proprietor should not be allowed to monopolise the use of a trade mark in relation to a general category of goods or services simply because he has used it in relation to a few. Conversely, a proprietor cannot reasonably be expected to use a mark in relation to all possible variations of the particular goods or services covered by the registration. *Maier v Asos Plc* [2015] EWCA Civ 220 ("Asos") at [56] and [60].

vii) In some cases, it may be possible to identify subcategories of goods or services within a general term which are capable of being viewed independently. In such cases, use in relation to only one subcategory will not constitute use in relation to all other subcategories. On the other hand, protection must not be cut down to those precise goods or services in relation to which the mark has been used. This would be to strip the proprietor of protection for all goods or services which the average consumer would consider to belong to the same group or category as those for which the mark has been used and which are not in substance different from them; *Mundipharma AG v OHIM* (Case T-256/04) ECR II-449; EU:T:2007:46."

49. As noted above, the applicant has only made a statement of use in respect of "pharmaceutical preparations" and "pharmaceuticals, biopharmaceutical, and specialty pharmaceuticals for use in human medicine". The applicant cannot, therefore, rely upon its broader specification. The product descriptions provided in the

applicant's evidence confirm that they are either tablets or creams for the treatment of particular conditions in humans. To my mind, this falls within the meaning of "pharmaceutical preparations". I have been provided with no explanation by the applicant as to whether these products would be considered "biopharmaceutical" or "specialty pharmaceuticals". Taking all of this into account, I am satisfied that a fair specification would be as follows:

Class 5 Pharmaceutical preparations; pharmaceuticals [...] for use in human medicine.

Section 5(2)(b)

50. The following principles are gleaned from the decisions of the EU courts in *Sabel BV v Puma AG*, Case C-251/95, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, Case C-39/97, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* Case C-342/97, *Marca Mode CV v Adidas AG & Adidas Benelux BV*, Case C-425/98, *Matratzen Concord GmbH v OHIM*, Case C-3/03, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*, Case C-120/04, *Shaker di L. Laudato & C. Sas v OHIM*, Case C-334/05P and *Bimbo SA v OHIM*, Case C-591/12P.

(a) The likelihood of confusion must be appreciated globally, taking account of all relevant factors;

(b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;

(e) nevertheless, the overall impression conveyed to the public by a composite trade mark may be dominated by one or more of its components;

(f) however, it is also possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;

(g) a lesser degree of similarity between the goods or services may be offset by a greater degree of similarity between the marks, and vice versa;

(h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;

(i) mere association, in the strict sense that the later mark brings to mind the earlier mark, is not sufficient;

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

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

Comparison of goods

51. In light of my findings at paragraph 49 above, the competing goods are as follows:

Applicant's goods	Proprietor's goods
<u>Class 5</u> : Pharmaceutical preparations; pharmaceuticals [...] for use in human medicine.	<u>Class 5</u> : Pharmaceutical preparations and substances; Pharmaceutical preparations for human use.

52. In *Gérard Meric v Office for Harmonisation in the Internal Market*, Case T- 133/05, the GC stated that:

“29. In addition, the goods can be considered as identical when the goods designated by the earlier mark are included in a more general category, designated by trade mark application (Case T-388/00 *Institut for Lernsysteme v OHIM – Educational Services* (ELS) [2002] ECR II-4301, paragraph 53) or where the goods designated by the trade mark application are included in a more general category designated by the earlier mark.”

53. In my view, the proprietor's goods are either self-evidently identical or are identical on the principle outlined in *Meric* to the applicant's goods. If I am wrong in this finding then they will overlap in users, uses, trade channels, method of use and nature and will be highly similar.

The average consumer and the nature of the purchasing act

54. As the case law above indicates, it is necessary for me to determine who the average consumer is for the respective parties' goods. I must then determine the manner in which the goods are likely to be selected by the average consumer. In *Hearst Holdings Inc, Fleischer Studios Inc v A.V.E.L.A. Inc, Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited, J Fox Limited*, [2014] EWHC 439 (Ch), Birss J. described the average consumer in these terms:

“60. The trade mark questions have to be approached from the point of view of the presumed expectations of the average consumer who is reasonably well informed and reasonably circumspect. The parties were agreed that the relevant person is a legal construct and that the test is to be applied objectively by the court from the point of view of that constructed person. The words “average” denotes that the person is typical. The term “average” does not denote some form of numerical mean, mode or median”.

55. I have no submissions from the applicant on the identity of the average consumer or the nature of the purchasing process. In its counterstatement, the proprietor states as follows:

“The goods in question, namely pharmaceutical products/preparations, are by their very nature not sold direct to consumers, but are prescribed by medical professionals and/or sold/supplied through pharmacists.”

56. Both parties’ goods are pharmaceutical products. In *Mundipharma AG v OHIM*, Case T-256/04, the GC accepted that there are two groups of relevant consumers for pharmaceutical products i.e. medical professionals and members of the general public. The frequency of purchase of these goods will vary depending on the specific type of product in question. For example, products purchased for a temporary condition may be purchased very infrequently whereas products purchased for an ongoing condition may be purchased on a more frequent basis. Both medical professionals and members of the general public are likely to pay at least a medium degree of attention when purchasing the goods due to the fact that they are products which will have an effect on the end user’s health and wellbeing⁸. For medical professionals, their professional obligations will add to this.

57. I therefore consider that at least a medium degree of attention will be paid by the average consumer during the purchasing process for the goods at issue.

⁸ *The Procter & Gamble Company v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Case T-240/08*

58. The average consumer is likely to purchase the goods from specialist suppliers, either in retail premises or from a website or catalogue equivalent. Consequently, visual considerations are likely to dominate the selection process. However, I do not discount that there may be an aural component to the purchase of the goods given that orders may be placed by telephone or advice may be sought from a specialist. The aural component to the purchase is likely to be higher for members of the general public where a prescription is required to obtain the goods.

Comparison of trade marks

59. It is clear from *Sabel BV v. Puma AG* (particularly paragraph 23) that the average consumer normally perceives a trade mark as a whole and does not proceed to analyse its various details. The same case also explains that the visual, aural and conceptual similarities of the trade marks must be assessed by reference to the overall impressions created by the trade marks, bearing in mind their distinctive and dominant components. The CJEU stated at paragraph 34 of its judgment in Case C-591/12P, *Bimbo SA v OHIM*, that:

“... it is necessary to ascertain, in each individual case, the overall impression made on the target public by the sign for which registration is sought, by means of, inter alia, an analysis of the components of a sign and of their relative weight in the perception of the target public, and then, in the light of that overall impression and all factors relevant to the circumstances of the case, to assess the likelihood of confusion.”

60. It would be wrong, therefore, to artificially dissect the trade marks, although it is necessary to take into account the distinctive and dominant components of the marks and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions created by the marks.

61. The respective trade marks are shown below:

Applicant's mark	Proprietor's mark
CEPHALON	Cephalus

62. Both parties' marks are word only marks. There are no other elements to contribute to the overall impression which lies in the words themselves – CEPHALON in the applicant's mark and Cephalus in the proprietor's mark.

63. Visually, both marks coincide in the presence of the first six letters – CEPHAL-. They differ in the last two letters – ON in the applicant's mark and US in the proprietor's mark. As a general rule, the beginnings of marks tend to make more impact than the ends⁹. Registration of a word only mark covers use in any standard typeface and so the difference created by the use of upper case in the applicant's mark and the use of title case in the proprietor's mark is irrelevant. I consider the marks to be visually similar to a high degree.

64. Aurally, the applicant's mark will be pronounced SEF-AAL-ONN. The proprietor's mark will be pronounced SEF-AAL-USS. The marks, therefore, coincide in the pronunciation of the first two syllables but differ in the pronunciation of the last. I consider the marks to be aurally similar to a high degree.

65. Conceptually, I consider that both marks will be viewed as invented words. The proprietor suggests that the applicant's mark derives from the Greek for "head". I do not consider that the average consumer for the goods will identify this meaning. The proprietor also suggests that its own mark is a reference to a figure from Greek mythology. Whilst some average consumers may recognise this meaning, it is far more likely that it will be viewed as an invented word. The marks will, therefore, be conceptually neutral.

⁹ *El Corte Ingles, SA v OHIM*, Cases T-183/02 and T-184/02

Distinctive character of the earlier mark

66. In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*, Case C-342/97 the CJEU stated that:

“22. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, the national court must make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, to that effect, judgment of 4 May 1999 in Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee v Huber and Attenberger* [1999] ECR I-2779, paragraph 49).

23. In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered; the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promotion of the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (see *Windsurfing Chiemsee*, paragraph 51).”

67. Registered trade marks possess varying degrees of inherent distinctive character, ranging from the very low, because they are suggestive or allusive of a characteristic of the goods or services, to those with high inherent distinctive character, such as invented words which have no allusive qualities.

68. I will begin by assessing the inherent distinctive character of the applicant's mark. As noted above, the applicant's mark will be viewed as an invented word. There is no suggestion by either of the parties that the earlier mark is descriptive or allusive for the goods. I consider the applicant's mark to be inherently distinctive to a high degree.

69. The applicant claims that the distinctive character of its mark has been further enhanced through use. The proprietor argues that the applicant's evidence falls short of proving this. I agree with the proprietor. Whilst the applicant's sales figures are not insignificant, I have no information about market share or advertising activities. In my view, the evidence falls short of demonstrating that the distinctiveness of the applicant's mark has been enhanced through use.

Likelihood of confusion

70. Confusion can be direct or indirect. Direct confusion involves the average consumer mistaking one mark for the other, while indirect confusion is where the average consumer realises the marks are not the same but puts the similarity that exists between the marks and the goods and services down to the responsible undertakings being the same or related. There is no scientific formula to apply in determining whether there is a likelihood of confusion; rather, it is a global assessment where a number of factors need to be borne in mind. The first is the interdependency principle i.e. a lesser degree of similarity between the respective trade marks may be offset by a greater degree of similarity between the respective goods and services and vice versa. As I mentioned above, it is necessary for me to keep in mind the distinctive character of the applicant's trade mark, the average consumer of the goods and the nature of the purchasing process. In doing so, I must be alive to the fact that the average consumer rarely has the opportunity to make direct comparisons between trade marks and must instead rely upon the imperfect picture of them that he has retained in his mind.

71. I have found the marks to be visually and aurally similar to a high degree. I have found the marks to be conceptually neutral. I have found the earlier mark to have a high degree of inherent distinctive character. I have identified the average consumer to be a member of the general public or a medical professional who will select the goods primarily by visual means (although I do not discount an aural component). I recognise that the aural component for the purchase of the goods will be more significant in some circumstances. I have concluded that at least a medium degree of

attention will be paid during the purchasing process. I have found the parties' goods to be identical or, if I am wrong in this finding, they will be highly similar.

72. Bearing in mind the visual and aural similarities between the marks, I consider that they will be mistakenly recalled as each other. This is particularly the case given that the applicant's mark is highly distinctive. As neither mark will be identified as having a conceptual meaning, there will be no hook to assist the consumer in distinguishing between them. I consider this to be the case notwithstanding the fact that at least a medium degree of attention will be paid during the purchasing process. Even if there are some consumers that recognise the proprietor's mark as the name of a mythological figure, a significant proportion of average consumers will not. If there is a likelihood of confusion amongst a significant proportion of the public displaying the characteristics attributed to an average consumer for the goods, then this is sufficient for a finding of confusion¹⁰. I consider there to be a likelihood of direct confusion.

73. The opposition under section 5(2)(b) of the Act succeeds in its entirety.

Section 5(3)

74. As the applicant has been successful based on its first ground of opposition, I am not required to consider the ground of opposition based on section 5(3) of the Act as it does not improve the applicant's position. However, for the sake of completeness, I will deal with the ground briefly.

75. I bear in mind the relevant case law which can be found in the judgments of the CJEU in Case C-375/97, *General Motors*, Case 252/07, *Intel*, Case C-408/01, *Addidas-Salomon*, Case C-487/07, *L'Oreal v Bellure* and Case C-323/09, *Marks and Spencer v Interflora*. The conditions of section 5(3) are cumulative. Firstly, the applicant must show that its earlier mark has achieved a level of knowledge/reputation amongst a significant part of the public. Secondly, the applicant must establish that the public will make a link between the marks, in the sense of the earlier mark being

¹⁰ See *Comic Enterprises Ltd v Twentieth Century Fox Film Corporation* [2016] EWCA Civ 41 and *Soulcycle Inc v Matalan Ltd* [2017] EWHC 496 (Ch)

brought to mind by the later mark. Thirdly, assuming the first two conditions have been met, section 5(3) requires that one or more of the three types of damage claimed by the applicant will occur. It is unnecessary for the purposes of section 5(3) that the goods be similar, although the relative distance between them is one of the factors which must be assessed in deciding whether the public will make a link between them.

Reputation

76. In *General Motors*, Case C-375/97, the CJEU stated:

“25. It cannot be inferred from either the letter or the spirit of Article 5(2) of the Directive that the trade mark must be known by a given percentage of the public so defined.

26. The degree of knowledge required must be considered to be reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that trade mark.

27. In examining whether this condition is fulfilled, the national court must take into consideration all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it.

28. Territorially, the condition is fulfilled when, in the terms of Article 5(2) of the Directive, the trade mark has a reputation 'in the Member State'. In the absence of any definition of the Community provision in this respect, a trade mark cannot be required to have a reputation 'throughout the territory of the Member State. It is sufficient for it to exist in a substantial part of it.’”

77. In determining whether the applicant has demonstrated a reputation for the goods in issue, it is necessary for me to consider whether its mark will be known by a significant part of the public concerned with the goods. In reaching this decision, I must take all of the evidence into account including “the market share held by the trade

mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it.”

78. As noted above, whilst the applicant’s revenue is not insignificant, I have no examples of the applicant being referenced in articles or advertising campaigns to promote the applicant’s mark. I have no information about the applicant’s market share. In my view, the applicant’s evidence falls short of demonstrating the requisite reputation for its opposition under section 5(3) to succeed.

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

CONCLUSION

80. The application for invalidation succeeds in its entirety and the registration is hereby declared invalid in respect of all goods for which it is registered. Under section 47(6) of the Act, the registration is deemed never to have been made.

COSTS

81. The applicant has been successful and is entitled to a contribution towards its costs, based upon the scale published in Tribunal Practice Notice 2/2016. In the circumstances, I award the applicant the sum of **£1,300** as a contribution towards the costs of proceedings. The sum is calculated as follows:

Preparing a statement and considering the proprietor’s statement	£200
Preparing evidence in chief, considering the proprietor’s evidence and preparing further evidence	£600
Preparing written submissions in lieu	£300
Official fee	£200

Total

£1,300

82. I therefore order Mohammed Aslam to pay Cephalon, Inc. the sum of £1,300. This sum should be paid within 14 days of the expiry of the appeal period or, if there is an appeal, within 14 days of the conclusion of the appeal proceedings.

Dated 26 July 2019

S WILSON

For the Registrar