BL O/243/22

TRADE MARKS ACT 1994.

IN THE MATTER OF:

APPLICATION No. 503118 IN THE NAME OF EURO GAMES TECHNOLOGY LTD FOR REVOCATION OF TRADE MARK (IR) No. 1102743 IN THE NAME OF NOVOMATIC AG

AND

OPPOSITION No. 419602 IN THE NAME OF NOVOMATIC AG TO TRADE MARK APPLICATION (IR) No. 1486143 IN THE NAME OF EURO GAMES TECHNOLOGY LTD

DECISION

The Registry Proceedings

1. On 10 May 2019, Euro Games Technology Ltd applied under (IR) number 1486143 for protection of the following trade mark in the United Kingdom for use in relation to a broad range of goods and services listed in Classes 9, 28 and 41:

2. On 26 February 2020, the application for protection was opposed by Novomatic AG under number 419602 for conflict with the rights to which it was entitled under s.5(2)(b) of the Trade Marks Act 1994 as proprietor of the earlier trade mark **BURNING HOT** protected in the United Kingdom under (IR) number 1102743 for a similarly broad range of goods and services listed in Classes 9, 28 and 41.

3. On 1 May 2020, Euro Games applied under number 503118 for revocation of Novomatic's **BURNING HOT** trade mark registration under s.46(1)(b) of the Act on the ground of non-use.

4. Novomatic's opposition and Euro Games' revocation application were consolidated and determined in a Decision issued by Mr Arran Cooper on behalf of the Registrar of Trade Marks under reference BL O/801/21 on 27 October 2021.

5. The Hearing Officer decided, so far as relevant for present purposes, that Novomatic's **BURNING HOT** trade mark registration was not liable to be revoked for non-use in relation to ***"computer software namely for casino games via telecommunications networks and / or the internet"*** in Class 9, but was liable to be revoked for non-use in relation to ***"slot machines operated by coins or banknotes"*** in Class 28; and that Novomatic's opposition to Euro Games' application for registration in Class 41 should be rejected in its entirety.

The Appeals

6. Euro Games appeals under s.76 of the 1994 Act contending that the Hearing Officer should have revoked Novomatic's **BURNING HOT** trade mark registration for lack of use in relation to "***computer software"*** of any kind in Class 9.

7. Euro Games concedes that if its appeal on that point fails, then Novomatic will (as it contends by way of cross-appeal) additionally be entitled on the basis of genuine use during the relevant 5 year period to retain its **BURNING HOT** trade mark registration for ***"computer software namely for casino games, amusement arcade games and games of chance via telecommunications networks and / or the internet"*** in Class 9.

8. Euro Games further concedes that if its Class 9 appeal fails, then its application for registration should (as Novomatic contends by way of cross-appeal) be refused for ***"services related to gambling"***, ***"online gambling services"*** and ***"online gaming services"*** in Class 41.

9. Novomatic raises a free standing ground of appeal to the effect that the Hearing Officer should not have revoked its **BURNING HOT** trade mark registration for lack of use in relation to ***"slot machines operated by coins or banknotes"*** in Class 28.

Class 9: Euro Games' Appeal / Novomatic 's Appeal

10. Euro Games contends that the evidence on file shows **BURNING HOT** used as nothing more than the name of an interactive computer game, with that being insufficient to involve or amount to use of it as a trade mark in relation to any computer software as such. Novomatic responds by contending that use of the name for a game played by downloading it (or an app) in order to obtain the computer software without which it cannot be played is *ipso facto* use of **BURNING HOT** as a trade mark in relation to computer software in Class 9.

11. The Court of Justice decided in Case C-355/12 Nintendo Co. Ltd v PC Box Srl EU:C:2014:25 at paragraph [23] that:

> … Directive 2009/24 constitutes a *lex specialis* in relation to Directive 2001/29 (see Case C-128/11 *UsedSoft* [2012] ECR, paragraph 56). In accordance with Article 1(1) thereof, the protection afforded by Directive 2009/24 is limited to computer programs. As is apparent from the order for reference, videogames, such as those at issue in the main proceedings, constitute complex matter comprising not only a computer program but also graphic and sound elements, which, although encrypted in computer language, have a unique creative value which cannot be reduced to that encryption. In so far as the parts of a videogame, in this case, the graphic and sound elements, are part of its originality, they are protected together with the entire work, by copyright in the context of the system established by Directive 2001/29.

12. The Court had previously decided as follows in Case C-393/09 BSA EU:C:2010:816 at paragraphs [39] to [42]:

> [39] … interfaces are parts of a computer program which provide for interconnection and interaction of elements of software and hardware with other software and hardware and with users in all the ways in which they are intended to function.
>
> [40] In particular, the graphic user interface is an interaction interface which enables communication between the computer program and the user.
>
> [41] In those circumstances, the graphic user interface does not enable the reproduction of that computer program, but merely constitutes one element of that program by means of which users make use of the features of that program.
>
> [42] It follows that that interface does not constitute a form of expression of a computer program within the meaning of Article 1(2) of Directive 91/250 and that, consequently it cannot be protected specifically by copyright in computer programs by virtue of that directive.

13. The Court subsequently decided in Case C-263/18 Nederlands Uitgeversverbond EU:C:2019:1111 at paragraph [59] that:

> Even if an e-book were to be considered complex matter (see, to that effect, … *Nintendo and Others,* C-355/12 … paragraph 23) comprising both a protected work and a computer program eligible for protection under Directive 2009/24, it would have to be concluded that such a program is only incidental in relation to the work contained in such a book. As the Advocate General noted in point 67 of his Opinion, an e-book is protected because of its content, which must therefore be considered to be the essential element of it, and the fact that a computer program may form part of an e-book so as to enable it to be read cannot therefore result in the application of those specific provisions.

14. These cases establish that copyright protection for complex works in the form of interactive computer games falls to be distributed between the computer program as such (protected by the *lex specialis* contained in Directive 2009/24/EC, codifying Directive 91/250/EEC as amended, on the legal protection of computer programs) and the graphic and sound elements protected together with the entire work by copyright in accordance with Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights.

15. However, it does not appear to me that a similarly distributed approach to trade mark protection, along the lines for which Euro Games contends in support of its appeal relating to ***"computer software"***, would accord with the basis on which ***"computer software"*** and ***"computer game software"*** are classified as Class 9 goods.

16. As noted in paragraphs [129] and [130] of the Judgment of Arnold J (as he then was) in Sky Plc v SkyKick UK Ltd [2018] EWHC 155 (Ch), the term ***"computer software"*** appeared in the explanatory note to Class 9 in the 8th Edition (1 January 2002) and 9th Edition (1 January 2007) of the Nice Classification before subsequently being included in the Class Heading to Class 9 in the 10th Edition (1 January 2012). The explanatory note stated that Class 9 is the correct class for ***"all computer programs and software regardless of recording media or means of dissemination, that is, software recorded on magnetic media or from a remote computer network."***

17. The correct approach continues to be as stated at paragraph 6.25 of Annex 6 to the EUIPO Trade Mark Guidelines (Part B Examination, Section 3 Classification) (01.03.2021): ***"All material that is downloadable is proper to Class 9. This includes publications, music, ring tones, pictures, photographs, films or film extracts and digitalised information in general. Downloaded material is saved onto a memory unit or computer drive, telephone, tablet or other wearable device. It can then be used independently of its source. These goods can also be called virtual goods. All these downloadable goods can be retailed."***

18. For validation of that approach, it is sufficient to refer to the Judgment of the Court of Justice in Case C-410/19 The Software Incubator Company Ltd v Computer Associates (UK) Ltd EU:C:2021:742 at paragraphs [34] to [36] and [38]:

> "[34] In the first place, as regards the term 'goods', according to the Court's case-law, that term that term is to be understood as meaning products which can be valued in money and which are capable, as such, of forming the subject of commercial transactions (see, to that effect, … *Commission v Greece*, C-65/05 … paragraph 23 and the case-law cited).
>
> [35] It follows that that term, as a result of its general definition, can cover computer software, such as the software at

issue, since computer software has a commercial value and is capable of forming the subject of a commercial transaction.

[36] Furthermore, it must be stated that software can be classified as 'goods' irrespective of whether it is supplied on a tangible medium or, as in the present case, by electronic download.
…

[38] … the Court has already held that, from an economic point of view, the sale of a computer program on CD-Rom or DVD and the sale of such a program by downloading from the internet are similar, since the online transmission is the functional equivalent of the supply of a material medium (… *UsedSoft*, C-128/11 … paragraph 44)."

19. A ***"computer software"*** product in Class 9 is bought and sold for what it does; and what it does is regarded as a defining characteristic of what it is. This is recognised in paragraph [51] of the Judgment of the General Court in Case T-204/20 Zoom KK v EUIPO EU:T:2021:391:

> "51. As the applicant states, in essence, in paragraph 28 of the application, software consists of programs which control the operation of a machine, especially a computer, and enable it to perform a desired sequence of operations. It follows that a program must be understood in relation to the operations which it carries out and therefore in relation to its function. Thus, the consumer will be guided primarily by the specific function of the product rather than by its nature."

20. The combined effect of the considerations noted above is to require ***"computer software"*** in Class 9 to be assimilated with and to the functionality it possesses in the hands of end users to whom it is delivered, irrespective of the way in which it is delivered to them. That appears to me to be reflected in the prevailing approach to interpretation of the term ***"software"*** in the context of Class 9. For example:

(i) ***"In so far as the heading under class 9 contains the term 'software', the goods covered by the earlier mark are necessarily identical to computer game software for personal computers and home video games consoles covered by***

the mark applied for": Case T-717/13 Chair Entertainment LLC v OHIM EU:T:2015:242 at paragraph [33].

(ii) In Case T-588/19 Novomatic AG v EUIPO EU:T:2021:157 at paragraphs [39], [40] the General Court stated in the course of examining the evidence submitted by the trade mark proprietor in answer to a claim for non-use of its trade mark for ***"casino games"*** in Class 28 that: ***"… the evidence provided only shows the contested mark on the screen of the casino gaming machines, which demonstrates, as well as the Board of Appeal found, that it is used to refer to a gaming computer program that materialises on the screen of casino devices. The Board of Appeal therefore rightly considered that the software and the game, as visible on the screen, were the same. Consequently, the applicant has not proved the use of the contested mark for a virtual product other than game software falling within class 9."*** [machine translation]

(iii) In Case T-56/20 Bezos Family Foundation v EUIPO EU:T:2021:103 at paragraphs [25], [33] the General Court proceeded on the basis that the Fifth Board of Appeal of the EUIPO had correctly found that: ***"… the 'computer software' and 'mobile applications' designated by the earlier trade mark included 'computer software, namely a mobile application for providing information and learning and educational activities and games in the field of early child development and early childhood education', covered by the mark applied for, and, as a result, those goods were identical"***.

21. Looking at the matter commercially in terms of the wants and needs of consumers in the market place, there does not appear to me to be any real or meaningful distinction to be drawn between an interactive computer game and the computer software which brings the gameplay to life at the user interface. I regard that as sufficient (there being no need in the present case to address the subject of consumer perception in relation to the functionality of computer software more generally) to justify the first instance finding and also the further wording properly conceded by Euro Games on this appeal to the overall effect that there was genuine use of the trade mark **BURNING HOT** within the relevant 5 year period for: ***"Computer software namely for casino games,***

amusement arcade games and games of chance via telecommunications networks and / or the internet" in Class 9.

Class 28: Novo matic's Appeal

22. In support of its claim to have used the trade mark **BURNING HOT** for ***"slot machines operated by coins or banknotes"***, Novomatic relied on sales of 'Conversion Kits' by Astra Games Ltd (which was at the relevant time a member of the Novomatic group of companies) in the manner and circumstances described by Nigel Kelly, Compliance Manager at Novomatic Gaming UK Ltd, in paragraphs 8 to 14 of his Witness Statement dated 19 October 2020:

> **Astra Games**
>
> 8. Astra Games is a gaming machine manufacturer, selling Category B3, C and D gaming machines to pubs, adult gaming centres and bingo halls.
>
> 9. Prior to 1 October 2019, whilst Astra Games was still part of the Novomatic Group, the gaming machines manufactured by Astra Games would be preloaded with games (software) created by Astra Games using artwork and intellectual assets (such as the trade marks of the Novomatic Group) that was created and supplied by Novomatic AG in both the games and on the gaming machines themselves. The software for the games would be written by Astra Games.
>
> 10. There were different potential routes to market for these gaming machines. Once a machine had been made it could either be (i) sold; (ii) leased; or (iii) leased on a "revenue share" basis where the income is split between the manufacturer (Astra Games) and the operator of the machine.
>
> 11. Once in place with the customer the gaming machines can be updated with new software and maintained remotely via the internet or locally by manual software updates via a USB memory stick. Astra Games also supplied replacement housing kits that would enable its customers to redecorate the exterior aspect of the gaming machines with alternate branding and imagery (**"Conversion Kits"**).

Use of the Trade Mark in the UK during the Relevant Periods

12. I have carried out searches of the Novomatic Group's available records for use by Astra Games of international trade mark no. WO0000001102743 designating the United Kingdom for the mark BURNING HOT in classes 9, 28 & 41 with a date of protection of the international registration in United Kingdom of 11 April 2012 and a designation date of 7 June 2011 (the **"Trade Mark")**

13. Astra Games manufactured and sold replacement housing kits for various physical gaming machines, including slot machines These "conversion kits" would be used by the buyer to convert the branding on their gaming machines to include the Trade Mark such that after their sale, the gaming machines would be branded with the name BURNING HOT (the **"Burning Hot Conversion Kits").**

14. My searches identified the following instances of use of the Trade Mark by Astra Games during the relevant periods of 10 May 2014 to 9 May 2019 and 1 May 2015 to 30 April 2020 (the**"Relevant Periods"):**

14.1 The sale by Astra Games of:

14.1.1 10 Conversion Kits bearing the Trade Mark **("Burning Hot Conversion Kits")** to Crown Leisure Limited on 29 January 2018. Crown Leisure Limited provides family and adult gaming across the holiday and leisure industry in the UK nationally. It supplies leisure venues with a comprehensive range of entertainment and gaming products;

14.1.2 10 Burning Hot Conversion Kits to Cashino Gaming Limited on 29 January 2018. Cashino Gaming Limited is a national UK operation offering slot machine gaming both on the high street and online; and

14.1.3 5 Burning Hot Conversion Kits to Bell-Fruit Group Limited on 29 January 2018. Bell-Fruit Group Limited supplies analogue and digital slot machines in the UK and exports machines to key European territories.

14.1.4 Exhibited to this witness statement at Exhibit **NLK1** are copies of the invoices recording the transactions at paragraphs 14.1.1 to 14.1.3 above, along with images of the relevant Burning Hot Conversion Kits in situ and in concept.

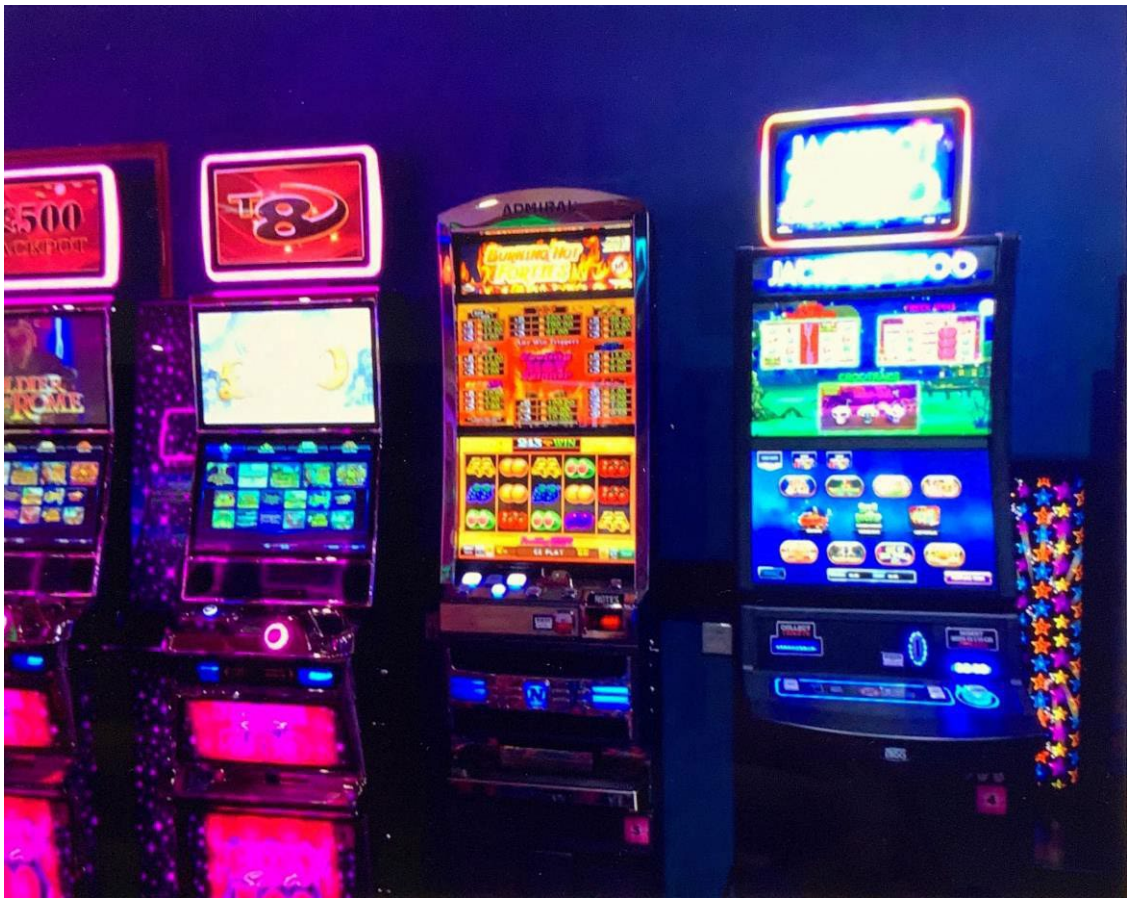
14.2 The sale by Astra Games of:

14.2.1 5 Burning Hot Conversion Kits to Shipley Estates Ltd on 15 March 2019. Shipley Estates offers adult gaming, including slot machines at gaming centres across the UK.

14.2.2 Exhibited to this witness statement at Exhibit NLK2 is a copy of the invoice recording the transaction at paragraph 14.2.1 above, along with images of the relevant Burning Hot Conversion Kit in situ and in concept.

23. The invoices at Exhibit NLK1 showed that the unit price for the 'Conversion Kits' varied between £695. and £1,000. (exc. of VAT). The invoice at Exhibit NLK2 showed a unit price of £1,295. (exc. of VAT) per "Top Panel Decal … Burning Hot Forties".

24. The following images are indicative of the end result, in terms of outward appearance, of the redecoration process referred to by Mr Kelly:



25. In paragraphs [55] and [56] of his Decision, the Hearing Officer decided: that the 'Conversion Kits' ***"were provided to convert an existing machine and there is no evidence that the machine itself is provided under the branding of Novomatic's mark"***; that the registration in Class 28 covered "***the apparatus of the casino games itself and not the software running the game. As a result, I do not consider that Novomatic has shown any use of the above goods on the basis that they cover the provision of physical gaming machines"***; and that "***The evidence shows that 30***

conversion kits have been provided, meaning that Novomatic has only provided 30 housings for slot machines during the relevant periods … such a level of sales is insignificant in comparison with the size of the market … I do not consider that Novomatic has shown a level of use of the above goods that would warrant granting it a fair specification for the same."

26. Novomatic maintains that the sale of the 30 'Conversion Kits' by its group company Astra Games Ltd authorised and permitted the traders who bought them to use the **BURNING HOT** trade mark for their converted slot machines and that their use of it in that connection should be deemed to have been use by Novomatic for the purposes of s.46(1)(a) of the 1994 Act and Article 16(6) of Directive (EU) 2015/2436: ***"Use of the trade mark with the consent of the proprietor shall be deemed to constitute use by the proprietor."***

27. I do not propose to go into the question whether the sale of the 'Conversion Kits' could properly be taken to have involved or amounted to the grant of 'consent' for the purposes of s.46(1)(a) and Article 16(6) (as to which see the analysis of Mann J in Aiwa Co. Ltd v Aiwa Corporation [2019] EWHC 3468 (Ch) at paragraphs [27] to [42]). Even assuming (and without deciding) that the traders who bought the 'Conversion Kits' from Astra Games Ltd had consent from Novomatic to use its **BURNING HOT** trade mark for their converted slot machines, there is no evidence that any of them used the mark in connection with any activity capable of being regarded as dealing by way of trade in the machines themselves, viewed as Class 28 goods. Making their converted slot machines available for use was a service to their customers. And deeming that to be a service provided by Novomatic would not assist Novomatic to avoid revocation of its **BURNING HOT** trade mark registration for non-use in relation ***"slot machines operated by coins or banknotes"*** in Class 28.

28. Novomatic's Class 28 appeal fails on the basis that the 'Conversion Kits' were not ***"slot machines operated by coins or banknotes"*** and for lack of any evidence to show the marketing of any such ***"machines"*** under or by reference to the **BURNING HOT** trade mark by or with its consent during the relevant 5 year period. In the circumstances, it is unnecessary for me to express a view on the Hearing Officer's finding that the sale

of 30 'Conversion Kits' would in any event be insufficient to constitute genuine use in a market of the nature and size which needed to be considered.

Class 41: Novo matic's Appeal

29. It is properly conceded by Euro Games that its application for registration in Class 41 should be refused for the services identified in paragraph [8] above consequent upon the failure of its Class 9 appeal.

Costs

30. The Hearing Officer considered that Euro Games had, on balance, enjoyed a greater degree of success than Novomatic in the overall outcome of the proceedings in the Registry. In order to reflect the fact that Novomatic's opposition ***"was successful to some degree"*** he reduced the amount of costs he awarded to Euro Games to £1,700.

31. Novomatic has now succeeded to a greater degree, both in its opposition to trade mark application (IR) number 1486143 and in its defence to Euro Games' application for revocation of its trade mark (IR) number 1102743. That has been achieved (ultimately by concession) in the context of the further proceedings before me on appeal in which Novomatic has successfully resisted Euro Games' Class 9 appeal and Euro Games has successfully resisted Novomatic's Class 28 appeal.

32. The rebalancing of the result of the Registry proceedings ought to result in a reduction of the amount (£1,700.) awarded to Euro Games. I think it would be appropriate to reduce that — in proportion to the scale on which it was based — to £1,600. The appeal proceedings before me were necessary in order to secure the rebalancing which has yielded that reduction. However, they in their own turn have produced a mixed result.

33. I consider that the Class 9 and Class 41 appeals on which Novomatic succeeded were more time consuming and expensive to pursue to a conclusion than the Class 28 appeal on which Euro Games succeeded. An award of £350. to Novomatic to reflect the marginal difference would, in my view, be reasonable on approaching the costs of the

appeals in the manner indicated in paragraphs [12] to [14] of my decision in AMARO GAYO Trade Mark BL O/257/18 (25 April 2018).

34. The right course, as it seems to me, is to offset the figure of £350. against the figure of £1,600. and replace the Hearing Officer's Order for costs with a single Order for payment of £1,250. by Novomatic to Euro Games in respect of its overall costs of the proceedings at first instance and on appeal.

Conclusion

35. My determination is as follows:

(i) Euro Games Technology Ltd's appeal in Opposition No. 419602 is dismissed.

(ii) Novomatic AG's appeal in Opposition No. 409602 is allowed and the Hearing Officer's Decision and Order thereon are varied so as to provide additionally for the refusal of Trade Mark Application (IR) No.1486143 for ***"services related to gambling"***, ***"online gambling services"*** and ***"online gaming services"*** in Class 41.

(iii) Novomatic AG's appeal in Revocation Application No. 503118 is allowed in part and the Hearing Officer's Decision and Order thereon are varied so as to provide for continuation of the registration of Trade Mark (IR) No. 1102743 for ***"computer software namely for casino games, amusement arcade games and games of chance via telecommunications networks and / or the internet"*** in Class 9.

(iv) The Hearing Officer's Order for costs is set aside.

(v) Novomatic AG is ordered to pay £1,250. to Euro Games Technology Ltd in respect of its overall costs of the proceedings at first instance and on appeal, to be paid within 21 days of the date of this Decision.

(vi) The Opposition and the Revocation Application referred to above are remitted to the Registrar for further processing in accordance with this Decision under the Trade Marks Act 1994 and Trade Marks Rules 2008.

Geoffrey Hobbs QC
21 March 2022

Mr Jamie Muir Wood, instructed by Walker Morris LLP, appeared for Euro Games Technology Ltd.

Mr Michael Hicks, instructed by Shakespeare Martineau LLP, appeared for Novomatic AG.