

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No. 12277
BY ALTUS SOLUTIONS INC FOR REVOCATION OF
REGISTRATION No. 1134399 STANDING IN THE NAME OF
ACER INCORPORATED**

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BACKGROUND

1. The trade mark ALTOS is registered in the name of Acer Incorporated of Taiwan for the following specification of goods in Class 9:

“Microcomputers; magnetic discs, disc drives and electrical control apparatus, input, output and printout apparatus, all for microcomputers; printed electric circuits boards; central processor units being parts of microcomputers; computer programmes, magnetic tapes, magnetic wires and magnetic discs”.

2. The registration is numbered 1134399.

3. On 9 February 2001 Altus Solutions Inc of Canada, applied for this registration to be revoked in its entirety under the terms of Section 46(1)(b). Specifically it is said that:

“Enquiries have been made on behalf of the applicant for revocation which show that the registration in issue has not been used by the proprietor or with his consent in the United Kingdom in relation to all the goods covered by registration for an uninterrupted period of 5 years and 3 months prior to the filing of this request for revocation and there are no proper reasons for non-use.”

4. The registered proprietors subsequently filed a Form TM8, counterstatement and evidence of use as required by Rule 31(2) of the Trade Marks Rules 2000. In response to this initial round of evidence by the registered proprietors the applicants filed a ‘statement in reply’ dated 26 July 2001 requesting amendment of the relief sought to partial revocation under the provisions of Section 46(5) in respect of goods other than “servers and related hardware”.

5. The registered proprietors then filed an amended counterstatement in which they comment that the applicants’ statement in reply does not state the specific goods for which partial revocation is desired by reference to the goods recited in the specification of the registration nor does it define ‘servers and related hardware’. They ask that the request for partial revocation be dismissed and that the registration be allowed to stand in its entirety.

6. Both sides ask for an award of costs in their favour.

7. Both sides filed evidence. The matter came to be heard on 18 February 2002 when the registered proprietors were represented by Ms F M Crawford of Elkington and Fife and the applicants for revocation by Mr K Farwell of Phillips & Leigh.

Registered proprietors' evidence (Rule 31(2))

8. The registered proprietors filed a statutory declaration by Peng Lam the Company Secretary of Acer UK Limited, a position she had held for six years at the time of making her declaration (30 April 2001).

9. She says her company was incorporated in May 1988. Its parent company is Acer Europe and the ultimate parent is Acer Inc, the proprietor of the registration.

10. The company's principal activities are said to be the marketing and sale of computer products. It has a sales turnover ranging from £35 million in 1996 to £60 million in 1999. Turnover in respect of products sold under the mark ALTOS are given as follows:

Financial Year	Units sold	Turnover Figures
1996	1456	£ 2,723,000 (<i>estimated</i>)
1997	1285	£ 2,287,000 (<i>estimated</i>)
1998	2128	£ 3,703,000 (<i>estimated</i>)
1999	2143	£ 3,729,000 (<i>estimated</i>)
2000	1239	£ 1,232,000 (<i>estimated</i>)

11. The products on which the mark ALTOS has been used in the UK are said to include the following:

“Computer software, including networking and operating systems software; CPUs, memory boards, memory expansion modules, input output devices including ethernet adaptors, computer keyboards and visual display units, ethernet cards, DPT catching controllers, computer upgrade kits; caches; computer multimedia kits; diskets; computer keyboard CPU's and servers and server peripherals”.

12. In support of these claims Ms Lam exhibits:

PL1 - a print out showing details of the registration and its assignment history

PL2 - material said to be distributed by the company during the relevant period as follows:

- (a) a brochure entitled “The Altos Open System Family”. In addition to showing use on servers it is said that it refers to ALTOS UNIX operating system software;
- (b) Altos 21000 Service Guide;

- (c) November 1999 and July 2000 price lists said to illustrate use of ALTOS in relation, inter alia, to servers, rack mount kits, storage enclosures, hot swap bays, redundant SPS, optional raids and remote diagnostic software modules;
- (d) brochures in relation to various ALTOS product models dated between May and September 2000.

PL3 - pages downloaded from the Acer website on a number of dates most of which are within the relevant timeframe showing use of the mark.

PL4 - sample invoices for the period 21 September 1999 to 14 September 2000 in respect of ALTOS products. The products can be identified by cross referring between the invoice codes and the November 1999 price list.

Applicants for invalidity's evidence (Rule 31(4))

13. The applicants filed a witness statement by Paulin Laberge, President and Chief Executive Officer of Altus Solutions Inc.

14. It is useful to start with the latter part of Mr Laberge's witness statement because it serves to set this dispute in context both in terms of why the action has been launched and the particular concerns of the applicants in terms of the specification as registered. Altus Solutions have applied to register the mark ALTUS in respect of "network management software; service management software". They claim to use their mark for a family of telecommunications related software products that enable real-time performance and traffic management of multi-vendor wire line and wireless telecommunications networks.

15. Mr Laberge sets out his general understanding of the positions of the parties in the following terms:

"To my knowledge and as the result of my own investigations, "AcerAltos" refers to a brand of computer servers used for general purpose computing and not known to be used in telecommunication network management applications. "ALTUS" refers to a brand of telecommunication network management software used by telecommunications service providers. Acer does not currently market or support any software products with the "ALTOS" brand. As evidence, product information from the Acer UK website for all "AcerAltos" servers, does not once mention "ALTOS" in relation to any software product. All operation system software available with the "AcerAltos" series servers is sourced from third-party vendors such as Microsoft™, Novell™, SCO™, Red Hat™ and others. None of this software is rebranded "Altos" software. Further evidence of this is that queries on the Acer support pages for "Altos Software" and "Altos Unix" do not yield any direct matches. Any Acer-provided software is branded Acer <software> as in Acer Advanced Server Manager rather than [sic] Altos <software>. Altus Solutions and Acer target completely different markets: Altus Solutions is in the telecommunications

network management market and Acer is not. As evidence, Acer is not, and has never been, a member of the TeleManagement Forum, the global organization that provides leadership to the telecommunications network management industry. Altus Solutions is one of 384 TeleManagement Forum members that comprise telecommunications service providers, computing and network equipment suppliers, software solutions suppliers and customers of telecommunications services.”

16. Against that background Mr Laberge makes a number of detailed comments on Ms Lam’s evidence.

17. These main points are as follows:

- (i) Mr Laberge suggests that the only use shown is on servers, rack mount kits, storage enclosures, computer keyboards and visual display units (qualified to an extent in relation to the latter two items) rather than the range of products referred to in Ms Lam’s declaration;
- (ii) it is suggested that the software products identified in the Altus Open System Family brochure date from c1994 and are no longer sold by Acer;
- (iii) other references in the registered proprietors’ evidence are said to be to products for use with ALTOS servers rather than being ALTOS branded goods in their own right;
- (iv) the vast majority of the use shown is of AcerAltos rather than ALTOS solus;
- (v) Exhibits PL3 and PL4 show use of ALTOS solely in relation to servers. Where other products are shown on invoices it is not under the ALTOS mark.

Registered proprietors’ further evidence (Rule 31(6))

18. The registered proprietors filed a witness statement by Paul Robert Dobbin, the current Company Secretary of Acer UK Ltd. I infer that he has succeeded Ms Lam in this position.

19. Mr Dobbin notes that the applicants have admitted that the mark ALTOS has been used in the UK in the relevant period in respect of servers and related hardware.

20. He exhibits at PRD1 copies of extracts from three computing dictionaries which suggest that a server is both “a program which provides some service to other programs” and “a computer which provides some service for other computers connected to it via a network”. He submits that a server cannot be differentiated from the software it contains and that the purchase of a server under the mark ALTOS is purchase of both hardware and the software which gives it server functionality.

21. Mr Dobbin comments further on ALTOS servers by explaining that they are computer terminals containing software enabling them to provide services for other computers connected

via a network including communication by e-mail, with web sites, and to run electronic internet commerce. He suggests that there is a strong likelihood that use of ALTUS by the applicants for telecommunications network management software would be confused with software for ALTOS servers.

22. Mr Dobbin denies that software has not been sold separately under the mark ALTOS. If I have correctly interpreted his evidence the use falls into four categories – (i) software incorporated into the server hardware (ii) remote diagnostic software for use with servers (iii) customised software to meet clients’ specific needs and (iv) software upgrades, patches and drivers for existing customers. Exhibit PRD2 is provided in further support of these claims, this being pages downloaded from the company’s web site which provides a link on the ‘Service and Support’ page to ‘driver downloads, utilities and guides’. The site is said to provide software utilities and drives, configuration guides, technical manuals, BIOS and management tools and other downloadable software products specific to various Acer products including the ALTOS range of servers.

23. Finally Mr Laberge makes a number of observations on Mr Laberge’s statements regarding the TeleManagement Forum. He notes that, contrary to Laberge’s claim (that the provision of software for telecommunications and the supply of computing and network equipment are unrelated fields), the Forum embraces membership from both areas.

24. That completes my review of the evidence.

The law

25. Section 46 of the Act reads as follows:

“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;
- (c) that, in consequence of acts or inactivity of the proprietor, it has become the common name in the trade for a product or service for which it is registered;
- (d) that in consequence of the use made of it by the proprietor or with his consent in relation to the goods or services for which it is registered, it is liable to mislead the public, particularly as to the nature, quality or

geographical origin of those goods or services.

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

(3) The registration of a trade mark shall not be revoked on the ground mentioned in subsection (1)(a) or (b) if such use as is referred to in that paragraph is commenced or resumed after the expiry of the five year period and before the application for revocation is made:

Provided that, any such commencement or resumption of use after the expiry of the five year period but within the period of three months before the making of the application shall be disregarded unless preparations for the commencement or resumption began before the proprietor became aware that the application might be made.

(4) An application for revocation may be made by any person, and may be made either to the registrar or to the court, except that -

- (a) if proceedings concerning the trade mark in question are pending in the court, the application must be made to the court; and
- (b) if in any other case the application is made to the registrar, he may at any stage of the proceedings refer the application to the court.

(5) Where grounds for revocation exist in respect of only some of the goods or services for which the trade mark is registered, revocation shall relate to those goods or services only.

(6) Where the registration of a trade mark is revoked to any extent, the rights of the proprietor shall be deemed to have ceased to that extent as from -

- (a) the date of the application for revocation, or
- (b) if the registrar or court is satisfied that the grounds for revocation existed at an earlier date, that date.”

The relevant period

26. The applicants have referred to a non-use period of 5 years and 3 months prior to the filing of the request for revocation. The addition of the 3 month period may result from a misconstruction of the provisions of Section 46(3) (see *Philosophy Inc v Ferretti Studio SRL* [2002] EWCA Civ921). However it does not make a critical difference in the circumstances of

this case. I propose, therefore, to take the five year period as running from 9 November 1995 to 8 November 2000.

Authorities

27. The main authorities relied on at the hearing and which I agree are relevant to my considerations are the Court of Appeal's judgments in *Thomson Holdings Limited and Norwegian Cruise Line Limited* [2002] EWCA Civ 1828 and *David West trading as Eastenders and Fuller Smith & Turner PLC* [2003] EWCA Civ 48. These cases deal with the approach to be adopted in determining any appropriate restriction of specifications pursuant to a revocation action. They refer, in turn, to a number of earlier cases, notably *Decon Laboratories v Fred Baker Scientific* [2001] RPC 17, which have considered this particular issue. The following passage from *Thomson Holidays Ltd and Norwegian Line Cruise Ltd* encapsulates the guiding principles that I am required to follow:

- “29. I have no doubt that Pumfrey J was correct to reject the approach advocated in the *Premier Brands* case. His reasoning in paragraphs 22 and 24 of his judgment is correct. Because of Section 10(2) fairness to the proprietor does not require a wide specification of goods or services nor the incentive to apply for a general description of goods and services. As Mr Bloch pointed out to continue to allow a wide specification can impinge unfairly upon the rights of the public. Take for instance a registration for “motor vehicles” only used by the proprietor for motor cars. The registration would provide a right against a user of the trade mark for motor bikes under Section 10(1). That might be understandable having regard to the similarity of goods. However the vice of allowing such a wide specification becomes apparent when it is envisaged that the proprietor seeks to enforce his trade mark against use in relation to pedal cycles. His chances of success under Section 10(2) would be considerably increased if the specification of goods included both motor cars and motor bicycles. That would be unfair when the only use was in relation to motor cars. In my view the court is required in the words of Jacob J to “dig deeper”. But the crucial question is – how deep?
30. Pumfrey J was, I believe, correct that the starting point must be for the court to find as a fact what use has been made of the trade mark. The next task is to decide how the goods or services should be described. For example, if the trade mark has only been used in relation to a specific variety of apples, say Cox's Orange Pippins, should the registration be for fruit, apples, eating apples, or Cox's Orange Pippins?
31. Pumfrey J in *Decon* suggested that the court's task was to arrive at a fair specification of goods having regard to the use made. I agree, but the court still has the difficult task of deciding what is fair. In my view that task should be carried out so as to limit the specification so that it reflects the circumstances of the particular trade and the way that the public would perceive the use. The court, when deciding whether there is confusion under Section 10(2), adopts the attitude of the average reasonably informed consumer of the products. If the test of

infringement is to be applied by the court having adopted the attitude of such a person, then I believe it appropriate that the court should do the same when deciding what is the fair way to describe the use that a proprietor has made of his mark. Thus the court should inform itself of the nature of trade and then decide how the notional consumer would describe such use.”

28. I also bear in mind Mr Justice Jacob’s general observations in *Laboratories Goemar SA and LaMer Technology Inc* [2002] ETMR 34 on the onus that rests on registered proprietors to carefully establish their position on use:

“8. Our Act, sensibly, explicitly requires the trade mark owner, to prove use of his mark when non-use is alleged. Probably that is implicit under the Regulation too, for who is to know most about the details of use other than the owner of the mark? The way the UK Act puts it is in 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.”

9. In the present cases, use was not proved well. Those concerned with proof of use should read their proposed evidence with a critical eye – to ensure that use is actually proved – and for the goods or services of the mark in question. All the t’s should be crossed and all the i’s dotted.”

The scope of the partial revocation request

29. The applicants’ statement in reply indicated that, in response to the registered proprietors’ initial round of evidence, they were restricting the action to a request for partial revocation in respect of goods other than “servers and related hardware”.

30. Helpful though that concession was it seems to me that it has created a difficulty in the subsequent conduct of the case. The registered proprietors were entitled to consider that the applicants’ concession relieved them of the need for any further substantiation of use in relation to the sub-set of goods that was no longer being contested. However, whilst ‘servers’, in my view, unambiguously defines a type of computer product the same cannot be said about ‘related hardware’. That term is of uncertain scope. For clarification one has to look to Mr Laberge’s witness statement which was filed at the same time as the statement in reply. The witness statement deals with the applicants’ understanding as to the registered proprietors’ use and the extent of the concession being made. Mr Laberge’s says he can find no evidence of use of ALTOS in relation to most of the goods referred to in Ms Lam’s declaration (which he lists) but concedes the position in relation to “servers, rack mount kits, storage enclosures, computer keyboards and visual display units”. I propose to proceed on the basis that the concession in the statement in reply must be construed in conjunction with the accompanying explanation in Mr Laberge’s evidence.

31. There is a further related point. In his skeleton argument Mr Farwell submitted as follows:

“I argue that the evidence of the proprietor does not show use of its mark for any of the specification of goods of its registration. Therefore, the registration should be cancelled in total under s.46(1)(b) TMA 1994. This does not in any way alter or argue against the concession made in the “Statement in Reply” dated 26 July 2001. But upon fresh examination of this case, I am not at all convinced that the goods “servers and related hardware” can be held to be contained within the scope of the Acer goods. If I am right in this, then the restriction of the relief sought to partial revocation is not logical.”

32. It is quite true to say that the concession made in the applicants’ statement in reply can be of little consequence if the goods on which use is admitted do not fall within the specification under attack. As Jacob J said in *Laboratories Goemar and La Mer Technology*:

“Before one gets to genuine use, one should simply decide whether the goods fall within the specification. That depends on their nature (including their intended purpose), the wording of the specification and nothing else.”

33. I should also say that Mr Farwell advanced alternative positions in the event that I found servers and related goods to be within the scope of the specification. However, for the sake of completeness, I will firstly address the fundamental point that has been raised.

Are ‘servers’ within the proprietors’ specification?

34. Both sides filed dictionary definitions with their skeleton arguments. The following definition of ‘server’ is from *The New Penguin Dictionary of Computing* (2001) but it is broadly consistent with the other definitions supplied:

“a computer that is designed to provide shared services to other computers on a network (called workstations), rather than to be directly accessed by users.”

35. The registered proprietors’ specification includes the term ‘microcomputers’. The above dictionary says of microcomputers:

“An obsolete name, originally applied to what are now called personal computers that employ a microprocessor as their central processing unit (CPU). It was coined to suggest their status as successors to the minicomputer. The term was also used to refer to the microprocessor itself.”

36. That is a 2001 definition. Definitions provided on behalf of the registered proprietors do not appear to be dated and do not suggest the name is obsolete but agree that the term is used to describe a computer based on a central processing unit or microprocessor.

37. The term microcomputer is now used to describe a variety of machines including palmtop, notebook, laptop, portable and desk sizes, (see *Collins Dictionary of Computing* 2000). As the registered proprietors submit, whether a computer operates as a server or, say, a word processor is dictated by the software involved.

38. The proprietors goods are most commonly described as servers but it is clear that most if not all of their product offerings are in the nature of microcomputers. Thus the Acer Altos 7000 system is described in the following terms:

“Independent analysis confirms that the Acer Altos 7000 sets the leading edge targets against which any other micro or mini-computer system server should be judged.” (See Exhibit PL2).

39. Other machines are described in similar terms e.g. the Altos 900 is said to take the features and styling of the 7000 and “miniaturises them into a spacious desktop baby tower server system”. I have little hesitation, therefore, in concluding that the term microcomputer embraces servers and that there has been use of ALTOS on or in relation to such goods. To be consistent with the specification it follows that the term servers must itself be restricted so as to cover only those servers which are microprocessors.

What is the position on ‘related hardware’?

40. The proprietors’ position is that “magnetic discs, disc drives and electrical control apparatus, input, output and printout apparatus, all for microcomputers; printed electric circuits boards; central processor units being parts of microcomputers” of the specification of the present registration are “hardware related to servers”.

41. They do not assert use of “magnetic tapes, magnetic wires and magnetic discs” other than with the restriction to “all for microcomputers” in the case of the last of these terms. ‘Computer programmes’ raises separate issues and will be dealt with separately. I am concerned here with the above items which the proprietors claim are within the term hardware for servers.

42. The evidence of use of ALTOS in relation to these goods is thin but the applicants concede the position so far as computer keyboards and VDUs are concerned. The ‘Altos Open Systems family’ brochure, in its coverage of various I/O (input/output) options refers to ALTOS branded controllers but that document cannot reliably be placed within the relevant period. The material at PL3 does fall within the relevant timeframe. In addition to references to ALTOS servers it clearly shows use in relation to disk storage sub-systems which must, I think, fall within the term disc drives and electrical control apparatus.

43. The invoice evidence at PL4 does not take matters any further forward. By reference to the product No. box on the invoices it is possible to match most of the invoiced goods to the comparable Part No. in the November 1999 price list. The invoices largely relate to servers. A few items are not servers but appear to be Acer branded goods rather than ALTOS. However, the absence of invoice evidence showing actual sales of goods other than servers is not in itself fatal (see ELLE Trade Marks [1997] FSR 529).

44. The remaining items are ‘printed electric circuit boards’ and ‘central processor units being parts of microcomputers’. I can find no evidence of ALTOS being used in relation to such

goods. On the contrary the individual product specification sheets in PL2 refer to Intel or Celeron processors, that is to say the use of third party branded products.

45. The next question is what is a fair specification of the goods in relation to which use has been shown and/or conceded? The guidance from *Thomson Holidays and Norwegian Cruise Line* is that I must have regard to the nature of the trade and how the notional consumer would describe such use. One view of the matter would be that, as consumers would understand specific terms such as computer keyboards and VDUs, those terms would function as adequate descriptors. I rather think that that would be too narrow a view of the matter. Computer keyboards and VDUs are simply examples of input and output devices that can be used to enter data or commands into a computer or to extract and display information. A mouse or touchscreen are other examples of input devices. Output can equally be to a disk or tape as well as screen. In the context of the proprietors' business under the mark ALTOS (that is to say servers) I see no reason to unduly limit the term input/output apparatus. As is confirmed by the dictionary definitions (and the literature supplied) these terms are well understood in the trade. A variety of input/output devices may be used as alternative means of achieving the same end. (Most computer users, for instance, will have both a keyboard and a mouse available as alternative means of inputting instructions to their computer). As Ms Crawford pointed out this is somewhat different to the circumstances in *West v Fuller Smith & Turner* where the evidence showed lager and bitter beer to be commercially quite different products with little customer overlap.

46. I propose, therefore, to permit the proprietor to retain the terms "magnetic discs, disc drives and electrical control apparatus, input, output and print out apparatus, all for servers being microcomputers". The qualification at the end of the list of goods is necessary to reflect the particular area of trade (servers) and the existing restriction to microcomputers. I have not included "printed electric circuit boards; central processor units being parts of microcomputers". The applicants do not concede that there has been use of ALTOS in relation to these goods. I can find no use of ALTOS in relation to printed electric circuit boards and, only use of third party brands so far as central processor units are concerned. I am aware that I have not included in the above list of specific 'related hardware' items certain goods on which the applicants concede use. These are 'rack mount kits' and 'storage enclosures'. My reasons for not including these items are that they do not appear in the specification in this form (and may not even be in Class 9); do not obviously fall within the scope of any of the broader terms used; and there is no coverage for 'parts and fittings' generally.

Computer programmes

47. There is the area of the proprietors' specification that is of key interest to both parties. The applicants for revocation are themselves applicants for registration of the mark ALTOS for certain software products. It is not particularly surprising, therefore, that the applicants have sought to emphasise what they see as the distance between the parties' goods in real commercial terms. I indicated at the hearing, and now confirm, that I do not consider it is appropriate for me to approach this revocation action on the basis of carving out a specification which might enable the applicants for revocation to register and use their own mark. That may or may not be a consequence of this decision but it cannot be the basis for the decision. In support of this I rely

on the following passage from Pumfrey J's judgment in *Decon Laboratories v Fred Baker Scientific*:

“The fact of non-use has in itself nothing to do with the defendant, and the defendant's activities, or lack of them, are prima facie irrelevant unless, I suppose, it can be shown that the defendant has himself created a reputation in respect of a class of goods for which the claimant has not used the mark. It follows it seems to me that the second form of revocation sought by the defendants in the present case is not acceptable, leaving as it does a class of goods defined negatively by reference to the defendants' activities.”

48. The proprietors' contention is that a fair specification should include “server software”. In support of this the following submissions were made in Ms Crawford's skeleton argument and developed at the hearing:

“In specifying a server for purchase, a determination has to be made as to the functions to be performed and hence the functionality requirements of the server software. Existing software on the network and its configuration, also have a bearing on server software suitability/selection. Once the software requirements have been resolved, the capacity and speed requirements etc will dictate the specification of the computer to run this. Thus, a primary consideration in the purchase of “servers” is the functionality and quality of the software purchased.

While it is not essential to purchase both the server software and computer hardware from the same source or at the same time, there can be advantages in doing so, as regards cost, convenience, software compatibility, upgrades and customer support. Thus, many customers prefer to look to a reputable company, such as the Proprietor, to meet their specific requirements and provide a server software and computer hardware package to meet these. Thus customers rely on the competence of the supplier in the manufacture and/or selection and testing of the software and hardware concerned, and to do so (through economy of scale), at a competitive price. It is on this that the suppliers reputation and goodwill rests. (Parallels can be drawn between this commercial activity and its perception and those associated with retail outlets).”

and

“In the present case, purchase of a server product from the ALTOS range involves the purchase of both computer hardware and server software, and further the customization of that software. Further, as servers are integral parts of computer networks, their purchasers are also purchasers of a wide variety of other items of computer hardware (including computers and computer peripherals) and software products. Computer hardware items are interchangeable in use, since their operation can be altered by altering the software employed. Thus, a computer purchased as a desk-top computer can subsequently be used as a server, by installing server software. Accordingly and by contrast with the ESB¹ case, it is not possible to discern a difference between customers for computers sold with server software from purchases of other computers sold without

¹ The David West and Fuller Smith & Turner case referred to above.

such software or with other software, and it is submitted that “microcomputers” is a fair description of the Proprietor’s products.”

49. There is much in the above submissions that I would not disagree with. It is the software that determines whether a computer will function as a server, a word processor or some other application. Software may be purchased independently of the hardware though if a customer wants to purchase a server he or she may well choose a package containing both. The scale and nature of the customer’s business will determine the precise software and hardware requirements. The proprietors’ product specific trade literature at PL2 makes it clear that they offer servers with a range of power and functionalities to accommodate a wide variety of business and other needs from the home office to small and medium sized businesses, classroom use, retail use, etc.

50. The price lists for 1999 and 2000 included in PL2 indicate server prices starting from about the £1000 mark and ranging up to £18,000. Most appear to be in the £1000 to £3000 range. They are not, therefore, cheap purchases. They are likely to be purchased with a good deal of care. Technical specifications are likely to be carefully scrutinised. Customers will want to be satisfied that the machine they are buying is fit for purpose. The importance of specifications is apparent from the product literature. Attached as an Annex to this decision is a copy of the specification for one of the ALTOS machines (it is the ALTOS 600 but the other 5 machines for which literature has been supplied have similar specification listings on the back cover of the promotional literature). It is apparent from this specification that various software requirements are provided for including server operating system, server management and start up software. Within each of these broad areas of functionality a number of software options are listed (Windows, Novell, SCOUnix, Red Hat, EasyBuild, Acer etc.). There is no indication that ALTOS branded software is available or included in the machines. On the contrary, by offering a range of software options, the customer’s attention is drawn to the particular third party (or Acer branded) software that is available. There is nothing inherently unusual in this. Software is but one element in a computer. Computer manufacturers do not usually make all the items that go to make up the finished machine. An obvious example is the Intel processor that is at the heart of many computers (including the current proprietors’). Whether ALTOS is a brand associated with the finished product, components or software seems to me to be a question of fact. The evidence here does not establish that ALTOS is being used in relation to software.

51. Nevertheless Ms Crawford argued strongly that customers for ALTOS servers are purchasing a package and that software is at the heart of that package. It is said that it is the proprietors’ skill in putting together the package that contributes to its attractive power to the customer. I have little doubt that there is some force to that submission. Purchasers or potential purchasers of ALTOS servers may well be reassured about the quality of the package because they have confidence in the proprietors’ ability to select suitable and compatible components. The consequence of that state of affairs seems to me to be that the proprietors may be able to say that they are offering advisory services in relation to the selection of software. What it does not entitle them to claim is that they are using ALTOS in relation to the software products themselves.

52. The circumstances are not directly comparable to those in *Premier Brands UK Ltd v Typhoon Europe Ltd* [2000] ETMR 1071 to which I was referred. Mr Justice Neuberger was there dealing with the claimant's use (in the counterclaim for revocation of defensive registrations) in relation to various goods connected to a greater or lesser extent with their main (tea) business. The particular issue was whether this was genuine use in relation to tea caddies, tea pots, etc or simply promotional use in support of the trade in tea. I was referred to the following passage:

“In the present case, I consider that Mr Bloch is right in the sense that people would understand the mark on the Goods to be recommending TY.PHOO tea, but that Mr Arnold is right in saying that it does not follow that members of the public seeing one of those Goods would not assume that it has been marketed by, or with the approval and licence of, the person responsible for the marketing TY.PHOO tea, i.e. Premier. Indeed, in my judgment, as a matter of common sense and on the evidence I have heard, it seems to me that that is more likely to be the case than otherwise. As far as the evidence is concerned, in the great majority of cases, the Goods are obtained by members of the public from a source which appears to be Premier itself.”

53. The issue being dealt with in the Premier Brands case was rather different to the one before me which turns on the position of software contained within (and being an integral part of) a hardware package. I have little doubt that circumstances may exist where the sale of a server could be said to involve genuine use of a mark in relation to the server software it contains. The difficulty for the proprietors here is that the evidence clearly shows third party brands being used and identified (and requiring potential customers to make a conscious choice as to which brand of software to use). I note too that in Premier Brands in the passage immediately following the one quoted above Mr Justice Neuberger found that “.. in the case of the majority of the goods, no brand name other than TY.PHOO is to be found on the goods.” If the software provided with ALTOS servers was unbranded there might be reason to suppose that Acer were making themselves responsible for the software as well as the ALTOS branded hardware. But that is not the position on the evidence before me.

54. On that analysis of the position I conclude that the proprietors must lose that part of their registration which relates to computer programmes. In reaching that view I have not lost sight of Mr Dobbin's evidence which establishes that the term 'server' may be used to describe a computer programme as well as hardware (see the dictionary evidence at PRD1). That in itself does not assist the proprietor as it is a question of fact in any particular case as to whether it means one or the other or both.

55. There is however, a potential exception to the generality of the above finding on which I should briefly comment. The Altos Open Systems brochure in PL2 does show limited use of ALTOS/SCO UNIX. It is one of the software options available with the servers shown in that brochure. Others include Microsoft Windows, Novell Netware, Shrinkwrap SCO UNIX. I understand that the mark ALTOS/SCO UNIX reflects the fact that it is an adaptation of SCO UNIX software by Acer for their ALTOS servers. The mark itself quite legitimately features the ALTOS mark but its use must, I think, be indivisible from SCO UNIX. That state of affairs may give rise to an issue as to whether co-branding in this way constitutes use of ALTOS solus or 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 46(2)).

56. It is not a point I need to resolve for present purposes. For the use to be relevant it must be within the relevant period. The onus is on the registered proprietor to show that it is. The Altos Open Systems family brochure does not appear to be dated. The applicants make two points. They point out that an AIM Benchmark comparison on the fifth page of the brochure is “Spring ‘94”. They also suggest that the performance characteristics of the machines referred, point to their being older models. Neither of these points is a wholly reliable indicator by which I can date the document. The registered proprietors’ response contained in Mr Dobbin’s witness statement is as follows:

“6. Paulin Laberge acknowledges in paragraph 4 of his Declaration that Acer developed SCO UNIX software to create a proprietary ALTOS operating system software. However, he is incorrect in his assertion that our server operating system ceased to incorporate SCO UnixWare 7.0 before 1996. In fact, it incorporates this software to this day. This is apparent from Exhibit PRD2 referred to in the next paragraph.”

57. The evidence (in the form of the individual product brochures from the year 2000) confirm that SCO UNIX software continues to be used. If Mr Dobbin is suggesting that this also means it is used as ALTOS/SCO UNIX then it is not supported by the evidence. Furthermore exhibit PRD 2 which purports to provide further reinforcement makes it clear that the drivers and downloads supplied for Acer Altos machines are third party branded (including SCO). In short the evidence does not clearly demonstrate use of ALTOS/SCO UNIX software in the relevant period.

58. In the event that I am wrong in my analysis of the position in relation to software it would be necessary to address the question of whether the term ‘computer programmes’ is too broad. I was referred to Laddie J’s remarks in *Mercury Communications Limited v Mercury Interactive (UK)Limited*:

“.....in my view there is a strong argument that a registration of a mark simply for “computer software” will normally be too wide. 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. A piece of software which enables a computer to behave like a flight simulator is an entirely different product to software which, say, enables a computer to optically character read text or design a chemical factory. 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. If he does he runs the risk of his registration being attacked on the ground of non-use and being forced to amend down the specification of goods.”

59. Applying the general principles from *Thomson Holidays v Norwegian Cruise Line* and Laddie J's approach in *Mercury* it would in my view be necessary to qualify the broad term 'computer programmes' so as to relate it specifically to servers. However, in the light of my primary finding above it is not necessary to give effect to this alternative position.

Discretion

60. For the sake of completeness I should record that there has been a suggestion that discretion should be exercised in the registered proprietors' favour. The question of whether Section 46(1) confers a discretion on the tribunal was considered in *Premier Brands UK Ltd v Typhoon Europe Ltd* [2000] ETMR 1071 with Neuberger J deciding that no discretionary power existed. The matter was subsequently made the subject of a reference to the ECJ in *Scandecor Development AB v Scandecor Marketing AB* [2001] ETMR 74 but I understand that that case has since fallen away.

61. Whilst the issue has, therefore, yet to be finally decided I do not think it is critical to the outcome of this case for the following reasons:

- the issue of discretion appears to have been raised in correspondence (Elkington & Fife's letter of 23 October 2001) but there was no mention of it in the registered proprietors' amended counterstatement. Nor has there been any subsequent request to further amend the counterstatement;
- as a result the precise grounds and circumstances on which the tribunal is being asked to exercise any discretionary power were not made clear in advance of the hearing;
- Ms Crawford's submission at the hearing was that discretion should be exercised in favour of retention of "computer programmes" (perhaps restricted to server software) because when customers purchase a server they are buying a package which contains both hardware and software. I have considered that point above and exercised a judgment based on the law, relevant authorities and the facts of the matter as I see them. Even if there is a general discretionary power available to me, I would not be minded to exercise it in the registered proprietors' favour in the circumstances of this case;
- I am not aware of any other circumstances that might be said to call for an exercise of discretion if such a power exists.

Conclusion and costs

62. In summary, having regard to Section 46(5), the registration will be revoked in respect of all goods except as follows:

"Servers, all being microcomputers; magnetic discs, disc drives and electrical control apparatus, input, output and printout apparatus, all for servers being microcomputers."

63. The applicants have achieved a substantial measure of success having regard to the reduced scope of the action (that is once it was converted to a request for partial revocation). However, I also take into account that the action was initially more broadly based and was only reduced in scope after the proprietors filed their initial evidence. The applicants' statement of grounds indicated that enquiries had been made which showed non-use in relation to all the goods. But I am not aware that the proprietors were given an opportunity to deal with that claim prior to the filing of the action. Equally the proprietors have sought to defend the full scope of their specification in the face of the applicants' more limited attack. Neither side has suggested that I should depart from the published scale of costs. Taking all the above factors into account I consider that the applicants are entitled to an award of costs but at a level which has been reduced to reflect the above circumstances. I order the registered proprietors to pay the applicants the sum of £1500. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 14TH day of March 2003

**M Reynolds
For the Registrar
the Comptroller General**

Annex In Paper Copy Only