

TRADE MARKS ACT 1994

IN THE MATTER OF:

APPLICATION No. 83038

IN THE NAME OF JEREMY KERNER

FOR REVOCATION OF UK TRADE MARK 2238698

IN THE NAME OF STEWART WATERS

APPEAL TO THE APPOINTED PERSON

DECISION

Introduction

1. This is an appeal from a decision of the Hearing Officer, Mr George Salthouse dated 31 March 2009. The Hearing Officer rejecting an application by Mr Jeremy Kerner to revoke UK trade mark 2238698 (“the Trade Mark”) for non-use under s46 of the Trade Marks Act 1994. The Trade Mark is for the word “INoTheScore”, registered in class 41 as of 2 February 2001 for a range of services concerned with gambling and conducting competitions. It is registered in the name of Mr Stewart Waters.

2. The applicant for revocation was represented before me by Mr Bill Ladas of SJ Berwin. The registered proprietor was represented by Ms Anna Edwards-Stuart of counsel, instructed by Murgitroyd & Company.
3. The application to revoke was issued on 20 September 2007. It alleges non-use during either or both of the periods provided for by s46(1) of the Act, namely 3 February 2001 to 2 February 2006 and 20 September 2002 to 19 September 2007.

The facts

4. In or about the year 2000 Mr Waters invented a game in which players predict the results and scores of FA Premier League matches throughout a season. Based on the accuracy of those predictions, they are awarded points. The player with most points at the end of the season scoops a pool of money provided by all the players at the outset. Mr Waters invented the name “INoTheScore” for his game and applied for the Trade Mark. It was duly granted on 2 February 2001.
5. It seems that Mr Waters had big ambitions for his game in the early days. He exhibits a business plan to his evidence, dating from 2000. This shows that he wished to roll the game out through the internet on a large scale and to incorporate a number of interactive features. In 2001 he attempted to gain the interest of a number of companies, including Sky Sports, who might have a suitable platform through which the game could be promoted. Discussions with Sky took place in 2001 but failed through lack of interest. In

2002 Mr Waters attempted to establish his own internet platform for the game by engaging a software company to design a web-site for him. The launch of the internet platform was halted for financial reasons (presumably lack of funds on Mr Waters' part).

6. In fact the game has been operated by Mr Waters for a number of years, but only a very small scale. There are some 20-30 players who send their predictions to Mr Waters by email. He compiles the scores on a spreadsheet which he sends out to all the players every week. Each player pays £20 at the outset of the season, from which pool prizes are issued weekly and yearly. On Mr Waters' evidence, it would not appear that he even takes a cut of the fund himself. From the evidence I have seen, the way in which the scores are communicated and tallied can fairly be described as primitive. The evidence of the actual use of the mark "INoTheScore" in the course of the operation of this game is extremely limited.

7. From around August 2003, the applicant for revocation, Mr Kerner, has operated a similar game under the name "I KNOW THE SCORE", sometimes shortened to IKTS. The similarity between his game and that of Mr Waters appears to be a complete coincidence, as does the similarity between their names. Mr Kerner's game was and is operated in conjunction with the FA Premier League website. It is a much more "finished" product and more sophisticated than the game operated by Mr Waters. It is unclear from the evidence what the relationship is between Mr Kerner and the FA Premier League, but it does not matter for the purpose of this case.

8. In mid-2005, Mr Waters discovered the existence of IKTS and contacted Mr Kerner. The precise course of events thereafter is somewhat unclear, and certain documents are missing. The only exchange of emails which features in the evidence from 2005 is the following exchange at SW5 to the first witness statement of Mr Waters:

18.8.2005 – Waters to Kerner

“Hi Jeremy. sorry for not being in touch but new job has been very busy. Good luck with the new season for IKITS [sic] and I will be in touch soon re our own agreement, payment arrangements etc. cheers. stewart.”

18.8.2005 – Kerner to Waters

“Hi Stewart. Hope that you are well. Thanks for the email. let’s speak very soon.”

9. From this it would appear that some informal arrangement had been reached between Mr Waters and Mr Kerner (whether over the phone or by email is unclear) that any dispute between them as to the rights to the name would be resolved by some kind of agreement under which licence payments would be made by Mr Kerner.
10. Nothing then seems to have happened for over a year (until November 2006, to be precise). At that point Mr Waters instructed

Ms Puravee Shah of Murgitroyd & Company to contact Mr Kerner for the purpose of formalising a licence agreement between them. The reasons for the delay are unclear, although Mr Waters refers to his “work commitments abroad” and Ms Shah says that she understands that Mr Waters was unable to make contact with Mr Kerner.

11. Ms Shah has exhibited a selection of the email correspondence which took place between herself and Mr Kerner between 22 January 2007 and 11 June 2007. The precise details are irrelevant. Suffice it to say that Mr Kerner gave every impression that he was prepared to enter into a trade mark licence under which he would pay £500 per annum, including a lump sum of £2000 in respect of the previous 4 years. Mr Shah produced a draft of such a licence attached to her email of 11 June 2007 and asked Mr Kerner to sign it. She also (at Mr Kerner’s request) gave him Mr Kerner’s address to which payment could be sent. However, Mr Kerner failed to respond to this, and the next Mr Waters or Ms Shah heard on the matter was a letter from SJ Berwin to the effect that Mr Kerner had terminated the discussions. The application to revoke for non-use followed.

The law

12. The relevant provisions of the 1994 Act are as follows:

Section 46(1)

“The registration of a trade mark may be revoked on any of the following grounds:

(a) that within the period of five years following the date of completion of the registration procedure it has not 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, and there are no proper reasons for non-use;

(b) that such use has been suspended for an uninterrupted period of five years, and there are no proper reasons for non-use...”

Section 46(2)

“For the purposes of subsection (1) 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...”

Section 100

“If in any civil proceedings under this Act a question arises as to the use to which a registered trade mark has been put, it is for the proprietor to show what use has been made of it.”

The issues

(1) Use of the mark by Mr Waters

13. In his Counterstatement and before the Hearing Officer, Mr Waters relied on his own use of the mark “INoTheScore” in the course of operating his small scale game by email. There was obviously a serious question as to whether this amounted to sufficient genuine use to satisfy the requirements of s46(1). In his Decision, the Hearing Office cited at length from the decisions of the ECJ in Ansul BV v. Ajax Brandbeveiliging BV [Case C-40/01] and the Court of First Instance in La Mer Technology Inc. v. Office for Harmonisation in the Internal Market [2008] ETMR 9 on the extent to which small scale use could be considered “genuine use”. However, he did not go on to make any actual finding as to whether Mr Waters’ use of the mark was sufficient to satisfy s46(1).
14. I need not take this matter any further, however, because Mr Waters has now abandoned any reliance on his own use of the mark.

(2) Use by Mr Kerner with the consent of Mr Waters

15. In his submissions filed before the Hearing Officer by a letter dated 29 January 2009, Mr Waters relied in the alternative on the use of the mark “I KNOW THE SCORE” by Mr Kerner. He contended that this amounted to use of the trade mark with his consent.
16. Unfortunately, there is no explicit reference to this argument in the Hearing Officer’s Decision. He refers in passing in paragraph 3 of his Decision to the Counterstatement in which Mr Waters relied on use “with his consent”, but does not explain that this case was

based on Mr Kerner's use of the mark "I KNOW THE SCORE" on the IKTS web-site. Nor does he say whether he was satisfied that this use provided a defence to the attack of non-use.

17. Before me, Ms Edwards-Stuart argued that the Hearing Officer had in fact considered and decided this point in her client's favour, relying on paragraph 22 of his Decision. I have to say that I cannot myself detect any trace of such a finding in paragraph 22 or anywhere else. If the Hearing Officer had intended to make a finding of this kind, he would have had to consider the question whether "I KNOW THE SCORE" differed from "INoTheScore" in elements which altered the distinctive character of the mark within the meaning of s46(2). He would also have had to consider whether consent had actually been given. He does neither.
18. Mr Ladas contended on behalf of Mr Kerner that, in the absence of a finding by the Hearing Officer on this issue, Ms Edwards-Stuart was not entitled to rely on it on appeal since her client had not raised it by way of a Respondent's Notice.
19. Surprisingly, the Trade Mark Rules contain no provision for Respondent's Notices on appeals to the Appointed Person. Tribunal Practice Notice 2/2008 (paragraphs 8-11) suggests that such a notice "ought" to be filed wherever an Appellant wishes to uphold the decision on grounds different from those relied on by the Hearing Officer. The TPN also suggests that such a notice should be served within 21 days from the letter serving the notice of appeal. Plainly this would be a sensible procedure, and I would suggest that the Trade Mark Rules should be amended to make it a

requirement. However, in the absence of any actual rule requiring a Respondent's Notice, I cannot see that the mere absence of such a notice can amount to grounds for refusing to consider an argument on appeal.

20. At the hearing I indicated that I was not going to shut the argument out. However, since it was obvious that Mr Kerner's advisors had been taken by surprise by the Appellant's raising of this issue, and since neither side had addressed the question of "altering the distinctive character" in their written submissions, I gave permission for both sides to file supplementary written submissions on this issue, which they did.
21. The issue of use by consent raises two sub-issues:
 - (i) Whether the elements of difference between the mark "I KNOW THE SCORE" and the mark "INoTheScore" alter the distinctive character of the latter ("the distinctive character issue").
 - (ii) Whether the use of the mark "I KNOW THE SCOE" by Mr Kerner was with the consent of Mr Waters ("the consent issue").

The distinctive character issue

22. The established approach is that set out by Walker LJ in Bud and Budweiser Budbrau Trade Marks [2003] RPC 25 at 43:

"The first part of the necessary inquiry is, what are the points of difference between the mark as used and the mark as registered?"

Once those differences have been identified, the second part of the inquiry is, do they alter the distinctive character of the mark as registered?”

23. There are two main points of difference here. First, the word “No” becomes “KNOW”. Second, the words “I”, “Know”, “the” and “Score” are separated so that they appear as a phrase rather than a composite word.
24. Do these differences alter the distinctive character of the mark as registered? In my view they plainly do. The immediate impact of “INoTheScore” is somewhat jarring. It initially appears to be an invented word, but the interspersed capitals make it look rather strange. After a little thought, one “unpacks” the word and realises that it is in fact a version of the phrase “I know the score” and should be pronounced accordingly. No doubt some people will see this almost instantly, but to others it will not be immediately obvious.
25. Once the penny has dropped, the two most visually striking things about “INoTheScore” are the fact that it contains four words run together into one word, and the misspelling of the word “know”. To my mind, these visually striking elements are the primary source of the Trade Mark’s distinctive character. After all, the phrase “I know the score” is itself fairly commonplace and in the context of gambling (and specifically gambling on sporting events) has very little distinctiveness.

26. In the circumstances, despite the aural and conceptual identity, I find that the visual differences between “INoTheScore” and “I Know the Score” alter the distinctive character of the mark in a significant way.
27. It follows that Mr Kerner’s use of “I KNOW THE SCORE” did not amount to use of the mark “INoTheScore” within the meaning of s46.

The consent issue

28. In the light of my finding on the distinctive character issue, the consent issue does not need to be decided. Had it been necessary to decide it, I would on balance have found that there was consent. I recognise that the evidence is somewhat thin, and the burden is on Mr Waters under s100. However, it seems to me that the thrust of the email exchange of 2005 (“Good luck with the new season”) together with the early emails of 2007 is that Mr Waters was consenting to the ongoing use of “I KNOW THE SCORE” by Mr Kerner between those dates on the assumption (which turned out not to be justified) that he would ultimately receive a royalty payment.

(3) Proper reasons for non-use

29. Although there was nothing in the Counterstatement to this effect, Mr Waters argued before the Hearing Officer that the negotiations between himself and Mr Kerner between 2005 and 2007 were “proper reasons” for non-use within the meaning of s46(1). The

Hearing Officer agreed, and it was for this reason that he rejected the revocation application.

30. I have been referred to a number of authorities on the issue of “proper reasons”, including the recent decision of the ECJ in Armin Haupl v Lidl Stiftung & Co. KG (Case C-246/05). Most of those authorities concern the question of what kind of reason should be regarded as a “proper” reason for non-use, a point to which I shall return.

31. However, I believe it is important to remember that there are two issues here. It is not enough for the trade mark proprietor to show that the event or situation on which he relies as the reason for non-use is one of those reasons which would be regarded in law as a “proper” excuse for not using a trade mark. He must also prove as a question of fact that it was the “reason” why the mark was not used. Put another way, as the Appointed Person, Geoffrey Hobbs QC expressed it in Cervinet Trade Mark [2002] RPC 30 at 51:

“...it seems to be necessary, when considering whether there were proper reasons for non-use, for the tribunal to be satisfied that in the absence of the suggested impediments to use there could and would have been genuine use of the relevant trade mark during the relevant five-year period. The impediments in question will otherwise have been inoperative and I do not see how inoperative impediments can rightly be taken into account when determining whether there really were “proper reasons” for non-use....”

32. I therefore consider that before considering whether the alleged reasons were “proper”, the tribunal must first be satisfied on the balance of probabilities that, in the absence of the situation or event which is relied on, there would in fact have been genuine use of the Trade Mark by the trade mark owner or with his consent within the relevant 5 year period.
33. The Hearing Officer does not appear to have considered this question. Had he done so, it is difficult to see how he could have answered it in the registered proprietor’s favour. The high point of the evidence on Mr Waters’ side is his assertion in paragraph 8 of his second witness statement as follows:

“during the last two years [2005-2007] the primary reason why the game has not been exploited and put forward to other game operators is because I have been in informal negotiations with the Applicant of the Revocation, Jeremy Kerner.”

Even if one accepts that Mr Waters did indeed freeze any plans he had for exploiting the game further or selling it to other operators during the negotiations with Mr Kerner, this does not establish that those plans would in fact have been brought to fruition.

34. The reality of the situation is that Mr Waters proved wholly unable to sell his game to commercial operators or to exploit it himself during the periods when the alleged impediment did not exist. Despite all his endeavours between 2000 and August 2005, he failed to achieve any genuine use of the mark, for reasons which included lack of interest by business partners and lack of funds.

The same applies for the period since the breakdown of his negotiations with Mr Kerner in June 2007. There is no evidence to suggest that the commercial situation or Mr Waters' personal situation between August 2005 and June 2007 was any better than that which existed before and after that period. If anything, it would seem that Mr Waters was even less likely to have achieved success in 2005-7, since he apparently had work commitments abroad (sufficient on his own account to prevent him communicating with Mr Kerner).

35. In the circumstances, I do not believe that Mr Waters has come near satisfying the first requirement of the "proper reasons" argument, namely that absent the negotiations with Mr Kerner he would have used the mark within the 5 year periods under consideration. The Hearing Officer's failure to consider this was a fundamental error which renders his decision unreliable.
36. In any event, even if I had accepted that Mr Waters had proved that he would have used the Trade Mark had it not been for the negotiations with Mr Kerner, I do not consider that those negotiations qualify as "proper" reasons for non-use within the meaning of s46(1).
37. In Armin Hauptl the ECJ established the following test for identifying proper reasons:

"...only obstacles having a sufficiently direct relationship with a trade mark making its use impossible or unreasonable, and which

arise independently of the will of the proprietor of that mark, may be described as ‘proper reasons for non-use’ of that mark.”

[paragraph 54].

38. The phrase “independently of the will of the proprietor” (which comes from Article 19(1) of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)) is crucial here. Even if Mr Waters’ decision to negotiate with Mr Kerner did make it unreasonable for him to exploit the mark himself whilst the negotiations continued (as he claims), it was not an obstacle arising independently of his own will. On the contrary, the decision to negotiate was one which he himself freely made. There were alternatives, including suing for infringement (as the Hearing Officer himself notes at paragraph 25 of his Decision) or simply continuing to pursue every avenue for exploiting his game.
39. Although the Hearing Officer recognised that Armin Haupl required the “proper reasons” exception to be given a narrow scope (see paragraph 23 of his Decision in which he quotes from paragraph 51 of Armin Haupl), he does not appear to have considered or applied the test in paragraph 54 cited above. This was an error of principle.
40. Furthermore, I am at a loss to understand how the decision to negotiate could be said to have made it unreasonable to continue to seek other commercial partners during the whole period which Mr Waters attributes to the “negotiations”. As we have seen, nothing at all happened by way of negotiation between August 2005 and

November 2006, apparently because Mr Kerner was uncontactable during this period. I cannot see that it would have been unreasonable for Mr Waters at least during that period (which comprised some 2/3 of the period attributed by Mr Waters to the “negotiations”) to seek other potential partners.

41. It seems to me that the only significant period of time during which, on the evidence, negotiations were actually taking place, and which therefore could conceivably be regarded as a period during which it would have been commercially unreasonable for Mr Waters to pursue other avenues for using the Trade Mark, was November 2006 to June 2007. This of course falls wholly outside the period of non-use relied on by Mr Kerner under s46(1)(a), and thus cannot qualify as a reason for non-use in this period.
42. The Hearing Officer does not appear to have given any consideration to the actual period during which the alleged “proper reasons” could be said to have existed. This is another error of principle.

Conclusion

43. I allow the appeal against the Hearing Officer’s decision that there were proper reasons for Mr Waters’ non-use of the Trade Mark “INoTheScore”. I also reject Mr Waters’ alternative case based on use by Mr Kerner with his consent.

44. I direct that UK trade mark 2238698 be revoked for non-use, and that the rights of the registered proprietor shall be deemed to have ceased as from 3 February 2006.

45. Mr Kerner is entitled to a contribution to his costs of the application and of the appeal. In the absence of any specific submissions as to how much should be awarded, it seems to me that he should be awarded the same amount as Mr Waters received in respect of the proceedings before the Hearing Officer, namely £800. He should also receive a further £800 in respect of the hearing before me, plus £400 in respect of the written submissions. I therefore direct that Mr Waters pays Mr Kerner £2000 by way of costs.

IAIN PURVIS QC

7 September 2009