

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION No. 2217085  
BY APPLE COMPUTER INC.  
TO REGISTER A TRADE MARK IN CLASS 9**

**AND IN THE MATTER OF OPPOSITION THERETO  
UNDER No. 52694  
BY TKS-TEKNOSOFT S.A.**

**AND IN THE MATTER OF AN APPEAL TO THE APPOINTED PERSON  
BY THE APPLICANT  
AGAINST THE DECISION OF MR. A. JAMES  
DATED 16 JUNE 2003**

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**DECISION**

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**Introduction**

1. This is an appeal against a decision of Mr. Allan James, the Hearing Officer acting on behalf of the Registrar, dated 16 June 2003, in which he upheld an opposition against UK Trade Mark Application No. 2217085 in the name of Apple Computer Inc. (“the applicant”) for QUARTZ in Class 9 in respect of:

“A feature of computer software for use in windowing and graphic applications; but not including any such goods for use in banking”.

Application No. 2217085 was filed on 13 December 1999 and claims a priority date of 14 June 1999.

2. Opposition No. 52694 was brought by TKS-Teknosoft S.A. (“the opponent”) on the basis of two earlier trade marks represented as follows:

CTM Registration No. 368324

**QUARTZ**



3. The opponent conceded that its best case resided in CTM Registration No. 368324 and the Hearing Officer considered only the Community trade mark. There is no appeal against that aspect of the Hearing Officer's decision.

4. CTM Registration No. 368324 is for the following specification of goods and services:

Class 9: Packets of programs for banking

Class 16: Paper tapes and cards for the recording of computer programs for banking

Class 42: Computer programming, computer data processing, computer software development, assistance and consulting services in the computer field, electronic data processing, computer software design and development, licensing of computer software and computer applications; all these services being linked to banking.

5. Although several grounds of opposition were listed in the statement of case, the opponent proceeded only with those under section 5(1) and (2) of the Trade Marks Act 1994 ("TMA"), which provides:

"5(1) A trade mark shall not be registered if it is identical with an earlier trade mark and the goods or services for which the trade mark is applied for are identical with the goods or services for which the earlier trade mark is protected.

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

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

(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."

6. The Hearing Officer dismissed the opposition under section 5(1) of the TMA on the ground that the respective goods were not identical. He said (at paragraphs 21 to 28):

“21. The opponent’s Community trade mark is registered in respect of a specification in Class 9 which, in English, reads as “packets of programs for banking”. The word “packets” is probably the result of a literal translation of a word originally written in another language. In the context in which it appears in the opponent’s specification, I understand the word to mean a package or suite of computer programs. [Both parties accept the Hearing Officer’s interpretation of the opponent’s Class 9 specification.]

22. Mr. Brandreth [opponent’s Counsel] stated that whilst the opponent’s specification is limited to “for banking” the limitation is not particularly significant. It was his contention that the limitation did not mean that each of the individual computer programs making up the package would be restricted to financial software, but rather that the package as a whole was intended for banking. He went on to say that the package could include, for example, graphics and windowing software, and that the kind of programs needed to make up a package for banking purposes would also be the kind of programs that could be easily utilised outside banking purposes, for example, an e-mail program or graphic design program.

23. Mr. Brandreth referred me to Mr. Lynd’s evidence on behalf of the opponent. He gives evidence about the results of some research he did on the internet. He found that several companies offer banking software that has functionality of an ancillary nature. For example, he found that the ARM Group markets “investment banking software” with modules for “monitoring client contacts”, “sending messages and administration”. He found that another company offered a “banking application” with a graphical user interface.

24. Mr. Jones, who appeared for the applicant, submitted that the limitation was significant. He referred me to the case of *Mercury Communications Ltd v. Mercury Interactive (UK) Ltd* [1999] [sic – 1995] F.S.R 850 where Laddie J said:

“In my view the defining characteristic of a piece of computer software is not the medium on which it is recorded, nor the fact that it controls a computer, nor the trade channels through which it passes, but the function it performs.”

25. I do not accept that the limitation set out in the opponent’s specification should be treated as having no or negligible effect. On a fair reading of the opponent’s specification in Class 9, I believe that it covers a product sold as a package of computer programs adapted for banking purposes. This may go wider than simply software used in banks, in that it may also cover, for example, programs used to offer

users of banking services access to their accounts. It is, of course, the case that software for any purpose may have functions and features that are to be found in many other types of software, such as messaging functions or a graphical user interface. But that does not mean that the opponent's specification should be taken to cover software the function of which is messaging or to provide a graphical user interface. The specification of the opponent's earlier trade mark requires me to assume that it sells a package of programs the overall function of which is limited to banking.

26. Mr. Brandreth submitted that the limitation applied to the applicant's specification "... but not including any such goods for use in banking" was meaningless because a) banking software contained windowing and graphics features, and b) the type of application that the applicant's software was used with was dependent only upon the choice of the user. I believe there is some force in these points. The limitation applied to the applicant's specification is an artificial one.

27. Ms. Walls gives evidence about the nature of the applicant's goods. She says that they are "part of the technology that comes bundled on the operating system software" of the applicant's computers. She exhibits at Annex C to her witness statement a number of documents about the applicant's product which provide fuller details. I note, in particular, a document published by the applicant in something called the "Apple Developer Connection Direct". The document contains an article (see page 16–18 of Annex A) entitled "Beyond QuickDraw: Quartz. A Brief Introduction to Mac OS X's New Imaging Model", the summary of which states:

"Quartz is a powerful new graphics system that performs two vital roles in Mac OS X. The Quartz Compositor provides windowing services to all of Mac OS X. The Quartz 2D engine is responsible for creating visually rich graphic content onscreen and ensuring high-fidelity output to all classes of printers. Of primary interest to developers is the Core Graphics API. This API offers developers exciting opportunities to create new and powerful graphic applications by leveraging the Quartz 2D engine's PostScript-style drawing, color management and PDF file support."

28. The applicant's specification therefore appears to accurately characterise its goods as a feature of computer software for use in windowing and graphics applications. These are not identical to the goods in respect of which the opponent's mark is registered."

There is no challenge to the Hearing Officer's finding that the opponent's goods and the applicant's goods are not identical.

7. Instead, the Hearing Officer held that the opposition succeeded under section 5(2)(a) of the TMA. His view was:
  - (a) The marks are identical.
  - (b) QUARTZ is a highly distinctive trade mark for the opponent's goods and services.
  - (c) The Class 9 goods are similar, albeit not closely similar goods.
  - (d) There is some similarity between certain of the opponent's Class 42 services and the applicant's goods (but this did not add significantly to the opponent's case).
  - (e) Globally assessed the likelihood of confusion by the public is made out.
  
8. The applicant appeals against the Hearing Officer's decision under section 5(2)(a) and, in particular, claims that the Hearing Officer erred in his findings that the marks are identical and that there is sufficient similarity between the respective specifications to lead to the likelihood of confusion on the part of the relevant buying public. At the hearing of the appeal Mr. Stephen Jones, Baker & McKenzie, Solicitors appeared on behalf of the applicant. Mr. Benet Brandreth of Counsel appeared for the opponent.

### **Nature of the Appeal**

9. Mr.Brandreth impressed upon me that the appeal is by way of review. In a case such as the present involving a multi-factorial assessment by the Hearing Officer, I should "show a real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle" (*REEF Trade Mark* [2003] RPC 101, Robert Walker L.J. at paragraph 28). That does not, however, prevent me from drawing inferences of fact (CPR, r. 52(11)(4), *El Du Pont De Nemours & Co. v. ST Dupont* [2003] EWCA Civ 1368, May L.J. at paragraphs 92 – 94).

### **Identity of Marks**

10. Mr. Jones says that the Hearing Officer erred in his finding that the marks are identical. The applicant's mark is in plain block capitals whereas the opponent's mark is stylised. In particular, the "A" has a triangle in the middle of it and there is a line running from the "U" underneath the other letters. Mr. Jones submits that this finding of identity coloured the Hearing Officer's view of the conflict between the marks because of the interdependence of factors in the global assessment of likelihood of confusion (*Case C-342/97 Lloyd Schufabrik Meyer & Co. GmbH v. Klijsen Handel BV* [1999] ECR I-3819, ECJ at paragraph 19). Mr. Brandreth argues that any differences between the marks are insignificant. In any event, the Hearing Officer stated (at paragraph 17):

"If I had come to the opposite view about this, I would have found that the marks are as closely similar as it is possible to be without being identical. I therefore doubt whether, in practice, much turns on

whether the respective marks are strictly identical”. [Mr. Jones did not seek to argue that the marks are anything other than similar.]

Furthermore, the Hearing Officer clearly had this in mind when assessing likelihood of confusion because he said (at paragraph 38):

“Nevertheless, where two identical (*or near identical*) trade marks are to be used ... ” (emphasis added).

11. The Court of Justice of the European Communities (“ECJ”) ruled on the issue of identity of marks for the purposes of Article 5(1)(a) of Directive 89/104/EEC in Case C-291/00, *LTJ Diffusion SA v. Sadas Vertbaudet SA*, 20 March 2003. The Hearing Officer instructed himself by reference to the Opinion of A.G. Jacobs in that case (17 January 2002 at paragraph 53):

“The concept of identity between mark and sign in Article 5(1)(a) of Council Directive 89/104/EEC covers identical reproduction without any addition, omission or modification other than those which are either minute or wholly insignificant”.

The Hearing Officer added that he was aware the ECJ had since delivered judgment in which a similar approach was followed. The ECJ ruled as follows in *LTJ Diffusion* (at paragraph 55):

“Article 5(1)(a) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks must be interpreted as meaning that a sign is identical with the trade mark where it reproduces, without any modification or addition, all the elements constituting the trade mark or where, viewed as a whole, it contains differences so insignificant that they may go unnoticed by an average consumer”.

The Hearing Officer continued (paragraph 16):

“The applicant’s mark is the word QUARTZ, in plain, block capitals. The opponent’s mark is also the word QUARTZ in capital letters, but in a different font. There is some underlining of the last five letters, but in my view, this is insignificant. The only other modification is the replacement of the crossbar of the letter A with a downward pointing triangle. Even with this modification, the letter will be clearly seen as a letter A, and I have no doubt that both marks would clearly be seen as the word QUARTZ. Visually, the differences between the marks are wholly insignificant. Their presence or absence would, I believe, be easily overlooked by the average consumer of the goods and services in question. Conceptually and aurally, the marks are identical. I therefore find that the mark applied for is identical to that of the opponent”.

12. There has been no suggestion that the Hearing Officer got the law wrong. In my view, the Hearing Officer's finding of identity of marks was reasonably arrived at. The applicant has failed to convince me that the Hearing Officer made an error on that count.

### **Distinctiveness**

13. The applicant's skeleton argument on appeal suggests that Hearing Officer was overly influenced in the global assessment of likelihood of confusion by his finding that QUARTZ is highly distinctive for the goods and services in question. Mr. Jones repeated that criticism in argument before me. The Hearing Officer said (at paragraphs 18 – 19):

“18. The word QUARTZ is not descriptive of any of the goods or services concerned. It is not an invented word, which are generally regarded as the most distinctive category of word marks, but it is nevertheless a mark towards the upper end of the spectrum of distinctiveness for the goods/services at issue.

19. The opponent cannot claim that its mark had acquired an enhanced level of distinctiveness as a result of the use made of it in the United Kingdom prior to the relevant date in these proceedings, i.e. 14 June 1999”.

Later on in his decision (paragraph 40) when assessing likelihood of confusion the Hearing Officer describes QUARTZ as “a strong mark”.

14. The applicant does not dispute the Hearing Officer's findings on distinctiveness of the QUARTZ mark. The case law of the ECJ makes clear that the more distinctive the earlier mark, the greater will be the likelihood of confusion (Case C-251/95 *Sabel BV v. Puma AG* [1997] ECR I-6191 paragraph 24), and therefore marks with a highly distinctive character, either per se or because of the recognition they possess on the market, enjoy broader protection than marks with a less distinctive character (Case C-39/97 *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc.* [1998] ECR I-5507, paragraph 18). I fail to see the basis for the applicant's criticism.

### **The specifications**

15. The applicant contends that its main ground of appeal is that the respective goods and services are dissimilar. The Hearing Officer erred in:
- (a) disregarding the limitation attached to the applicant's specification;
  - (b) not appreciating the different functions of the applicant's and the opponent's products;
  - (c) finding that the goods and services at issue were complementary; and
  - (d) concluding that the users and the channels of trade might overlap.
16. The opponent says that the applicant's arguments are misplaced and rooted in the mistaken belief that conflict is to be determined according to actual rather

than notional and fair use. Mr. Jones, however, accepts that the comparison for section 5(2) includes a consideration of notional and fair use within the respective specifications.

17. I find it instructive to refer to opening submissions made by Mr. Jones on behalf of the applicant at the hearing of the appeal:

“MR. JONES: ... The applicant, Apple, does not promote its software to bankers or have any expectation that bankers, as a class of users, will buy its software any more than any other class of users. The applicant’s software does not contain any features that would make it particularly attractive or applicable to bankers or banking. It is a feature of computer software of general application to the rendering of graphics.

APPOINTED PERSON: Presumably, it would not be unattractive either?

MR. JONES: No, it is neutral. It has nothing specifically to do with banking. Software can do just about anything you want it to do and this is a piece of general-purpose software. It has to do with the rendering of graphics. In so far as graphics are relevant to banking applications, then it could be applicable to that ...”.

18. The limitation on the applicant’s specification reads (emphasis added):

“A feature of computer software for use in windowing and graphic applications; *but not including any such goods for use in banking*”.

The Hearing Officer accepted the opponent’s points that a) banking software can contain windowing and graphic features, and b) the type of application that the applicant’s software is used with is dependent only on the choice of the user. He concluded that the applicant’s limitation is an artificial one. I agree. The applicant’s limitation may have some meaning in the contexts of the parties’ present uses. The applicant’s product is embedded within its Mac OS X operating system. The opponent’s software runs on UNIX servers and Windows-based workstations (Witness Statement of Victoria Walls dated 2 April 2002, Appendix A). However, despite these real world constraints, there is nothing in either the applicant’s or the opponent’s specification that would in theory preclude a bank or other banking business running the applicant’s and the opponent’s software products on the same operating system. Moreover, I believe that the applicant’s limitation may render the scope of protection afforded by the mark legally uncertain in a similar way as that envisaged by the ECJ in Case C-363/99 *Koninklijke KPN Nederland NV v. Benelux-Merkenbureau*, 12 February 2004, at paragraph 115. However, since the point was not argued before me, I express no concluded view on the issue.

19. Mr. Jones says that the limitation was accepted by the Registry during ex officio examination on relative grounds and is in accordance with the guidance



provided in the Trade Mark Registry Work Manual, Chapter 6 at pages 133 – 135. Of course, the examiner at that stage of the registration procedure (unlike the Hearing Officer subsequently) did not have the benefit of evidence and arguments on opposition.

20. The Hearing Officer’s assessment of the degree of similarity between the respective goods and services was as follows (paragraphs 29 – 36):

“29. Having analysed the goods at issue and found that they are not identical, I go on to compare them in order to assess their similarity. In *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc.* [1999] E.T.M.R. 1, the ECJ stated, at paragraph 23 of its judgement, that:

“23. In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, inter alia, their nature, their end users and their method of use and whether they are in competition with each other or are complementary.”

30. The opponent’s primary case turns on the identity or similarity of the software of the respective parties. I find that the respective goods have basically the same nature, both being computer software. The most that can be said of the differences in their nature is that the applicant’s goods comprise a feature of software for use with other applications, whereas the opponent’s specification covers a package of application software.

31. The type of software covered by the application is likely to be purchased by businesses and home customers to run with other windowing and graphics applications. It will also be bought by firms who wish to develop application software to run with the QUARTZ product. Software for banking purposes is likely to be bought first and foremost by banks and other similar financial institutions such as building societies. Mr. Brandreth submitted that banking software could also be obtained by any business or individual carrying out company or personal banking procedures. It seems plausible that businesses may have to purchase certain software themselves in order to engage in secure on-line business banking. Private users would be more likely to use the bank’s own software, probably via the internet. I find that the applicant’s goods will be used by software developers, ordinary business and personal users. The last two groups are also potential users of software that facilitates business and home banking.

32. Mr. Lynd [the opponent’s trade mark attorney] gives evidence that the applicant’s website features a software application called FirstEdge, which is described by its maker as an “accounting and business management solution”. The evidence indicates that the package is designed for use with the Mac OS X operating system. The

package is aimed at small businesses and includes a facility for importing, storing and updating information on the user's bank account. I think it is likely that this package would most naturally be described as an accounting package rather than as software for banking, but I accept that it may be possible to describe it in more than one way. It is undoubtedly a similar product to software for banking. The product is marketed through the applicant's web site, although it is the product of a third party and carries the branding of that undertaking (MYOB FirstEdge). It is a complementary product to the applicant's operating system, which includes the windowing and graphics feature of that system known as QUARTZ.

33. There is little other evidence that assists me in evaluating the extent to which the channels of trade overlap. I would expect that software for banking purposes would normally be obtained from a specialist supplier. The description "a feature of computer software for use in windowing and graphics applications" is wide enough to cover software sold through High Street stores and more specialist software sold through specialist suppliers.

34. The applicant's goods are plainly not in competition with software for banking purposes. The particular feature of software for which the applicant seeks protection is intended to be used with windowing and graphics applications. As Mr. Lynd pointed out in his first statutory declaration, it is not unusual for financial and other banking information to be presented in the form of e.g. graphs and pie charts. Ms Walls filed details of the opponent's QUARTZ banking software, which she obtained from the opponent's website. This is exhibited at annex A to her witness statement. I note that on page 6 of this document it is indicated that the application creates graphs and charts and supports graphics facilities. Consequently the applicant's goods may be considered as complementary to the goods for which the opponent's mark is protected.

35. I find that the respective Class 9 goods are similar, albeit not closely similar goods.

36. The opponent's specification in Class 42 also covers, *inter alia*, "computer software development" related to banking. I consider that there is also some similarity between these services and the applicant's goods, although I do not believe that this adds significantly to the opponent's case".

21. Again, there is no suggestion that the Hearing Officer misdirected himself as to the applicable law on factors to be taken into account in assessing the degree of similarity between the goods and services (*Canon*, supra).
22. The applicant says that the Hearing Officer misunderstood the nature of the applicant's software. The applicant refers in particular to paragraph 30 of the Hearing Officer's decision where he said:

“The most that can be said of the differences in their nature is that the applicant’s goods comprise a feature of software for use with other applications, whereas the opponent’s specification covers a package of application software”.

Mr. Jones added that in his view the Hearing Officer wrongly equated “windowing” with Microsoft Windows. The applicant’s product is concerned with graphics and specialist graphic applications. In reply, Mr. Brandreth pointed to paragraph 27 of the decision where the Hearing Officer quotes from the applicant’s own literature describing its QUARTZ product and also to paragraph 34 where in considering methods of use the Hearing Officer states:

“Ms Walls filed details of the opponent’s QUARTZ banking software ... This is exhibited at Annex A to her witness statement. I note that on page 6 of this document it is indicated that the application creates graphs and charts and supports graphics facilities ...”.

23. I do not accept that the Hearing Officer’s decision proceeded on the basis of a misunderstanding of the respective functions of the products concerned. Indeed a clear appreciation of those functions underpins the Hearing Officer’s findings that a) the products were not identical, and b) the products were similar, *albeit not closely similar*. Nor do I detect anything in the decision, which suggests that the Hearing Officer confused “windowing” in the applicant’s specification with Microsoft Windows. I do agree that in the passage cited by the applicant the differences in function between the two products could have better been emphasised. However, that is not per se reason to treat the decision as containing an error of principle (*REEF Trade Mark*, supra. Robert Walker L.J. at paragraph 29).

24. Central to the applicant’s attack on the Hearing Officer’s findings as to users and channels of trade is the fact that the applicant does not sell its product directly to the public. Thus, for example, the applicant states in its Grounds for Appeal (paragraphs 25, 31 and 35):

“25. The Applicant’s use of the QUARTZ trade mark applies to the graphics display technology in the graphical user interface of its famous line of MAC computers. When a member of the general public purchases a new MAC computer they also receive the Applicant’s Quartz product which is embedded within the Applicant’s MAC OS operating system. The Applicant’s QUARTZ software is responsible for the clear, sharp graphics that a user views on his/her MAC computer. The Applicant’s Quartz product is not offered or sold as a separate software package either to the general public or to banking or financial institutions. It is a software product which although comprised in a package which may be sold to the general public, is primarily or exclusively used by software developers in designing programs compatible with the Applicant’s MAC computers. ...

31. The Applicant submits that its software is a product embedded within a technology environment that forms part of the graphics rendering engine of the MAC OS program architecture. A typical MAC OS end user (such as a member of the public who uses his/her MAC computer) will never see or even be aware of the Applicant's software ...
35. It is submitted that the Applicant's evidence has clearly demonstrated that the Applicant's product is not sold separately but is in fact embedded within their MAC computers. Therefore, we submit that it is incorrect for Mr. James to make the comment (in Paragraph 33 of the decision) that "*the description "a feature of computer software for use in windowing and graphics application" is wide enough to cover both software sold through high street stores and more specialist software sold through specialist suppliers".*"
25. Such arguments fail to take into account notional and fair use by the applicant within the terms of its specification. That was clearly recognised by the Hearing Officer when he said (paragraph 39):

"39. The applicant currently markets its QUARTZ product as a component of its Mac OS X operating system. However, it would be open to the applicant to use the mark in respect of any other software that fell within the specification of its proposed registration. Further, it would also be open to the applicant to assign its mark to a third party. It cannot therefore be assumed that the mark will always be used in conjunction with the operating system known as the Mac OS X."

Mr. Brandreth comments that even in terms of actual use there is an overlap of customers in that MAC computers (pre-loaded with the applicant's QUARTZ product) and the opponent's software are both sold to businesses. The Hearing Officer recognised that software for banking purposes would normally be obtainable from specialist suppliers.

26. In similar vein, the applicant disputes the Hearing Officer's findings that
- (a) potential users of the opponent's software might include ordinary businesses and personal users - "because it is a sophisticated product and only sold to large banking institutions to assist them in their banking transactions" (Grounds of Appeal, paragraph 32);
  - (b) the respective products are complementary - "because they have different functionalities and purposes" (Grounds of Appeal, paragraph 36); and
  - (c) confusion is likely - because the applicant's goods are used by software developers whereas the opponent's products are purchased and used by financial and investment institutions and no instances of

actual confusion have been brought forward (Grounds of Appeal, paragraph 34).

The first and third criticisms ignore notional and fair use of the respective products. The second criticism is linked to the limitation on the applicant's specification, which I have confirmed to be of arbitrary effect. Insofar as they constitute allegations that the Hearing Officer failed to take into account actual use/absence of actual confusion, I find the applicant's criticisms unjustified. It is clear from the decision that the Hearing Officer considered both actual, and notional and fair use by the parties and that he took such uses into account in his global assessment of the likelihood of confusion (including likelihood of association) assuming each QUARTZ trade mark to be registered and used across the width of the respective specifications.

27. The applicant relies heavily on the case of *Mercury Communications Limited v. Interactive (UK) Limited* [1995] FSR 850 and, in particular, on the following passage from the judgment of Laddie J. (at page 865):

“In my view it is thoroughly undesirable that a trader who is interested in one limited area of computer software should, by registration, obtain a statutory monopoly of indefinite duration covering all types of software, including those which are far removed from his own area of trading interest.”

Mr. Jones says that if his client is not permitted to register its QUARTZ mark in Class 9, that monopoly is exactly what the opponent will have achieved. Mr. Jones asserts that the Hearing Officer failed to give proper consideration to Laddie J.'s words. Mr. Brandreth denies that the Hearing Officer failed to take heed of the *Mercury* judgment. He notes that it is the applicant's and not the opponent's specification that lacks appropriate limitation.

28. I do not accept that the Hearing Officer took insufficient account of Laddie J.'s judgment in *Mercury*. Indeed to the contrary, the Hearing Officer refers to the judgment twice in arriving at his decision. Moreover, I believe the applicant is relying on Laddie J.'s judgment out of context. *Mercury* involved an application for summary judgment under RSC Ord. 14. Laddie J. decided that the defendant had an arguable case of non-infringement under section 8(a) of the Trade Marks Act 1938, as amended (the “own name” defence). Although strictly unnecessary, the judge went on to consider the defendant's alternative argument that the plaintiff's registration should be restricted for over-wide claiming (specifically, insofar as it covered “computer software” restricted to: “All for use in or with telecommunications systems” to reflect the plaintiff's trading activity). Laddie J.'s consideration, which included the view set out above, was undertaken against the backdrop of liability for infringement by use of the same or a sufficiently similar mark for identical goods (section 4(1)(a) of the 1938 Act). By contrast, as the Hearing Officer recognised (paragraph 38):

“In this case the opponent's goods have a specific function, but the applicant's specification covers software which could (despite the

applicant's limitation) be used by third parties to complement any software application with windowing and graphics functions."

Because of the limitations on the opponent's registration, the Hearing Officer held that the applicant's goods were not identical. Despite a finding of identity of marks, absolute protection was therefore denied to the opponent under section 5(1) of the TMA. The issue then became whether the particular circumstances of the case combined to lead to a likelihood of confusion within the meaning of section 5(2)(a). That scenario does not fall within the area for potential abuse identified by Laddie J. in *Mercury*.

### **Amendment of the specification**

29. The applicant says that if necessary on appeal, it is prepared to amend its specification to read:

"A feature of a computer operating system, specifically for use by software developers, for enhancing and accelerating the rendering of computer images in application programs, other than such programs or packages of computer programs adapted for banking purposes".

30. Mr. Jones confirmed before me that the applicant seeks amendment pursuant to section 39(1) of the TMA, which provides:

"The applicant may at any time withdraw his application or restrict the goods or services covered by the application ...".

31. The opponent submits that it is not open to me to grant the application in the amended form. This is because section 39(1) and (3) and rule 18 of the Trade Marks Rules 2000, as amended, require any such amendment made after publication of the application to be published for opposition purposes. The only option open to me is, therefore, to allow the amendment but remit consideration of it to the Registrar so that it may be published and registrability considered afresh.

32. On the issue of whether the applicant should be permitted to amend its application on appeal, Mr. Brandreth referred me to the following passage in *Kerly's Law of Trade Marks and Trade Names*, 13<sup>th</sup> Edition, paragraph 5-139:

"It would seem undesirable that this should be raised on appeal if it has not been the subject of consideration by the Registrar. It is suggested that in such circumstances the appointed person and the court have a discretion to allow it to be raised, assuming the statutory requirements are satisfied, although they would be very reluctant to do so, save in a very clear case."

Mr. Brandreth further referred me to the decision of Mr. Simon Thorley QC sitting as the Appointed Person in *Gratnells Ltd's Trade Mark Application*, SRIS O/565/01. Mr. Thorley said at page 3:

“The next question is whether I have the power on an appeal to allow an alteration in the specification of goods. I am not prepared to rule that I do not have the power since I have not heard full argument on this, but I very much doubt that if there is a power, it is a power which will be exercised on frequent occasions. The whole purpose of the application process is that the Registrar should be in a position to rule on an application which is in the final state that the applicant wishes to have registered”.

Mr. Brandreth concludes that I should refuse the request to amend for the following reasons:

- (a) As a general rule an applicant is expected to bring its case properly at first instance and thereby avoid unnecessary oppositions.
  - (b) An applicant should present the mark it intends to use with a clear indication of the use the applicant intends to make of the mark. If that turns out to be unacceptable the applicant should not be afforded endless opportunities to revisit the issue. An opponent should not be expected to expend resources afresh every time the applicant tries a new amendment.
  - (c) This is the second time the applicant has sought to amend its specification of goods, the first being during ex officio examination on relative grounds.
  - (d) If allowed, the opponent will be put to the expense of having to oppose the amendment after publication.
  - (e) It is unclear that the proposed amendment achieves the intended effect since the functionality of the applicant’s specification remains unchanged.
33. The applicant points out that the *Gratnells* case involved an appeal against refusal of an application on absolute grounds but otherwise contributes little to the argument on the nature of the power, if any, of the Appointed Person to allow an amendment on appeal.
34. Whilst I have taken on board the points made by Mr. Brandreth, I believe the first question to be asked is whether the proposed amendment meets the statutory requirements. The answer to that question may in turn render it unnecessary for me to decide whether and to what extent the Appointed Person has power to entertain an amendment on appeal.
35. Section 39(1) of the TMA permits the applicant to restrict the goods and services in the application. However, an amendment, which has the effect of extending the subject goods or services, is clearly not permitted by section 39. I indicated to the parties at the appeal hearing that I believed the amendment proposed to widen the goods originally claimed and hence to be an

impermissible amendment. Leaving aside the limitation for banking purposes (which is arguably as arbitrary as the original) the comparison is as follows:

<i>Original specification</i>	<i>Proposed specification</i>	<i>Result</i>
A feature of computer software	A feature of a computer operating system,	Narrowed
–	specifically for use by software developers,	Narrowed
for use	for enhancing and accelerating the rendering of computer images	Narrowed
in windowing and graphic applications	in applications	Widened

Mr. Jones says that if this is the case, then I should remit the matter to the Registrar to sort out with the applicant an amendment, which satisfies the statutory requirements. In my view, that course of action does not meet the overriding objective of dealing with the case justly and in particular ensuring fairness to both parties and finality of proceedings.

### **Conclusion**

36. In the result, the appeal fails. The Hearing Officer ordered that the applicant should pay the opponent the sum of £2000 in respect of the opposition and I direct that a further sum of £1500 be paid to the opponent towards the costs of this appeal to be paid on the same basis as indicated by Mr. James.

Professor Ruth Annand, 17 March 2004

Mr. Stephen Jones, Baker & McKenzie, Solicitors, appeared on behalf of the applicant

Mr. Benet Brandreth of Counsel, instructed by Edward Evans Barker, appeared on behalf of the opponent