

**DECISION
of the Fourth Board of Appeal
of 9 December 2016**

In Case R 575/2016-4

VMR Products, LLC

3050 Biscayne Blvd., 8th Floor
Miami Florida 33137
United States of America

Appellant / Cancellation applicant

represented by HGF Limited, 8th Floor, 140 London Wall, London EC2Y 5DN,
United Kingdom

v

V2H ApS

C/o V2 Tobacco A/S, Georg Jensens Vej 7
DK-8600 Silkeborg
Denmark

Respondent / EUTM Proprietor

represented by Njord Law Firm Advokatpartnerselskab, Pilestræde 58, DK-1112
Copenhagen K, Denmark

APPEAL relating to Cancellation Proceedings No 8547 C (European Union trade
mark No 11 026 762)

THE FOURTH BOARD OF APPEAL

composed of D. Schennen (Chairman), L. Marijnissen (Rapporteur) and S. Martin
(Member)

Registrar: H. Dijkema

gives the following

Decision

Summary of the facts

- 1 On 9 July 2012, V2H ApS ('EUTM proprietor') applied for the word mark

V2

as a European Union trade mark ('EUTM') which was registered on 6 December 2012 for the following goods:

Class 5 – Herbs (smoking) for medical purposes; smoking cessation preparations;

Class 30 – Coffee, tea, cocoa and artificial coffee; rice; tapioca and sago; flour and preparations made from cereals; bread, pastry and confectionery; ices; sugar, honey, treacle; yeast, baking-powder; salt; mustard; vinegar, sauces (condiments); spices; ice;

Class 34 – Tobacco; smokers' articles; matches; snuff; tobacco powder, namely snuff, including nicotine-free snuff; tobacco substitutes not for medical purposes; snuff and tobacco alternatives in the form of products based on vegetable fibers, for oral use, not for consumption; tobacco free snuff; herbal snuff; tobacco substitutes for purposes of cessation or temporarily reducing the desire to use snuff.

- 2 On 18 October 2013, an application for a declaration of invalidity of this EUTM was filed by VMR Products, LLC ('the cancellation applicant') based on Article 52(1)(b), arguing that the applicant was acting in bad faith when it filed the application, and based on Article 53(1)(c) EUTMR. For the latter ground it invoked the non-registered trade marks used in the course of trade in the UK

V2 and V2Cigs

for 'electronic cigarettes and accessories thereof.

- 3 The declaration for invalidity was directed against all the goods of the contested EUTM.
- 4 As regards the substantiation of the earlier rights invoked, the cancellation applicant stated:

'Under the common law of the United Kingdom, there is an actionable tort of 'passing off'. The law of passing off, simply put, is that no one may pass off their goods as those of another'

and

'It is well established case law (per the speech of Lord Oliver of Aylmerton in *Reckitt & Colman Products Limited v Borden Inc & Ors* [1990] R.P.C. 341 that there are three key ingredients necessary to found an action in passing off:

- (i) 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.

- (ii) Misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff.
- (iii) Thirdly, he must demonstrate that he suffers of, in a *quia timet* action, that he is likely to suffer damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff.

It further makes reference to two UK High Court decisions dated 1967 and 1985 concerning the level of sales establishing goodwill.

None of the above references was substantiated by submitting the decisions referred to and no other evidence in support of the substantiation of the earlier rights was submitted at first instance.

5 Moreover, the cancellation applicant submitted the following evidence in support of the claimed use in the course of trade in the UK of the earlier non-registered marks:

- One packing slip from the cancellation applicant to an anonymous customer in the UK, dated 2 October 2010 for six 'V2 Lanyards';
- Four blackened invoices from the cancellation applicant to one of its alleged distributors in the UK, dated August and October 2011, only two of them referring to the mark 'V2' (one to four 'V2 Disposable' and one to twenty 'V2 Cardboard Display'), amounts unclear;
- One blackened invoice from the cancellation applicant to one of its alleged distributors in the UK, dated September 2011, making reference to a total amount of USD 15,914.50; only a small part of the products listed in this invoice refers to the mark 'V2';
- A copy of an advertisement for V2 electronic cartridges which indicates 'No wonder V2 is America's No.1 ecig brand' to be ordered on www.BuyV2cigs.co.uk and making reference to an offer which ends 31 October 2013.

6 In response to the reply of the EUTM proprietor, the cancellation applicant filed the following additional evidence in order to prove the use of its earlier non-registered marks:

- A Witness Statement from Sanjiv Desai, the cancellation applicant's Vice-President and General Counsel, dated 19 August 2014. He states that his company has promoted and assisted in the promotion of electronic cigarettes and parts and accessories therefor under the brands 'V2' and 'V2Cigs' in the UK since 2010. The products were sold through distributors in the UK. He shows a list of past and present distributors who operated websites directed specifically at customers in the UK. He includes an overview of the total sales of electronic cigarettes and parts therefor and related accessories under the 'V2' and 'V2Cigs' trade marks in the UK between November 2010 and August 2012. Attached to the statement are:

- o Printouts from the website www.buyv2cigs.co.uk from one of the distributors dated 18 August 2014. It refers to ‘The Best E Cigarette UK according to UK ECig Reviews in 2013’. On the site are customer reviews as from January 2012 but it is not clear whether the ones predating the filing date of the contested mark are from UK or US customers. The copyright notice of the website is from 2014;
- o A copy of the invoice making reference to the packing slip for six ‘V2 Lanyards’ which had already been submitted, see paragraph 5 above, with a total amount of CAD 61.96;
- o Six invoices from the cancellation applicant to natural persons in the UK, dated November and December 2010 referring to various V2 products such as Vapor Cartridges, Traveler Kit, Economy Kit and Standard Kit together representing an amount of CAD 711.51;
- o Company details of the cancellation applicant’s distributors and WHOIS printouts of the domain names they use for their websites;
- o Printouts taken from the Internet Archive of the websites www.v2cig.co.uk and www.buyv2cigs.co.uk from the cancellation applicant’s distributors in February and May 2012;
- o Copies of invoices from the cancellation applicant to its distributors in the UK between January 2011 and August 2012, in part referring to ‘V2’ products and in total representing an amount of USD 157,156;
- o An internal spreadsheet detailing sales from October 2010 to July 2012 indicating order date/ subtotal before tax/ number of items in order/ payment method/ customer first name/ town/ county/ country.

7 As regards the cancellation applicant’s bad faith claim under Article 52(1)(b) EUTMR, it argued that:

- a) The EUTM proprietor’s interest is confined to the sale of ‘snus’ (a variant of snuff) in Sweden and ‘chewing tobacco’ in other EU Member States. As regards the sale of ‘snus’ it argues that this is banned from the EU apart from in Sweden. The proprietor acted in bad faith in filing a EUTM for a product which can only be sold in one Member State;
- b) The contested goods extend beyond those in which the EUTM proprietor had an interest, i.e. ‘snus’ and ‘chewing tobacco’. Therefore, the EUTM proprietor tried to block the cancellation applicant from trading in the EU, rather than having a legitimate business desire to market and sell all the contested goods throughout the EU;
- c) The contested mark was filed with the knowledge that the cancellation applicant’s mark ‘V2’ was already being used in the UK prior to the date of application;
- d) Application and use of the contested mark are in potential breach of the UK Tobacco Advertising and Promotion (Brandsharing) Regulations 2004 of which Article 3 that ‘the use by a person in connection with any non-tobacco product or service of any feature which is the same as, or is so similar as to be likely to be mistaken for, any feature which is connected with a tobacco product is prohibited if the purpose or effect of that use is to promote a tobacco product in the United Kingdom’;

- e) The EUTM proprietor already applied to register the word mark 'V2' as a EUTM on 27 August 2009 under No 8 512 345 for goods in Class 34. Consequently, there was no justification for filing the contested mark in 2012, other than to try to obtain fresh rights that would be enforceable, regardless of use, for a new five-year period from the date of registration.

8 By decision of 5 February 2016, the Cancellation Division rejected the application for declaration of invalidity in its entirety and ordered the cancellation applicant to bear the costs.

9 It reasoned that the EUTM proprietor's bad faith in applying for the contested mark was not demonstrated by the cancellation applicant.

10 As regards the arguments raised by the cancellation applicant referred to above in paragraph 7 under a) and b) it reasoned that these were just based on supposition. The contested mark was registered for various goods and there was no reason to assume that there was no intention to use the mark for these goods during the five-year period following registration. When the five-year period elapses, proof of use may be requested. Until that point is reached, the proprietor is entitled to retain its registration.

11 As regards the cancellation applicant's bad faith argument as referred to above in paragraph 7 under c), the Cancellation Division reasoned that there was no direct evidence for the prior use claimed by the cancellation applicant. Actually, there was a dispute between the parties about the extent of use of the cancellation applicant's mark or marks. The EUTM proprietor had made some well justified criticism on the evidence presented by the cancellation applicant. Actual sales in the UK were hard to pin down from the evidence it filed. From the evidence it could not be concluded that the cancellation applicant was selling goods in the UK, let alone that the 'V2' mark enjoyed a place on the market such that the proprietor could be aware of it. There was no concrete evidence from which it could be deduced that the EUTM proprietor was seeking to dishonestly deprive the cancellation applicant of its 'V2' brand by filing the application when it did. It appeared from the facts that the EUTM proprietor simply happened to get on the UK market first. Also, the cancellation applicant's mark was not so fanciful or unusual that coincidence could not adequately explain the similarity between the applicant's mark and the contested mark. The cancellation applicant did not prove that the proprietor was actually aware or should have been aware of the earlier marks invoked.

12 As regards the cancellation applicant's bad faith argument as referred to above in paragraph 7 under d), the Cancellation Division reasoned that it was not equipped or authorised by law to interpret what amounts to a breach of advertising law in a Member State. Anyhow, it was not willing to remove the contested mark from the register on the hypothetical basis that the EUTM proprietor might use the mark in advertisements that potentially breach UK advertising laws.

13 As regards the cancellation applicant's argument as referred to above in paragraph 7 under e) the Cancellation Division reasoned that this argument relied on the assumption that the proprietor would not use the mark for Class 34 goods. There was no way of knowing that. It found this argument as speculative as the arguments raised in paragraph 7 under a) and b).

14 The Cancellation Division rejected the cancellation request also on the grounds of 8(4) EUTMR and the UK tort of passing off as claimed by the cancellation applicant. Apart from a rudimentary and generic reference to the law of passing off, the applicant submitted little information concerning the application of the law to the present case. The applicant had not demonstrated what scope of protection would be granted to the claimed earlier rights nor under what conditions those rights might prohibit the use of the later mark in the UK. Moreover, it did not explain how the alleged earlier rights would be damaged by the registration and use of the contested mark. This failure alone made it impossible for the Cancellation Division to conclude that a hypothetical action undertaken by the cancellation applicant in the UK pursuant to the tort of passing off would succeed.

Submissions and arguments of the parties

15 On 24 March 2016, the cancellation applicant filed a notice of appeal, followed by a statement of grounds on 6 June 2016. It requests that the Board declare the contested mark invalid.

16 As regards Article 8(4) EUTMR, it submits a copy from chapter 18 of *Kerly on Trade Marks and Trade Names* entitled ‘The action for passing off’ and argues that there should be no doubt that this sets out adequate background on the applicable law. Moreover, it emphasises that the evidence it submitted proves that it has made significant use of the marks ‘V2’ and ‘V2Cigs’ throughout the UK for a period of 21 months prior to the date of application of the contested mark. The use proven is of sufficient volume and duration to have given rise to protectable goodwill under English law. Reference is made to the same UK High Court decisions as referred to in first instance. Also, it argues that there would be a clear misrepresentation taking into account the similar signs and goods and that damage is inevitable where misrepresentation is established.

17 As to its bad faith claim it raised the same arguments referred to in paragraph 7 above. It emphasizes that the EUTM proprietor never had any genuine commercial interest in the sale of the products covered by the contested mark with the exception of ‘snus’ (in Sweden only) and ‘chewing tobacco’.

18 The cancellation applicant explains that in the meantime it started revocation proceedings for non-use of the EUTM proprietor’s word mark ‘V2’ No 8 512 345 (see under 7 e) above), which are pending before the Office under No 10565. In response to these proceedings, the EUTM proprietor only filed evidence of use in relation to ‘snus’ and ‘chewing tobacco’. In seeking protection of a registration without any genuine intention of selling any of the products other than ‘snus’ and ‘chewing tobacco’, the EUTM proprietor knew or must have been known at the time of making the application, that it was acting in bad faith.

19 It further emphasises that the nature of the contested mark is another factor relevant for determining the cancellation applicant’s bad faith. It argues that it is to be inferred that the mark ‘V2’ was chosen in bad faith as it is conceptually linked to forms of tobacco consumption by smoking as the shape that is formed by a smoker’s fingers when smoking is a ‘V’ shape while the tobacco products sold by the EUTM proprietor must be placed in the mouth where the nicotine is absorbed.

20 It also submits an email dated 28 June 2012 in which the cancellation

applicant's representative asks the EUTM proprietor's representative whether V2 Tobacco would like to communicate with one of its clients with the goal of negotiating a licence to the V2 mark for non-tobacco, electronic cigarettes. This, in combination with the evidence of use of the earlier marks as it submitted at first instance would lead to the conclusion that the EUTM proprietor had no excuse for being unaware of the use of the earlier marks and would prove the bad faith of the filing of the contested mark afterwards.

21 In reply, the EUTM proprietor requests that the Board dismiss the appeal and order the cancellation applicant to bear the costs.

22 Insofar as the cancellation request was based on the grounds of Article 8(4) EUTMR it argues that, still, none of the elements necessary to demonstrate passing off have been established by the cancellation applicant.

23 As regards the cancellation applicant's claim that the contested mark was filed in bad faith and its arguments referred to in paragraph 7 above under a) and b), the EUTM proprietor endorses the reasoning of the Cancellation Division and emphasises that there is no requirement that an applicant may only file for a narrow range of products that can be marketed. The claim that the mark was filed in bad faith because 'portion snus' is banned throughout the EU, except for Sweden, is without relevance, also because the proprietor sells loose snus and chewing tobacco which is legal in other Member States. As to the cancellation applicant's argument referred to in paragraph 7 under c) and the additional evidence filed in this respect at the appeal, it argues that the EUTM proprietor had the EUTM 'V2' No 8 512 345 registered as from 2009, thus before receipt of the email in 2012 and before the date as from which the cancellation applicant has claimed use of the mark in the UK. The cancellation applicant has failed to prove any prior use. In fact it has not demonstrated any right at all, much less a right to prevent the use of the EUTM proprietor's mark. As to the cancellation applicant's argument referred to in paragraph 7 under d), it argues that the UK and EUTM registers are full of marks containing tobacco and non-tobacco products. As regards the last bad faith argument raised in the appeal it explains that it does not understand how the nature of the mark can prove bad faith.

24 It concludes its reply with the remark that the only purpose of this and the three other cancellation requests filed by the cancellation applicant (R506/2016-4, R577/2016-4 and R576/2016-4) is to delay the proceedings before the European Union trade mark Court in Denmark initiated by the EUTM proprietor against the cancellation applicant based on its European Union trade marks as contested in these four cancellation proceedings before the Office. The Danish court has stayed the proceedings and enjoined use by the cancellation applicant for the duration of the stay.

Reasons

25 The appeal is not well founded. The cancellation request shall be rejected on the grounds of Article 52(1)(b) EUTMR and Article 53(1)(c) EUTMR in conjunction with Article 8(4) EUTMR.

Article 52(1)(b) EUTMR – bad faith

26 A European Union trade mark shall be declared invalid on application to the Office where the applicant was acting in bad faith when it filed the application for the trade mark.

27 As observed by Advocate General Sharpston (opinion of 11/06/2009, C-529/07, Lindt Goldhase, EU:C:2009:361, § 36), the concept of bad faith referred to in Article 52(1)(b) EUTMR is not defined, delimited or even described in any way in the legislation. However, the Court of Justice provided some guidance as to how to interpret this concept in its judgment in the same case, as did the General Court in several cases (judgments of 01/02/2012, T-291/09, Pollo Tropical chicken on the grill, EU:T:2012:39; 14/02/2012, T-33/11, Bigab, EU:T:2012:77; and 13/12/2012, T-136/11, Pelikan, EU:T:2012:689). In its preliminary ruling of 27/06/2013, C-320/12, Malaysia Dairy, EU:C:2013:435, the Court of Justice declared that the concept of bad faith is an autonomous concept of European Union law, which must be given a uniform interpretation in the European Union.

28 One way to describe bad faith is a ‘conduct which departs from accepted principles of ethical behaviour or honest commercial and business practices’ (opinion of Advocate General Sharpston of 11/06/2009, C-529/07, Lindt Goldhase, EU:C:2009:361, § 60; similar decision of 01/04/2009, R 529/2008-4, FS (fig.), § 14).

29 Good faith is presumed until proof to the contrary is adduced and mere speculations are insufficient to establish bad faith. The cancellation applicant needs to prove that there was bad faith on the part of the EUTM proprietor at the time of filing the EUTM, for example that the EUTM proprietor has had the sign registered with no intention of using it, its sole objective being to prevent a third party from entering the market (judgment of 13/12/2012, T-136/11, Pelikan, EU:T:2012:689, §§ 48, 56, 57).

30 In order to ascertain whether the owner had been acting in bad faith at the time of filing the application, an overall assessment must be made in which all the relevant factors of the individual case must be taken into account. In the case at hand none of the factors raised by the cancellation applicant, alone or in combination, prove that this was the case.

31 As regards the argument raised in paragraph 7 above under c), the cancellation applicant argues in detail that it used the similar signs ‘V2’ and ‘V2Cigs’ for ‘electronic cigarettes and accessories thereof’ as from October 2010, i.e. prior to the date of application of the contested mark which was 9 July 2012 and that the EUTM proprietor knew or should have known that. Irrespective of whether or not this was proven by the cancellation applicant, the Board notes that in this specific case this is not a relevant factor for establishing bad faith. Apart from the EUTM which is subject of this appeal, the EUTM proprietor is the owner of EUTM ‘V2’ No 8 512 345, applied for on 27 August 2009 and registered on 8 March 2010 for goods in Class 34 ‘tobacco; smokers’ articles; matches’. It follows that at the time the cancellation applicant allegedly started to use the marks ‘V2’ and ‘V2Cigs’ in the UK, the EUTM proprietor owned a valid EUTM on the basis of which it could have acted against the cancellation applicant’s alleged use. Under these circumstances this alleged use cannot play any relevant role in assessing whether the EUTM proprietor was acting in bad faith when the contested mark was filed.

32 Moreover, as correctly reasoned by the Cancellation Division, it has not been proven by the cancellation applicant that the EUTM proprietor knew or must have known about the use of the earlier signs for the products concerned.

33 The evidence submitted by the cancellation applicant as summarised in paragraphs 5 and 6 above is extremely poor. As regards the invoices, these are dated before the date of application of the contested mark but, where they already refer to the earlier marks, it mainly concerns sales from the cancellation applicant to two of its distributors in the UK. Apart from the fact that the total amount of these sales is very limited, they do not prove that the products were actually distributed on the UK market. There are seven other invoices submitted as regards the sale by the cancellation applicant to some natural persons. It concerns the sale of six 'V2 Lanyards' (but these are not the earlier goods claimed and this invoice only represents an amount of CAD 61.96) and six invoices referring to various 'V2' products which from the wording may concern the earlier goods (but these together only represent an amount of CAD 711.51). From the extremely limited extent of use of the earlier marks proven by these invoices, if proven at all, it cannot be derived that the EUTM proprietor at the day of filing the contested mark knew or should have known about the use of the earlier marks for the goods concerned.

34 This has not been proven by the other evidence submitted either. The advertising examples, apart from the fact that they do not prove actual sales, are dated after the date of application of the contested mark. The printouts taken from the internet archive from the distributor's websites dated before that date at best prove that these distributors existed but do not prove that 'V2' or 'V2Cig' products were actually sold. The company details of the cancellation applicant's distributors and WHOIS printouts of their domain names do not give any information as to the actual use of the mark either. The same applies to the internal spreadsheet detailing sales but making no reference to product name or mark, i.e. these sales can concern any possible product with any possible name. Moreover, like the witness statement submitted, it concerns evidence originating from the cancellation applicant itself. Such evidence, in the absence of any objective documents in support, lacks probative value.

35 As regards the email dated 28 June 2012 submitted by the cancellation applicant for the first time before the Board of Appeal, apart from its late filing, the Board notes that also this email does not prove the EUTM proprietor's knowledge of the use of the earlier marks. In this email, the EUTM proprietor's representative was apparently informed by the cancellation applicant's representative that its client was interested in negotiating a license to the V2 mark for non-tobacco, electronic cigarettes. No reference was made at all to any use of this mark. There was no reason for the EUTM proprietor, if it was already informed by its representative, to believe that such use did indeed exist. In this respect the Board notes that the EUTM proprietor at the time of receiving the email already owned EUTM 'V2', No 8 512 345 (see also paragraph 31 above) for goods in Class 34. The request for a possible license was therefore not surprising.

36 Furthermore, all other arguments raised by the cancellation applicant in support of the claimed bad faith of the EUTM proprietor fail. None of these prove a dishonest intention on its part.

37 As indicated in paragraph 7 above under a) and b) and further elaborated in the statement of grounds of appeal, the cancellation applicant argues that the EUTM

proprietor acted in bad faith by registering the contested mark for a broader range of goods in Class 34 than those for which the mark was actually used, namely for 'chewing tobacco' and 'snus' (the latter only in Sweden and allegedly being banned by an EU directive from sale in the rest of the EU).

38 No bad faith can be seen in this behaviour which was perfectly legal and without any dishonest intention. Bad faith cannot be found on the basis of the length of the list of goods and services set out in the application for registration (judgment of 07/06/2011, T-507/08, 16PF, EU:T:2011:253, § 88). As a rule, it is legitimate for an undertaking to seek registration of a mark not only for the categories of goods and services that it markets at the time of filing the application but also for other categories of goods and services that it intends to market in the future. (judgment of 14/02/2012, T-33/11, 'Bigab, EU:T:2012:77, § 25; judgment of 07/06/2011, T-507/08, 16PF, EU:T:2011:253, § 88).

39 The argument raised in paragraph 7 under d) above, namely that the use of the contested mark may be in potential breach of the UK Tobacco Advertising and Promotion (Brandsharing) Regulations 2004, is also a completely irrelevant factor for establishing bad faith. Apart from the fact that this is all hypothetical and speculative, obviously, national tobacco regulations are not a ground for invalidity under the EUTMR.

40 The bad faith argument raised by the cancellation applicant as referred to in paragraph 7 under e) above, namely that the EUTM proprietor filed a repeated application for the same mark or essentially the same mark for goods in Class 34 in order to avoid the risk of total or partial revocation for non-use, was no longer discussed by the parties in the appeal.

41 The Board notes that this argument would have failed anyhow. It is correct that the EUTM proprietor on 27 August 2009 filed an application for the word mark 'V2', No 8 512 345, registered on 8 March 2010 for 'tobacco; smokers' articles; matches' in Class 34. Against this trade mark, the here cancellation applicant has filed cancellation proceedings based on the grounds of Article 52(1)(b) EUTMR raising the bad faith arguments referred to above in paragraph 7 under a), b) and d). For the same reasons indicated above these arguments fail (see the Board's decision of today in case R 506/2016-4).

42 In the meantime, the cancellation applicant has also filed revocation proceedings against EUTM for the word mark 'V2' No 8 512 345 on the grounds of Article 51(1) (a) EUTMR. In these proceedings partial revocation is requested, namely for all goods except for 'chewing tobacco'. These proceedings are still pending before the Cancellation Division under No 10565. The cancellation applicant itself admits, as also follows from the fact that it only requested revocation in part, that the evidence submitted by the EUTM proprietor in these revocation proceedings actually shows use of the contested mark, be it only for 'chewing tobacco' and 'snus'. Under these circumstances, it cannot be seen why the filing of the contested mark 'V2' for goods which concern 'tobacco', are closely related to 'tobacco' or are clearly dissimilar to any of the goods of interest of the cancellation applicant would be in bad faith.

43 In this respect the Board notes that even if EUTM for the word mark 'V2' No 8 512 345 would be revoked for part of the goods for which it was registered, this fact is not, in itself, sufficient to enable conclusions to be drawn as to the EUTM

proprietor's intentions at the time of filing the application for registration of the contested mark. Although the cancellation applicant contends that the EUTM proprietor does not currently use the mark for all goods in Class 34 it has not shown that the application for the contested mark was bogus and made no commercial sense for the EUTM proprietor. On the contrary, in particular for the registered goods in Classes 5 and 34 a commercial logic obviously exists (judgment of 13/12/2012, T-136/11, Pelikan, EU:T:2012:689, §§ 45, 46, 49).

44 That the filing of the subject mark was a naturally and common expansion, certainly not done in bad faith, was explained by the EUTM proprietor during the proceedings at first instance in its submissions of 30 October 2014: In 2009 it filed a EUTM application for the word mark 'V2' covering the class heading of Class 34 (EUTM No 8 512 345). Because the EUTM proprietor expanded use of its mark to comprise non-tobacco substitutes, including herbal preparations, they filed for the word mark 'V2' in Classes 5, 30 and 34 with an expanded list of goods in Class 34 in July 2012 (EUTM No 11 026 762, subject of this appeal). This application date was due to the fact that, after the judgment IP TRANSLATOR of 17 June 2012 (Case C-307/10) a registration covering the class heading was viewed as limited. This latter application for the mark 'V2' was accompanied by an application for the figurative mark filed on 13 August 2012 (EUTM No 11 116 183, subject of the appeal R-576/2016-4) and the wordmark V2Tobacco (EUTM No 11 126 381, subject of the appeal R-577/2016-4).

45 The additional bad faith argument referred to by the cancellation applicant at the appeal stage, namely that the mark 'V2' which is conceptually linked to forms of tobacco consumption by smoking – because this happens between two fingers – is actually used for the tobacco products which are not smoked but rather consumed in the mouth, fails too. The Board does not understand this argument. It cannot be seen how it could be relevant for the EUTM proprietor's bad faith when it filed its application. In this respect it should also be noted that Article 52(1)(a) EUTMR was not invoked as a ground of cancellation.

46 To conclude, the cancellation applicant failed to prove that the EUTM proprietor was acting in bad faith when it filed the application for the contested mark. The cancellation request on the grounds of Article 52(1)(b) EUTMR shall be rejected.

Article 53(1)(c) EUTMR

47 A EUTM shall be declared invalid on application to the Office where there is an earlier right as referred to in Article 8(4) EUTMR and the conditions set out in that paragraph are fulfilled.

48 According to Article 8(4) EUTMR, upon opposition by the proprietor of a non-registered trade mark or another sign used in the course of trade of more than mere local significance, the trade mark applied for shall not be registered where and to the extent that, pursuant to the European Union legislation or the law of the Member State governing that sign:

- a) rights to that sign were acquired prior to the date of application for registration of the European Union trade mark, or the date of the priority claimed for the application for registration of the European Union trade mark;

- b) that sign confers on its proprietor the right to prohibit the use of a subsequent trade mark.

49 Therefore, the grounds for refusal of Article 8(4) EUTMR are subject to the following requirements:

- the earlier mark must have been used in the course of trade of more than mere local significance prior to the filing of the contested mark;
- pursuant to the law governing it, prior to the filing of the contested mark, the opponent acquired rights to the sign on which the opposition is based, including the right to prohibit the use of a subsequent mark;
- the conditions under which the use of a subsequent trade mark may be prohibited are fulfilled in respect of the contested trade mark.

These conditions are cumulative. Therefore, where a sign does not satisfy one of those conditions, the opposition or cancellation request based on a non-registered trade mark or other sign used in the course of trade within the meaning of Article 8(4) EUTMR cannot succeed.

50 As correctly reasoned by the Cancellation Division, with the mere submissions as referred to in paragraph 4 above, the cancellation applicant has not demonstrated the scope of protection of the claimed earlier rights nor under which conditions those rights may prohibit the use of a later mark in the UK. Furthermore, it correctly reasoned that it was not explained by the cancellation applicant how the alleged earlier rights would be damaged by the registration and use of the contested mark, this being an essential requirement under the UK law of passing off.

51 This was not disputed by the cancellation applicant in the appeal. It just repeated what was stated at first instance, filed a copy of Chapter 18 of the handbook *Kerly on Trade Marks and Trade Names* entitled 'The action for passing off' and explained further why in this case there would exist protectable goodwill, misrepresentation and damage.

52 First of all, the late submission of the evidence filed for the first time before the Board cannot be taken into account. The Board sees no reason why it would exercise its discretionary power to take late evidence into account in favour of the cancellation applicant.

53 From the outset, it speaks against such discretion to be exercised in the cancellation applicant's favour that the legitimate interest of the EUTM proprietor has to be taken into account as dictated by the principle of equality of arms. In the present case, the EUTM proprietor had obtained a decision from the Office to reject the cancellation request which was lawfully taken. Exercising discretion in favour of the cancellation applicant at this stage would mean exercising it against the EUTM proprietor, although the latter had contributed nothing to the facts relevant for the admission or non-admission of the documents and although their belated filing was in no way influenced by the procedural behaviour of the EUTM proprietor. This alone is a strong reason against exercising discretion in favour of the cancellation applicant.

54 In this respect it should also be noted that the late evidence was available as from the very beginning of these cancellation proceedings. The cancellation applicant did not give any reason, let alone a justification, as to why this evidence in support of the substantiation of its earlier rights pursuant to Rule 37(b)(ii) CTMIR was not submitted before the Cancellation Division. The contested decision is not a ‘deficiency’ communication and the appeal is not a ‘time-limit to remedy’.

55 Anyhow, and irrespective of whether or not the late filed evidence suffices for substantiation purposes, the cancellation request on the grounds of Article 8(4) EUTMR fails as the extremely poor evidence submitted by the cancellation applicant in order to prove use of the earlier marks in the UK (see paragraphs 5 and 6 above) does not demonstrate that the earlier marks were used in the course of trade of more than mere local significance. In this respect, reference is made to paragraphs 32 to 35 above.

56 The cancellation applicant’s references to the two UK High Court decisions in which goodwill would have been established are irrelevant. Apart from the fact that these references remain unsubstantiated and concern decisions making reference to dates thirty and even fifty years ago, the question as to whether the use of a non-registered sign is of more than mere local significance must be answered by applying a uniform European standard (judgment of 18/04/2013, T-506/11 & T-507/11, Peek & Cloppenburg, EU:T:2013:197, § 19, 47-48). In this respect, account must be taken of the geographical and economic dimension of the marks’ significance, this to be assessed in view of the length of time for which it has fulfilled its function in the course of trade and the degree to which it has been used, of the group of addresses among which the signs have become known as a distinctive element and the exposure given to the sign for example through advertising (judgments of 24/03/2009, T-318/06 - T-321/06, General Optica, EU:T:2009:77, § 36-37; 30/09/2010, T-534/08, Granuflex, EU:T:2010:417, § 19). In the subject matter this standard, by far, has not been reached.

57 Moreover, and in fact above all, it cannot be seen how protected goodwill can be established based on use which took place after an earlier EUTM was filed and registered of which a later one, i.e. the one which is under attack in the current proceedings, is just a natural, common and commercially fully justified expansion.

Conclusion

58 The cancellation request must be rejected on both grounds and both earlier rights invoked. The appeal shall be dismissed.

Costs

59 Since the cancellation applicant (appellant) is the losing party within the meaning of Article 85(1) EUTMR, it must bear the costs incurred by the EUTM proprietor (respondent) in the appeal proceedings. The Cancellation Division correctly decided that the appellant shall bear the costs of the cancellation proceedings.

Fixing of costs

60 Pursuant to Article 85(6) EUTMR in conjunction with Rule 94(7)(d)(vi) and 94(7)(d)(iv) CTMIR, the Board of Appeal fixes the amount of the fees and costs to

be paid by the appellant to the respondent at EUR 550 for the representation costs in the appeal proceedings and EUR 450 for the representation costs in the cancellation proceedings, in total EUR 1 000.

Order

On these grounds,

THE BOARD

hereby:

1. **Dismisses the appeal;**
1. **Orders the appellant to pay the costs incurred by the respondent in the appeal proceedings;**
3. **Fixes the total amount of costs to be paid by the appellant to the respondent for the cancellation and appeal proceedings at EUR 1 000.**

Signed

D. Schennen

Signed

L. Marijnissen

Signed

S. Martin

Registrar:

Signed

H. Dijkema

