

**TRADE MARKS ACT 1994**

**IN THE MATTER OF**

**OPPOSITION NO. 44658**

**IN THE NAME OF FINANCIAL SOFTWARE SYSTEMS INC.**

**TO APPLICATION NO. 2028150**

**TO REGISTER A TRADE MARK IN CLASSES 9 AND 36**

**IN THE NAME OF FINANCIAL SYSTEMS SOFTWARE (UK) LTD**

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**DECISION**

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1. **The Application**

On 25th July 1995 FNX Limited, a company incorporated in Pennsylvania, applied to register the designation **FSS** as a trade mark for use in relation “ personal computers and computer software for use in the field of financial services” in Class 9 and “consulting services in the field of financial services” in Class 36. I shall refer to FNX Limited as “**the Original Applicant**”.

2. **Convention Priority**

The application for registration contained a claim to priority under Section 35 of the Trade Marks Act 1994 which provides as follows:

### **“Claim to priority of convention application**

(1) A person who has duly filed an application for protection of a trade mark in a Convention country (a “Convention application”), or his successor in title, has a right to priority, for the purposes of registering the same trade mark under this Act for some or all of the same goods or services, for a period of six months from the date of filing of the first such application.

(2) If the application for registration under this Act is made within that six-month period –

(a) the relevant date for the purposes of establishing which rights take precedence shall be the date of filing of the first Convention application, and

(b) the registrability of the trade mark shall not be affected by any use of the mark in the United Kingdom in the period between that date and the date of the application under this Act.

(3) Any filing which in a convention country is equivalent to a regular national filing, under its domestic legislation or an international agreement, shall be treated as giving rise to the right of priority.

A “regular national filing” means a filing which is adequate to establish the date on which the application was filed in that country, whatever may be the subsequent fate of the application.

(4) A subsequent application concerning the same subject as the first Convention application, filed in the same convention country, shall be considered the first Convention application (of which the filing date is the starting date of the period of priority), if at the time of the subsequent application -

(a) the previous application has been withdrawn, abandoned or refused, without having been laid open to public inspection and without leaving any rights outstanding, and

(b) it has not yet served as a basis for claiming a right of priority.

The previous application may not thereafter serve as a basis for claiming a right of priority.

(5) Provision may be made by rules as to the manner of claiming a right to priority on the basis of a Convention application.

(6) A right to priority arising as a result of a Convention application may be assigned or otherwise transmitted, either with the application or independently.

The reference in subsection (1) to the applicant's successor in title shall be construed accordingly."

The priority date claimed was 31st January 1995 on the basis of United States trade mark application number 74/627,707.

A certified copy of the relevant United States trade mark application was filed under Rule 6 of the Trade Marks Rules 1994 on 8th November 1995. The application contained statements to the effect that the Original Applicant had adopted and was using **FSS** as a trade mark for personal computers and computer software in the field of financial services in International Class 9 and consulting services in the field of financial services in International Class 42. The mark was said to have been first used in the United Kingdom by the Original Applicant's predecessor in title since at least as early as 1989, with use in relation to the specified goods in Class 9 and the specified services in Class 42 having taken place in commerce between the United Kingdom and the United States at least as early as September 1989.

At this point it is necessary to draw attention to the discrepancy between the United States application filed on 31st January 1995 and the claim to priority made in the United Kingdom application filed on 25th July 1995: the former was directed to consulting services in the field of financial services in Class 42; the latter was directed to

consulting services in the field of financial services in Class 36. The discrepancy is attributable to a formalities objection raised by the United States Patent and Trademark Office in a letter dated 24th June 1995. In that letter the official examiner adopted the position that: *“The applicant has classified the services incorrectly. The applicant must amend the application to classify the services in International Class 36”*. The United States application was amended in accordance with the position adopted by the official examiner and the classification of services required by the official examiner in the United States was used for the purposes of the application for registration subsequently filed in the United Kingdom on 25th July 1995.

### 3. **The Opposition**

On 28th May 1996 Financial Software Systems Inc (**“the Opponent”**) filed notice of opposition to the application for registration. In summary, the Opponent contended that registration should be refused:

1. under Section 3(1)(a) of the Act on the basis that the sign put forward for registration did not satisfy the requirements of Section 1(1) of the Act because it was not capable of distinguishing the goods or services of one undertaking from those of other undertakings;
2. under Section 3(6) of the Act on the basis that the application for registration had been made in bad faith having regard to the provisions of Section 32(3) of the Act;

3. on the basis that the application for registration contemplated unauthorised use of the relevant mark within the area of protection afforded to the Opponent's "earlier trade mark" (application number 2025604) by Section 5(1) of the Act;
4. on the basis that the application for registration contemplated unauthorised use of the relevant trade mark within the area of protection afforded to the Opponent's "earlier trade mark" (application number 2025604) by Section 5(2) of the Act;
5. under Section 5(4) of the Act on the basis that use of the relevant mark as contemplated by the application for registration would be actionable in passing off at the suit of the Opponent.

The Opponent had applied under number 2025604 to register the designation **FSS** and the following device:



as a series of two trade marks for use in relation to:

“Computer software; computer software for management, analysis, monitoring and reporting of interest rate, foreign exchange and precious metal positions, trades, transactions and portfolios” in Class 9.

“Design and creation of computer software; computer programming services; design and creation of software for management, analysis, monitoring and reporting of interest rate, foreign exchange, and precious metal positions, trades, transactions and portfolios; consultancy and advisory services relating to the design and creation of computer software” in Class 42.

I understand that at the substantive hearing of the opposition on 10th June 1999 the Opponent indicated that it had decided not to pursue the part of its application relating to the letters **FSS** simpliciter. However, it seems clear to me that the letters **FSS** speak louder than the residue of the logo graphically represented in application number 2025604. I think that the Opponent’s declared intention with regard to its pending application makes no great difference to the outcome of the opposition.

The Opponent’s trade mark application was filed on 30th June 1995. Two conditions would have to be satisfied before it could be regarded as an “earlier trade mark” for the purposes of the opposition to application number 2028150: (1) it would have to have matured into a granted registration as envisaged by Section 6(2) of the Act; and (2) the Original Applicant’s claim to a convention priority date of 31st January 1995 for application number 2028150 would have to have been disallowed.

In its Grounds of Opposition the Opponent contended that the Original Applicant's claim to a convention priority date of 31st January 1995 should be disallowed: (A) because United States trade mark application number 74/627,707 was not a "*regular national filing*" within the meaning of Section 35(3) of the Act; and (B) because the United States trade mark application was not the "*first such application*" for protection of the relevant trade mark for the purposes of Section 35(1) of the Act. The latter point was not pursued at the substantive hearing of the Opposition on 10th June 1999.

4. **Assignment of Application No. 2028150**

On 12th June 1996 the Trade Marks Registry received an application to register a change of proprietorship in respect of application number 2028150. Attached to the relevant Form TM16 was a copy of an assignment dated 5th June 1996 made by the Original Applicant in favour of Financial Systems Software (UK) Ltd. The second recital to the assignment indicated that application number 2028150 was being assigned pursuant to a "Settlement Agreement made on 2 May 1996 between the Assignor, FNX Limited, the Assignee, Dr. Mamdouh Barakat and Financial Systems Software (FSS) Limited". Financial Systems Software (UK) Ltd ("**the Applicant**") was permitted to respond to the Opponent's Notice of Opposition in its capacity as assignee of the relevant application for registration.

5. **The Counterstatement**

On 5th July 1996 the Applicant filed a Counterstatement maintaining that the application for registration was not objectionable upon any of the grounds put forward by

the Opponent. It asserted that the mark in issue had been used by “the Applicant” in the United Kingdom since December 1988 and that this antedated the coining and any use of the designation **FSS** by the Opponent by at least three years.

6. **Security for Costs**

The Opponent is a company incorporated in Pennsylvania. On 24th July 1996 or thereabouts the Applicant raised a request for security for costs on the basis, as I understand it, that the Opponent was not carrying on business in the United Kingdom. The Opponent was informed by the Applicant in correspondence that the request for security would not be pursued if it could be shown by reference to registration with HM Customs and Excise for the purposes of VAT, registration with the Inland Revenue for corporation tax purposes and registration at the Companies Registry under the provisions of the Companies Acts relating to foreign companies doing business in the United Kingdom that the Opponent was actually trading in the United Kingdom. The Opponent’s agents responded in a letter of 27 August 1996 stating that: *“The opponent is not registered in Britain for VAT or Corporation Tax, neither is it registered under the Companies Act, because it no longer carries out the majority of its European business through London. ... The opponent’s European business is now conducted through an office in Paris ...”*. The letter also stated that the Opponent had retained an office at 46 Queen’s Gate Terrace, London SW7. In response, the Applicant maintained that a company with an office in London would have to be registered for VAT, corporation tax and under the Companies Acts if it was in a real sense trading in the United Kingdom. The parties were subsequently notified, in an official letter dated 16th September 1996, that the Registrar had decided not to make an order for security for costs.

7. **The Opponent's Evidence**

The evidence in support of the opposition consisted of an Affidavit of Gerald Thurston and 19 Exhibits dated 1st November 1996. Mr. Thurston is the President of the Opponent company and he has held that position since the Company was founded on 29th April 1992. I refer (selectively) to the following points made in his evidence:

1. Prior to April 1992 he was a 50/50 shareholder with Mr. Farid Naib in a United States company called FX Systems Inc. which was engaged in the business of designing and creating computer software for financial risk management.
2. As a result of irreconcilable differences between himself and Mr. Naib it was agreed that FX Systems Inc would be dissolved and its workload and clientele divided between two new companies. One company was to be owned and controlled by Mr. Naib. The other company was to be owned and controlled by Mr. Thurston. The two companies would trade independently of one another.
3. The relevant agreement was recorded in an "Agreement To Liquidate And Dissolve FX Systems Inc" and an appended "Agreement Of Ownership Of Computer Software Products And All Rights Thereto". These agreements were made as of 1st May 1992. Copies of them are exhibited as Exhibit GHT3.
4. It was noted in the "Agreement To Liquidate And Dissolve FX Systems Inc" (which I shall refer to as "**the Dissolution Agreement**") that Mr. Farid's company (the Original Applicant) would be called "FNX Ltd" and Mr. Thurston's company

(the present Opponent) would be called “Financial Software Systems Inc”: see Clause 1(b).

5. Under the Dissolution Agreement the Opponent took over clients and ongoing work in the United Kingdom (see Exhibit C to the Agreement) and assumed responsibility for the lease of FX Systems Inc’s office at 88 Cornwall Gardens, London SW7 (see Clause 7).
6. In May/June 1992 the Opponent adopted the logo which forms part of the series of two marks covered by its application number 2025604. Since then it has traded under and by reference to both marks in the series.
7. Promotional leaflets produced by the Opponent in June 1992 (Exhibit GHT10) were sent to clients and potential clients in London. Specialist periodicals distributed in the United Kingdom during 1992/1993 contained advertisements placed by the Opponent.
8. Between April 1992 and March 1995 the Opponent’s European operations were handled through its office at 88 Cornwall Gardens, London SW7 and “*the London office was active in the promotion of my Company’s products and services, particularly so in the early period following my Company’s launch in 1992*”. The Opponent claims to have made sales of its computer systems and/or provided continuing services to Credit Suisse First Boston Ltd, Management Investment and Trade (London) Ltd, Daesong Investment Company Ltd and Garantion Inc. in the United Kingdom. European Sales through the London office between April 1992 and July 1995 are said to have totalled US\$800,438.

9. The Opponent did not apply for registration of its **FSS** trade marks in the United Kingdom in 1992 *“on the basis of advice received that such applications would need to be supported by evidence of use in order to achieve acceptance in the British Trade Marks Registry”*. It applied to register its marks under application number 2025604 on 30th June 1995.
10. The Opponent maintains that the Original Applicant’s United States trade mark application number 74/627,707 contained wilfully false statements on the part of Mr. Naib as to the ownership and availability of the mark **FSS** for the purposes of registration by the Original Applicant in the United States. The Opponent finds it *“difficult to believe that an invalid application based on a deliberately false declaration such as this could possibly act as a proper basis for a claim to convention priority, so as to gain priority over my Company’s own trade mark application [number 2025604]”*.
11. The Opponent maintains that the application in suit was made by the Original Applicant on 25th July 1995 with full knowledge (on the part of Mr. Naib) of the Opponent’s existing use of its **FSS** marks in the United Kingdom.
12. The Opponent maintains that the Applicant cannot claim under the assignment dated 5th July 1996 (Exhibit GHT17) to be in any better position than the Original Applicant at the date of the application in suit (25th July 1995).
13. According to documents on file at the United Kingdom Trade Marks Registry (see Exhibit GHT18) any rights that the Applicant might otherwise have been able to claim in relation to the trade mark **FSS** were assigned (i) by the Applicant to

Financial Systems Software (FSS) Limited by means of a “Bill of Sale and Assignment” dated 9th October 1994; and then (ii) by Financial Systems Software (FSS) Limited to the Original Applicant by means of an “Asset Purchase Agreement” dated 2nd November 1994.

14. The transfer documents referred to in points 12 and 13 above did not appear to have been stamped for the purposes of Stamp Duty.
15. The Opponent maintains that the mark **FSS** had become distinctive of its goods and services of the kind specified in application number 2025604 at the claimed priority date (31st January 1995) of the Original Applicant’s application number 2028150.

8. **The Applicant’s Evidence**

The Applicant filed a large body of evidence in answer to the opposition: (1) an Affidavit of Dr. Mamdouh Barakat and 26 Exhibits dated 8th January 1997; (2) a 2nd Affidavit of Dr. Mamdouh Barakat and 1 Exhibit dated 15 January 1997; (3) a 3rd Affidavit of Dr. Mamdouh Barakat and 1 Exhibit (in 6 sections) dated 22nd October 1997; and (4) a 4th Affidavit of Dr. Mamdouh Barakat and 1 Exhibit (in 8 Sections) dated 4th November 1997.

I refer (selectively) to the following points made in the Applicant’s evidence:

1. The Applicant began trading as “Financial Systems Software” and using the mark **FSS** in December 1988 with revenues generated by sales in Great Britain and Northern Ireland estimated at 86% of £87,615 for 1988/89, 75% of £98,045 for

1990, 53% of £123,010 for 1991, 42% of £216,538 for 1992, 54% of £228,169 for 1993 and 37% of £301,788 for the period from 1st January 1994 to 9th November 1994. The balance of its revenues is attributed to foreign trade.

2. *“The Applicant’s operation can be described as that of mathematicians offering consultancy services and writing computer software to assist the international banks to price, trade, monitor and manage the risk (i.e. risk management) of their securities positions in international markets (including Foreign Exchange, Bonds, Commodities, Swaps etc)”*: 1st Affidavit paragraph 7.
3. The Applicant’s “FSS Universal Trading System” was written in August 1989. A number of London banks were circularised with a product overview of the system. The Applicant successfully sold a number of these trading systems in London. Other products and projects followed.
4. The Applicant is and has since 1988/89 been referred to as “Financial Systems Software” and (most frequently) FSS. It has advertised and promoted its products and services quite heavily to people in the risk management industry.
5. Financial Systems Software (FSS) Ltd (formerly Simka Limited) is (like the Applicant) owned by members of Dr. Barakat’s family. In July 1994 it was licensed by the Applicant to trade under and by reference to the marks “FSS” and “Financial Systems Software”.
6. In November 1994 the Applicant entered into an agreement for the sale of most of its intellectual property rights to the Original Applicant. The price paid “*would*

*have been far higher had the Opponents not been illegally using a trading name confusingly similar to ... 'Financial Systems Software' as well as using the mark FSS ...*”: 1st Affidavit paragraph 18.

7. The Original Applicant acquired the benefit of the experience and goodwill that the Applicant had built up and acquired prior to November 1994 and has since proceeded to win a number of high profile contracts in the face of strong global competition. It has grown from 5 employees and one office in 1992 to 90 employees and six offices in 1996 with revenues in 1995 of more than \$10 million.
8. The working relationship between the Applicant and the Original Applicant broke down irretrievably in early 1996. In May 1996 the November 1994 Sale Agreement was “terminated”. Default Clause 14 of the “Asset Purchase Agreement” dated 2nd November 1994 (Exhibit GHT18) was triggered by the delay and non-payment of the amounts owed by the Original Applicant: 4th Affidavit paragraph 5.
9. As part of the Settlement Agreement made on 2 May 1996, it was confirmed that *“the rights in the names of ‘FSS’ and ‘Financial Systems Software’ and other derivatives thereof is agreed by all parties to be held exclusively by FSS UK and FSS-Ltd, who will have joint and equal co-ownership (co-proprietorship) of these. FSS UK and FSS-Ltd shall have free, absolute and unfettered rights, without geographical limitation, over these intellectual property rights”*: see Clause 4 of

the Settlement Agreement in Section G of Exhibit DMB1 to the 4th Affidavit and 1st Affidavit paragraph 22.

10. By Clause 4 of the Settlement Agreement, the Original Applicant was licensed to use the marks “**FSS**” and “Financial Systems Software” until 31st December 1996 and (subject to a minor exception) ceased to be entitled to use the marks after that date.
11. Application number 2028150 was filed by the Original Applicant “*as nominee proprietors*” of the trade mark **FSS** and the Applicant has been “*the beneficial owner throughout*” and “*not liable to pay any stamp duty*”: see Exhibit DMB16.
12. The Applicant has also raised a claim, as beneficial owner, to the protection of United States trade mark application number 74/627,707.
13. The Applicant believes that the Opponent has never had any rights to use either the mark “**FSS**” or “Financial Software Systems”. It also maintains that the Opponent decided in 1992 to ignore the fact that its name was similar to that of the Applicant and that the Applicant was using an identical mark **FSS** and pressed ahead regardless of the Applicant’s rights and regardless of the consequences in terms of confusion.
14. The existence of a likelihood of confusion is apparent from the information and materials contained in Exhibits DMB22 and DMB23 to the 1st Affidavit. See also paragraph 3 of the 2nd Affidavit.

15. On 14th December 1992 the Opponent sent brochures promoting its REPO system to companies in the United Kingdom (see Exhibit DMB24) which were on the Applicant's mailing list at that time and which had therefore received the Applicant's brochures prior to that date. The same parts of the same organisations have been circularised with promotional information relating to the Applicant's and the Opponent's products and services. Advertising for both companies' products and services has appeared in the same publications.
  
16. In the 3rd and 4th Affidavits, the Applicant maintains that in depositions taken in the United States in connection with a pending action between the Applicant and the Opponent in the United States District Court for the Eastern District of Pennsylvania, Mr. David Beroff (responsible for software development and client support as an employee of the Opponent until January 1995) and Mr. Gerald Thurston made statements on oath which were corroborative of the matters referred to in point 13 above: see Section A of Exhibit DMB1 to the 3rd Affidavit and Section A of Exhibit DMB1 to the 4th Affidavit.
  
17. The Applicant further refers to the answers given by the Opponent to interrogatories administered in the action pending in the United States District Court for the Eastern District of Pennsylvania. These can be seen (from section B of Exhibit DMB1 to the 3rd Affidavit) to have included the following answers verified by Mr. Thurston:

**Interrogatory No. 1**

Answer: Sometime in early June 1992, the existence of another company with a name similar to the defendant's was brought to the attention of Gerald Thurston through his contacts in the financial market.

**Interrogatory No. 10**

Answer: Gerald Thurston came up with the name 'Financial Software Systems' in late April 1992, in the wake of the break-up of FX Systems Inc.

**Interrogatory No. 11**

Answer: ... Prior to setting up the Pennsylvania Corporation, a standard corporate name search was performed in Pennsylvania. Thereafter, in late June 1992, a search was performed in the United Kingdom.

**Interrogatory No. 12**

Answer: With respect to the Pennsylvania corporate name search, there were no already existing or closely similar company names. A search of the United Kingdom Trademark Registry revealed no registrations for the mark 'FSS' all by itself. .... A computer search of the United Kingdom Register of Corporate Names was also conducted to see if there were any corporations registered to do business in the United Kingdom under names which included the

term 'financial systems' or the term 'financial software'. Twelve (12) listings of registered corporate names were unearthed, including defendant.

9. **Confidentiality**

The Applicant made sweeping claims for confidentiality in relation to the business information contained in the evidence filed on its behalf in January 1997. The Registrar declined to accede to the Applicant's blanket request for protection. I considered two appeals by the Applicant at a hearing on 17th September 1997. The issues raised and the outcome of the appeals are apparent from the text of the decision I gave at that hearing. An interlocutory hearing subsequently took place before Mr. Knight, Principal Hearing Officer, on 14th October 1997 for the purpose of determining fair and focussed limits of protection for confidentiality. The extent to which the Registrar was prepared to provide protection under Rule 45 of the Trade Marks Rules 1994 (now Rule 51 of the Trade Marks Rules 2000) was set out in an official letter of the 16th October 1997. There was no appeal from the determination recorded in that letter. At the hearing before me it was agreed and directed that the Registrar's determination should remain in force through and beyond the present appeals.

10. **Other Interlocutory Issues**

Various other issues were raised by the Applicant during the pendency of the opposition proceedings:

1. Cross examination: following a request for cross-examination of Mr. Thurston upon his Affidavit dated 1st November 1996, it was agreed and confirmed that Dr. Barakat and Mr. Thurston would both be made available for cross-examination at the substantive hearing of the opposition.
2. Production of documents and information: the Applicant made wide-ranging requests for the production of documents and information under Rules 51 and 52 of the Trade Marks Rules 1994 (now Rules 57 and 58 of the Trade Marks Rules 2000).
3. Security for costs: The Applicant asked the Registrar to reconsider the question of security for costs in the light of the later-filed evidence in the proceedings. The Registrar declined to do so in a letter of the 8th December 1997.
4. Acceptance of evidence: There was a dispute as to the acceptance of the Opponent's evidence under Rule 13(3) of the Trade Marks Rules 1994 (now Rule 13 (7) of the Trade Marks Rules 2000).

The matters referred to in points 2, 3 and 4 were due to be considered at an interlocutory hearing fixed for 22nd January 1998. The hearing was cancelled following the withdrawal of the claims made by the Applicant in that connection.

#### 11. **Late Application To Amend**

In a letter to the Registry dated 19th May 1999 the Opponent applied for leave to amend its Grounds of Opposition to add an objection in the following terms:

“The mark FSS is devoid of any distinctive character in respect of the goods and services covered by the Application and the Application therefore offends Section 3(1)(b) of the Trade Marks Act 1994.”

The application to amend was opposed by the Applicant. It was left to be determined at the (by then imminent) substantive hearing of the opposition.

## 12. **The Hearing**

The substantive hearing of the opposition took place before Mr. James, Principal Hearing Officer, on 10th June 1999.

The Opponent’s application to amend its Grounds of Opposition was refused. The reasons for refusing the amendment were subsequently stated in the Principal Hearing Officer’s written decision in the following terms:

“(a) The opponent submits that the proposed amendment of the pleadings does not in fact add a new ground of opposition but simply clarifies the existing ground of opposition under Section 1(1) of the Act. I reject that submission. The terms of the pleading under Section 1(1) of the Act makes it quite clear that the opponent’s claim that the applicant’s mark is not capable of distinguishing its goods and services is based upon the opponent’s own use of an identical mark. This does not amount to a challenge to the mark’s inherent capacity to distinguish. It is really a relative ground dressed up as an absolute ground for refusal. This is a practice which, unfortunately, is not uncommon in pleadings before the Registrar. If the opponent really thought that the original pleading covered the point one wonders

why any amendment of the pleadings is necessary. The answer is that the original pleading did not cover the point.

- (b) Section 1(1) of the Act states that trade marks may consist of letters. In these circumstances it does not appear to me that a trade mark can be said to be devoid of any distinctive character merely because it consists exclusively of a combination of three letters.
- (c) The question of whether any particular three letters can be registered, therefore, seems to me to depend upon the distinctiveness of the letters in question when considered in relation to the goods and services for which registration is sought, taking account of any surrounding factors, such as the practices of the relevant trade.
- (d) An opposition on absolute grounds to a three letter mark will therefore require the opponent to make good through evidence its objections that the mark is devoid of any distinctive character having regard to the descriptive meaning of the letters and/or the practices of the trade, such as the common use of similar three letter combinations for non-trade mark purposes. The applicant needs to understand the case against him and to have an opportunity, through the filing of his own evidence, to rebut the opponent's case.
- (e) Introducing such a ground after the evidence stages have been completed and without particularising it until the substantive hearing denies the applicant a clear view of the objection being taken against his mark and a proper opportunity to rebut the allegation of non-distinctiveness.”

Without prior notice the Opponent made a request for the opposition to be stayed pending the outcome of the proceedings between the parties in the United States District Court for the Eastern District of Pennsylvania and/or pending the outcome of the Applicant's appeal to the High Court from the Registrar's refusal to register the mark **FSS** in Class 42 pursuant to application number B.1,555,317 under Section 10 of the Trade Marks Act 1938 (as amended). The Principal Hearing Officer declined to order a stay of the present opposition proceedings, essentially upon the basis that they fell to be determined entirely upon their own merits under the applicable provisions of the Trade Marks Act 1994 (see paragraph 54 of his written decision).

Dr. Barakat was cross-examined at the hearing by Counsel for the Opponent. I understand that Mr. Thurston was present at the hearing but not cross-examined by Counsel for the Applicant. The Principal Hearing Officer subsequently observed that the cross-examination of Dr. Barakat on his written evidence had not shed much more light upon the matters in dispute (see paragraph 43 of his written decision).

13. **Request For Suspension**

In correspondence following the hearing the Applicant wrote to the Registry asking for permission to submit further evidence (in the form of a document which had come into its possession on 8th July 1999) and requesting suspension of the Principal Hearing Officer's decision to allow time for further investigations. The Principal Hearing Officer declined to accede to these requests (see paragraphs 83 to 89 of his written decision).

14. **The Principal Hearing Officer's Decision**

In his written decision issued on 8th September 1999 the Principal Hearing Officer:

- (1) disallowed the Original Applicant's claim to a convention priority date of 31st January 1995 for the Class 36 services specified in the application in suit;
- (2) upheld the original Applicant's claim to a convention priority date of 31st January 1995 for the Class 9 goods specified in the application in suit;
- (3) upheld the Opponent's objection under Sections 3(6) and 32(3) of the Act in relation to the Class 36 services specified in the application in suit;
- (4) rejected the Opponent's objection under Sections 3(6) and 32(3) of the Act in relation to the Class 9 goods specified in the application in suit;
- (5) rejected the Opponent's objection under Sections 3(1)(a) and 1(1) of the Act;
- (6) rejected the Opponent's objection under Section 5(2) of the Act (and inferentially its objection under Section 5(1) of the Act) for lack of any "earlier trade mark" capable of being cited against the Class 9 goods specified in the application in suit when the convention priority date of 31st January 1995 was taken into account;
- (7) rejected the Opponent's objection under Section 5(4) of the Act for lack of any "earlier right" under the law of passing off to prevent use of the mark **FSS** in

relation to the Class 9 goods specified in the application in suit at the convention priority date of 31st January 1995.

- (8) rejected the unpleaded objection raised in the Opponent's evidence to the effect that the Original Applicant should be held to have filed the application in suit in bad faith and therefore in breach of Section 3(6) of the Act because Mr. Farib Naib could not honestly have caused it to file the application in the circumstances intended and brought about by the Dissolution Agreement and appended Agreement of Ownership of Computer Software Products And All Rights Thereto to which he was a party;
- (9) rejected the Opponent's unpleaded objections to the effect that the recordal of the assignment made in favour of the Applicant by the Original Applicant on 5th June 1996 was irregular and should be regarded as inoperative in the absence of evidence consisting of transfer documentation duly stamped for the purposes of Stamp Duty.

In the result the application in suit was allowed to proceed in Class 9 but rejected in Class 36. The Opponent was ordered to pay the Applicant £300 as a contribution towards its costs of the opposition.

15. **Sub-division**

On 13th September 1999 the Applicant filed a request on Form TM12 to subdivide the application in suit into an application for registration of the mark **FSS** in Class 9 and a separate application for registration of the mark **FSS** in Class 36. I understand that

no action is being taken in response to that request pending the outcome of the present appeals.

16. **The Applicant's Appeal**

Also on 13th September 1999 the Applicant gave Notice of Appeal to an Appointed Person under Section 76 of the Act in respect of the findings noted in points (1) and (3) under the heading "**The Principal Hearing Officer's Decision**" (above). In its Notice of Appeal the Applicant indicated an intention to adduce further evidence on appeal, if permitted to do so, in the event that the Opponent cross-appealed. It also indicated an intention to apply for amendment of the application in suit to replace the references to "Class 36" with references to "Class 42". Any such application would have to be made to the Registrar. I am not aware of any such application having been made.

17. **The Opponent's Cross-Appeal**

On 9th October 1999 the Opponent gave Notice of Appeal to an Appointed Person under Section 76 of the Act in respect of the findings noted in points (2), (4), (5), (6), (7) and (8) under the heading "**The Principal Hearing Officer's Decision**" (above). It also appealed against the Principal Hearing Officer's decision on the basis:

- (i) that the application in suit was objectionable under Section 3(1)(b) of the Act; and
- (ii) it should have been allowed to raise that objection by way of amendment to its Grounds of Opposition as requested on 19th May 1999.

The Opponent's Notice of Appeal did not challenge the Principal Hearing Officer's finding noted at point (9) above and I understand it to have been confirmed in communications between the parties prior to the hearing before me that the Opponent did not propose to challenge that aspect of the decision below.

18. **Further Evidence on Appeal**

Shortly before the hearing of the appeals, the Applicant and the Opponent submitted further evidence in support of contentions they wished to advance at the hearing.

The Applicant's additional evidence consisted of a 5th Affidavit of Dr. Mahmoud Barakat and 1 Exhibit (in 6 sections). The evidence was said to have been tendered in relation to (a) "*the grounds of opposition which the Opponents claim are ambiguous;*" (b) "*the Opponents' new evidence which was only introduced, without warning, at the main hearing*"; (c) "*documents which were not available to the Applicants prior to the closing in January 1998 of the evidence stages in the application in suit.*" Among the latter were documents relating to the Applicant's appeal from the Registrar's refusal to register the mark **FSS** in Class 42 pursuant to application number B.1,555,317 under Section 10 of the Trade Marks Act 1938 (as amended) and the proceedings between the parties in the United States District Court for the Eastern District of Pennsylvania.

The Opponent's additional evidence consisted of (i) an Affidavit of Donald R. Piper and 2 Exhibits relating to the United States District Court proceedings and the principles of United States law upon which the Opponent was relying and proposing to rely in that connection; and (ii) a Statutory Declaration of Timothy Dabin and 7 Exhibits

relating to the objection to registration that the Opponent was seeking to raise on the basis that the mark **FSS** lacked a distinctive character at the date of the application in suit and at the claimed priority date.

I declined to allow any of the additional evidence to be filed in connection with either of the appeals because I considered that it was variously: (i) directed to matters which were not relevant to the pleaded issues in the opposition; (ii) directed to matters which added little or nothing of substance or weight to the evidence, so far as relevant to the pleaded issues, which had already been filed; (iii) directed to matters which could (if so desired) have been addressed in evidence at a much earlier stage of the proceedings; (iv) directed to matters which could not fairly be received in evidence without undesirably extending the proceedings by the length of time required for the opposite party to offer evidence in response (if so desired).

19. **Stay of Appeals**

Counsel for the Opponent submitted that it would be appropriate for the appeal and cross-appeal to be stayed pending the outcome of the United States District Court proceedings because it could not in the meantime be finally determined in the United Kingdom that the application for registration filed by the Original Applicant in the United States on 31st January 1995 was a “*regular national filing*” within the meaning of Section 35(3) of the 1994 Act. She further submitted that the inconvenience of a stay of the present appeals was a small price to pay for the advantage of ensuring that no undue benefit was obtained in the United Kingdom from the filing, in the United States on 31st January 1995, of an application for registration that a court of competent jurisdiction in

the United States might hold to have been improper and invalid from the outset under United States law.

I declined to order a stay of the appeal proceedings because I considered that the outcome of the litigation between the parties in the United States would not be determinative or materially indicative of the fate of the relevant application for registration in the United Kingdom.

National trade mark rights are territorially limited and granted independently of one another in accordance with the principles stated in Article 6 of the Paris Convention for the Protection of Industrial Property of 20th March 1883: Case C-9/93 IHT Internationale Heiztechnik GmbH v. Ideal-Standard GmbH [1994] ECR I-2789 paras. 21 to 25.

Article 16(4) of the Brussels (1968) and Lugano (1988) Conventions on jurisdiction and the enforcement of judgments in civil and commercial matters accordingly provide that the courts which have exclusive jurisdiction in proceedings concerned with the registration or validity of trade marks are the courts of the Contracting State in which the registration has been applied for: see Schedules 1 and 3C of the Civil Jurisdiction and Judgments Act 1982 as amended by the Civil Jurisdiction and Judgments Act 1991.

Although it was open to Parliament under Article 4(4)(g) of Council Directive No. 89/104/EEC of 21st December 1988 to provide that the registration of a trade mark should be regarded as objectionable on the ground of conflict with an earlier right “*where and to the extent that ..... the trade mark is liable to be confused with a mark which was*

*in use abroad on the filing date of the application and which is still in use there, provided that at the date of the application the applicant was acting in bad faith*”, the Trade Marks Act 1994 conspicuously omits to identify this as a relative ground of objection to registration in the United Kingdom (cf Articles 3(2)(d) and 4(2)(d) of the Directive and Sections 3(6) and 6(1)(c) of the 1994 Act).

In the circumstances it is entirely appropriate for Section 35(3) of the Trade Marks Act 1994 to provide (in accordance with Article 4A(3) of the Paris Convention as revised) that: “A ‘*regular national filing*’ means a filing which is adequate to establish the date on which the application was filed ....., whatever may be the subsequent fate of the application”.

These considerations clearly indicate that the acceptability of United Kingdom application number 2028150 can only be determined in the United Kingdom in accordance with the provisions of the Trade Marks Act 1994 on the basis of the evidence filed by the parties in support of their respective positions in the opposition proceedings. The question whether the Registrar should or should not regard the filing of application number 74/627,707 in the United States on 31st January 1995 as a “*regular national filing*” arises under Section 35 of the 1994 Act in the context of the United Kingdom opposition proceedings and must be determined in the United Kingdom on the basis of the evidence filed in that connection. The only reason for asking and answering that question in the United Kingdom is to determine whether the acceptability of United Kingdom application number 2028150 should be assessed as of 31st January 1995 or 25th July 1995. That is not an issue which the United States District Court has been or could be called upon to resolve. I therefore concluded that it was unnecessary and inappropriate

to stay the present appeal proceedings pending the outcome of the proceedings in Pennsylvania.

20. **The Priority Date**

Section 35 of the Act gives effect to Article 4 of the Paris Convention for the Protection of Industrial Property of 20th March 1883 as amended by subsequent international agreements.

Articles 4A and 4B provide as follows:

“A. (1) Any person who has duly filed an application for a patent, or for the registration of a utility model, or of an industrial design, or of a trademark, in one of the countries of the Union, or his successor in title, shall enjoy, for the purpose of filing in the other countries, a right of priority during the periods hereinafter fixed.

(2) Any filing that is equivalent to a regular national filing under the domestic legislation of any country of the Union or under bilateral or multilateral treaties concluded between countries of the Union shall be recognised as giving rise to the right of priority.

(3) By a regular national filing is meant any filing that is adequate to establish the date on which the application was filed in the country concerned, whatever may be the subsequent fate of the application.

B. Consequently, any subsequent filing in any of the other countries of the Union before the expiration of the periods referred to above shall not be invalidated by reason of any acts accomplished in the interval, in particular, another filing, the publication or exploitation of the invention, the putting on sale of copies of the design, or the use of the mark, and such acts cannot give rise to any third-party right or any right of personal possession. Rights acquired by third parties before the date of the first application that serves as the basis for the right of priority are reserved in accordance with the domestic legislation of each country of the Union.”

Article 4C provides that the relevant periods of priority shall be 12 months for patent and utility models and 6 months for industrial designs and trade marks. Various formalities for claiming priority are prescribed by Article 4D. In that connection Article 4D(4) stipulates that:

“No other formalities may be required for the declaration of priority at the time of filing the application. Each country of the Union shall determine the consequences of failure to comply with the formalities prescribed by this Article, but such consequences shall in no case go beyond the loss of the right of priority.”

These Articles were part of the Convention when the 1994 Act was before Parliament and it would seem to be legitimate in the light of the observations of the Court of Appeal in Ishihara Sangyo Kaisha Limited v. The Dow Chemical Company [1987] FSR 137 at 146 per Mustill LJ to recognise that the persons involved in the discussions at the Revision Conference in Lisbon in 1958 when those Articles were under discussion

conceived that the question whether there was a regular national filing in a convention country should be confined to matters of form, without reference to the subsequent fate of the application.

I think it is clear from Section 35 and Article 4 that a claim to priority should be accepted or rejected without considering whether the certified application is liable to succeed or fail in the convention country in which it is shown by the relevant certificate to have been accorded a filing date. The requirement for a “*regular national filing*” is satisfied by evidence of a procedurally regular filing in the relevant convention country. In the absence of evidence to the contrary, the Registrar is entitled to assume that a duly certified filing has been made without procedural irregularity (*omnia praesumuntur rite et solemniter esse acta*). If it is subsequently shown that the relevant filing was procedurally irregular, the claim to convention priority may be disallowed and the acceptability of the relevant application for registration will, in that event, be assessed as of the date upon which it was filed in the United Kingdom.

The claim to convention priority in the present case was based on the application for registration filed under number 74/627,707 in the United States on 31st January 1995. The filing of the United States application on 31st January 1995 was duly certified under Rule 6 of the Trade Marks Rules 1994. The certificate implies that the application was accorded a filing date of 31st January 1995 without any irregularity of procedure having occurred in or before the United States Patent and Trademark Office. The substantive validity of the application under United States law is not something which the Registrar can or should consider in the context of the Original Applicant’s claim to a convention

priority date of 31st January 1995. The Opponent's evidence and arguments to the contrary were, in my view, misconceived.

However, the claim to a convention priority date of 31st January 1995 for "consulting services in the field of financial services" in Class 36 was, as I have already said, made in the United Kingdom on the basis of an application which had been filed in the United States in respect of "consultancy services in the field of financial services" in Class 42. That gave rise to the question, under Section 35(1) of the 1994 Act, whether the application for registration in Class 36 in the United Kingdom was "*for some or all of the same ..... services*" as the application for registration in Class 42 that had been filed in the United States on 31st January 1995. The Principal Hearing Officer addressed this question in paragraph 55 of his decision in the following terms:

"The specification of both applications uses the same rather general wording; 'consulting services in the field of financial services'. However, the meaning to be attached to this wording varies depending upon the class in which the application is filed. Financial consultancy services are proper to international class 36 and this was also the case at the relevant dates (this is clear from the sixth edition of the WIPO Guide to the International Classification of Goods and Services (Nice Classification). Computer hardware and software services for the financial service sector (like all other market sectors) are proper to class 42. The applicant's priority claim does not therefore extend to the services covered by this application in class 36."

The Principal Hearing Officer rightly recognised that the services identified by reference to Class 36 in the United Kingdom application were not services of the kind identified by reference to Class 42 in the application filed in the United States even though the same general words of identification ("consulting services in the field of financial services")

had been used in each case. Such was the effect of the differentiation introduced by linking the services to Class 36 in one case and Class 42 in the other: cf the observations of Jacob J. in British Sugar Plc v. James Robertson & Sons Ltd [1996] RPC 281 at pp. 289, 290. The discrepancy between the United Kingdom application and the application made in the United States gives rise to a question “*as to the class within which any goods or services fall*” and the Principal Hearing Officer’s determination might therefore be said to be final in accordance with the provisions of Section 34(2) of the 1994 Act. However, I do not need to dwell on that point because I agree with the Principal Hearing Officer in thinking that the application for registration in Class 36 filed in the United Kingdom on 25th July 1995 was not “*for some or all of the same ..... services*” as the application for registration in Class 42 filed in the United States on 31st January 1995 and was therefore not entitled to the priority date of the latter application under Section 35 of the 1994 Act.

21. **The Class 9 Application: Section 3(1) of the 1994 Act**

Section 3(1) of the 1994 Act (implementing Articles 3(1)(a) to (d) and 3(3) of Council Directive 89/104/EEC of 21st December 1988) provides as follows:

**“Absolute grounds for refusal of registration**

- (1) The following shall not be registered –
  - (a) signs which do not satisfy the requirements of section 1(1)
  - (b) trade marks which are devoid of any distinctive character,
  - (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purposes, value, geographical origin, the time

- of production of goods or of rendering of services, or other characteristics of goods or services,
- (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade:

Provided that, a trade mark shall not be refused registration by virtue of paragraph (b), (c) or (d) above if, before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it.”

Section 1(1) of the Act (Article 2 of the Directive) defines a “trade mark” as:

“any sign capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of other undertakings.

A trade mark may, in particular, consist of words (including personal names), designs, letters, numerals or the shape of goods or their packaging.”

In order to be free of objection under Sections 3(1)(a) to (d) of the Act (Articles 3(1)(a) to (d) of the Directive) a sign must possess enough of “*a distinctive character*” to be perceived as an indication of trade origin by “*the relevant class of persons or at least a significant proportion thereof*”: paragraphs 44, 46 and 52 of the Judgment of the European Court of Justice in Joined Cases C-108/97 and C-109/97 Windsurfing Chiemsee Produktions-und Vertriebs v. Boots-und Segelzubehör Walter Huber and Franz Attenberger [1999] ETMR 585.

Paragraph 29 of the Judgment in the Windsurfing case confirms that the “*relevant class of persons*” consists of “*the trade and ... average consumers of that category of goods in the territory in respect of which registration is applied for*”. The “*average*

*consumer*” of the products concerned is to be regarded as “*reasonably well-informed and reasonably observant and circumspect*”: Case C-342/97 Lloyd Schuhfabrik Meyer GmbH v. Klijsen Handel BV [1999] ETMR 690 paragraph 26.

A sign possesses “*a distinctive character*” if goods identified by it would be thought by “*the relevant class of persons or at least a significant proportion thereof*” to have come (directly or indirectly) from one and the same undertaking as envisaged by the Judgment of the European Court of Justice in Case C-39-97 Canon Kabushiki Kaisha v. Metro-Goldwyn Mayer Inc. [1999] ETMR 1:

“27. Indeed, Article 2 of the Directive provides that a trade mark must be capable of distinguishing the goods or services of one undertaking from those of other undertakings, while the tenth recital in the preamble to the Directive states that the function of the protection conferred by the mark is primarily to guarantee the indication of origin.

28. Moreover, according to the settled case-law of the Court, the essential function of the trade mark is to guarantee the identity of the origin of the marked product to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin. For the trade mark to be able to fulfil its essential role in the system of undistorted competition which the Treaty seeks to establish, it must offer a guarantee that all the goods or services bearing it have originated under the control of a single undertaking which is responsible for their quality (see, in particular, Case C-10/89 HAG GF (HAG II) [1990] ECR I-3711, paragraphs 14 and 13).”

A sign which cannot be expected to perform that “*essential function*” to the required extent is liable to be excluded from registration by one or more of the provisions of Sections 3(1)(a) to (d) of the Act (Articles 3(1)(a) to (d) of the Directive). The four

paragraphs of Section 3(1) of the Act (Article 3(1) of the Directive) are neither interdependent nor mutually exclusive in this respect: see Bach Flower Remedies Trade Marks [1999] IP&T 146 (CA) and in particular paragraph 33 of the judgment of Morritt L.J; Case T-345/99 Harbinger Corporation v. OHIM (26th October 2000) paragraph 31.

For the reasons I gave at greater length in AD2000 Trade Mark [1997] RPC 168 I consider that the essence of the objection to registration under Section 3(1)(b) of the Act (Article 3(1)(b) of the Directive) is immaturity: the sign in question is not incapable of distinguishing goods or services of one undertaking from those of other undertakings, but it is not distinctive by nature and has not become distinctive by nurture; whereas the objection to registration under section 3(1)(a) of the Act (Article 3(1)(a) of the Directive) applies to “*signs which cannot constitute a trade mark*”. The difference between the two objections is one of fact and degree. As Mr. Simon Thorley Q.C. observed when sitting as the Appointed Person in Messiah From Scratch TM [2000] RPC 44 at 47: “In his judgment in the *Philips* appeal [Philips Electronics NV v. Remington Consumer Products Ltd [1999] RPC 809] Aldous LJ makes it plain that section 3(1)(a) is an overriding provision which prevents registration of a mark which is so descriptive or so lacking in content capable of performing the function of a trade mark that it cannot be registered. Section 3(1)(b) prevents from registration without proof of distinctiveness, trade marks which are not so wholly lacking in trade mark content as to be registrable at all but which, without evidence of use, do not display a sufficiently distinctive content”.

Paragraphs 51 and 52 of the judgment of the European Court of Justice in the Windsurfing case provide guidance as to the matters to be taken into account when

assessing whether a sign possesses the distinctive character which is “*a pre-requisite for its registration*” (paragraph 44) and “*one of the general conditions for registering a trade mark*” (paragraph 46). The guidance was re-affirmed (with the addition of the words underlined below) in paragraphs 22 and 23 of the Judgment of the European Court of Justice in the Lloyd Schuhfabrik case:

“22. In determining the distinctive character of a mark ... the national court must make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, to that effect, judgment of 4 May 1999 in Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee v. Huber and Attenberger* [1999] ECR I-0000, paragraph 49).

23. In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered; the market share held by the mark, how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other professional associations (see *Windsurfing Chiemsee*, paragraph 51).”

As emphasised in paragraph 11 of the Judgment of the European Court of Justice in the Lloyd Schuhfabrik case, it is for the national court to determine whether any given sign can in fact be said to possess enough of a distinctive character to be registrable when judged according to these criteria. The national court is entitled to assess the meaning and significance of the given sign according to the circumstances prevailing in its own territory.

Section 1(1) of the Act (Article 2 of the Directive) confirms that a trade mark may consist of letters. The Registrar's approach to the examination of letters put forward for registration as trade marks under the 1994 Act is summarised in Practice Amendment Circular 5/00 published in Trade Marks Journal No. 6326 on 3rd May 2000. This contains the following guidance:

#### **“Letters and Numerals**

1. Section 1(1) of the Act states that trade marks may consist of letters or numerals. Such signs are not therefore excluded from registration *per se*. Whether a letter or numeral mark can be registered *prima facie* will depend upon whether the average consumer of the goods/services at issue would expect all such goods/services offered for sale under the sign to originate from a single undertaking. If the sign does not possess the character necessary to perform this essential function of a trade mark, it is “*devoid of any distinctive character.*”

#### **Descriptive letters or numerals and those customary in the trade**

2. Letters or numerals which designate characteristics of the goods/services, or which are customary in the trade, are excluded from registration by Section 3(1)(c) or (d) .....

3. Such signs will be subject to objection under Section 3(1)(b), (c) and (d) of the Act.....

#### **Random letters/numerals more distinctive**

4. The more random and atypical the letters or numerals are, the more likely it is the sign will have the necessary distinctive character. Accordingly, the more a letter or numeral mark resembles signs commonly used in the relevant trade for non-trade mark purposes, the less likely it is to be distinctive.

#### **Well known practices of trade to be considered**

5. In all cases the distinctive character of the sign must be assessed in relation to the goods/services specified in the application. Account may be taken of facts that are considered to be well known.....

6. However, unless research or general knowledge shows that there is a history of non-trade mark use of similar combinations of letters/numbers in a particular trade, the application will be examined on the assumption that the letters/numbers are sufficiently random. The matter may be re-considered in the event of observations or opposition.

### **Three letter marks**

7. Marks consisting of three letters will be accepted unless there is a specific reason to believe that the particular letters will not be taken, by the average consumer, as a trade mark.

### **Two letter marks**

8. Following the decision of the Second Board of Appeal in the case of *Fuji Photo Film Co. Ltd's Application, ETMR 1998 343*, the Community Trade Mark Office has adopted a practice of accepting non-descriptive two letter marks.....

9. The Registrar will henceforth regard marks consisting of two letters as having the necessary distinctive character unless able to point to a specific reason why the particular letters will not be taken, by the average consumer, as a trade mark.

.....

### **Single letter marks**

13. The Registrar will continue to regard a single letter of the alphabet as devoid of any distinctive character unless it is presented with distinctive stylisation. A plain rectangular or oval border is unlikely to make a single letter distinctive. However, a fancy or unusual border may be enough. Colour may also assist in providing the mark as a whole with the necessary power to individualise the goods/services of one undertaking.”

I believe that this represents the correct approach to the registrability of 2 and 3 letter marks under the prevailing legislation as currently interpreted.

I find it quite impossible to accept, in the light of the considerations noted above, that the designation **FSS** was at the relevant date (31st January 1995) incapable of distinguishing the “personal computers and computer software for use in the field of financial services” of one undertaking from those of other undertakings. In my view, the application for registration in Class 9 was not objectionable under Section 3(1)(a) of the 1994 Act. The Principal Hearing Officer said in paragraph 44 of his decision (with emphasis added): “I do not consider that a mark can be regarded as incapable of distinguishing within the meaning of Section 1(1) of the current Act merely because the mark in question consists exclusively of three letters.” I agree with that observation.

The objection to registration under Section 3(1)(a) was, in fact, raised on the basis that the mark **FSS** was incapable of distinguishing the goods of interest to the Original Applicant from those of the Opponent at the date of the relevant application in view of the use which the Opponent had made of that mark. In substance and reality this was an objection to registration on relative grounds which fell to be determined in accordance with the provisions of Section 5 upon which the Opponent had relied specifically in its Grounds of Opposition.

The Principal Hearing Officer refused to allow a late attempt by the Opponent to raise an objection to registration under Section 3(1)(b) of the Act: see parts 11 and 12 of this Decision. It was well within the scope of his discretion to refuse leave for the

necessary amendment to be made to the Opponent's Grounds of Opposition. I am not prepared to say that he was wrong to have exercised his powers of case management in the way that he did. In his position I would in all probability have adopted the same stance as he did. In my position as an appellate tribunal I considered that it would not be right to allow the Opponent to broaden the scope of its challenge to the validity of the application in suit by pursuing an objection to registration under Section 3(1)(b) de novo on appeal. The undesirability of ignoring the proposed objection under Section 3(1)(b) was, in my view, small by comparison with the undesirability of allowing issues with a factual dimension that had not yet been fully explored on both sides to be raised at this stage of an already over-extended opposition.

22. **The Class 9 Application: Section 3(6) of the 1994 Act**

Article 3(2)(d) of Council Directive No. 89/104/EEC of 21st December 1988 gave Member States of the European Union the option to “*provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that ... the application for registration of the trade mark was made in bad faith by the applicant*”. Article 51 of the Community Trade Mark Regulation (Council Regulation (EC) No. 40/94) similarly provides that “*A Community trade mark shall be declared invalid ... where the applicant was acting in bad faith when he filed the application for the trade mark*” subject to the qualification that “*Where the ground for invalidity exists in respect of only some of the goods or services for which the Community trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only*”. The United Kingdom opted in Section 3(6) of the 1994 Act to provide that “*A trade mark shall not be registered if or to the extent that the application is made in bad*

*faith*". I do not see any difference of substance in the variations between the language of Section 3(6) and the language of the parallel Community legislation.

The focus of attention under Section 3(6) is the propriety of the applicant's claim to the protection he seeks. The words "*if or to the extent that the application is made in bad faith*" in Section 3(6) and the similar wording in the parallel Community legislation emphasise that the propriety of the application must be tested with particular reference to the specification of goods or services (and therefore the scope of protection) for which registration of the sign in issue has been requested. That accords with Article 13 of the Directive which provides (with emphasis added) that:

*"Where grounds for refusal of registration or for revocation or invalidity of a trade mark exist in respect only of some of the goods or services for which that trade mark has been applied for or registered, refusal of registration or revocation or invalidity shall cover those goods or services only."*

Although the words I have emphasised do not appear to have found their way into the text of the 1994 Act, they are binding upon the Registrar of Trade Marks as the person whose task it is to implement Article 13 on behalf of the State in Registry proceedings in the United Kingdom. Article 13 serves to confirm that no grounds for refusal of registration should exist in respect of any of the goods or services for which a trade mark is to be registered. It envisages that the coverage of an application for registration will (where possible) be restricted to the extent necessary to confine it to goods or services for which the trade mark in question is fully registrable.

With these considerations in mind, it appears to me that Article 13 of the Directive and Section 3(6) of the Act (Article 3(2)(d) of the Directive) combine to require that a sign should only be registered for use as a trade mark in relation to goods or services specified (i) without bad faith on the part of the applicant; and (ii) within limits which leave the application altogether free of objection under the provisions of the 1994 Act. I do not think that Section 3(6) requires applicants to submit to an open-ended assessment of their commercial morality. However, the observations of Lord Nicholls on the subject of dishonesty in Royal Brunei Airlines Sdn. Bhd. v. Philip Tan [1995] 2 AC 378 (PC) at p.389 do seem to me to provide strong support for the view that a finding of bad faith may be fully justified even in a case where the applicant sees nothing wrong in his own behaviour.

In Gromax Plastics Ltd v. Don & Low Nonwovens Ltd [1999] RPC 367

Lindsay J. said (p.379):

“I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short as to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances.”

These observations recognise that the expression “bad faith” has moral overtones which appear to make it possible for an application for registration to be rendered invalid under

Section 3(6) by behaviour which otherwise involves no breach of any duty, obligation, prohibition or requirement that is legally binding upon the applicant.

Quite how far the concept of “bad faith” can or should be taken consistently with its Community origins in Article 3(2)(d) of the Directive is a matter upon which the guidance of the European Court of Justice seems likely to be required Road Tech Computer Systems Ltd v. Unison Software (UK) Ltd [1996] FSR 805 at 817, 818 per Robert Walker J. There is room for more than one view as to the breadth of the concept in the context of the legislation as a whole. That is apparent from the observations of the First Cancellation Division of the Community Trade Marks Office in paragraph 11 of its decision in Case C-53447/1 Harte-Hanks Data Technologies v. Trillium Digital Systems Inc (28th March 2000):

“Bad faith is a narrow legal concept in the CTMR system. Bad faith is the opposite of good faith, generally implying or involving, but not limited to, actual or constructive fraud, or a design to mislead or deceive another, or any other sinister motive. Conceptually, bad faith can be understood as a “dishonest intention”. This means that bad faith may be interpreted as unfair practices involving lack of any honest intention on the part of the applicant of the CTM at the time of filing. In this case, according to the meaning of the term “bad faith” there is clearly no evidence that Trillium Digital was acting dishonestly, or that they intended any similar act, or were involved in unfair practices or the like. No evidence of dishonesty has been shown in this proceeding.”

In paragraph 8 of the Grounds of Opposition it was asserted that the Original Applicant had been “*well aware of the coining and adoption of the mark FSS by the Opponents in 1992*”. It was denied that the Original Applicant “*had any bona fide intention to use the mark applied for in the United Kingdom*”. On the basis of these averments it was pleaded that “*the application therefore offends Section 32(3) and*

*Section 3(6) of the Trade Marks Act 1994*". Section 32(3) of the Act requires an applicant for registration to state that *"the trade mark is being used by the applicant or with his consent, in relation to [the relevant] goods or services or that he has a bona fide intention that it should be so used"*.

It is the knowledge and intention of the Original Applicant which matters for the purposes of this objection. On the evidence before me it seems clear that the Original Applicant knew (via Mr. Farid Naib) of the Opponent's adoption of the mark **FSS** in 1992 and subsequently sought to register the mark **FSS** in the United States and in the United Kingdom with knowledge of the fact that it had been used by the Opponent during the period 1992 to 1995. On the evidence before me it also seems clear that the Original Applicant intended to use the mark **FSS** in the United States and in the United Kingdom in relation to Class 9 goods of the kind specified in its United States and United Kingdom applications for registration. If there had been no dealings and transactions between the Original Applicant and the Applicant prior to the filing of those applications for registration, I would have questioned and doubted their commercial propriety. However, the evidence which has been filed indicates to my mind that the Original Applicant applied for registration of the mark **FSS** in Class 9 in the United Kingdom and in the United States derivatively (that is to say, under and by virtue of the dealings and transactions noted at points 6 and 7 of my review of the Applicant's evidence in part 8 of this Decision). There is room for debate as to the precise legal nature and effect of those dealings and transactions in the United Kingdom and the United States. They never the less sufficed, in my view, to provide the Original Applicant with an honest basis for seeking to register the designation **FSS** as a trade mark for use in relation to Class 9

goods of the kind specified in the United States and United Kingdom applications for registration.

In the present proceedings the propriety of the applications is to be presumed in the absence of evidence sufficient to displace the presumption. That appears from the observations of Lord Wright in Joseph Constantine SS Line Ltd v. Imperial Smelting Corporation Ltd [1942] AC 154 at 192, 193:

“In addition, the ordinary rule is that a man is not held guilty of fault unless fault is established and found by the Court. This rule, which is sometimes described as the presumption of innocence, is no doubt peculiarly important in criminal cases or matters, but it is also true in civil disputes ..... There is, for example, no presumption of fraud. It must be alleged and proved. So also of other wrongful acts or breaches of contract ..... If the matter is left in doubt when all the evidence has been heard, the party who takes upon himself to affirm fault must fail.”

Beyond that, there is evidence before me from which I feel able to conclude: (i) that the dealings and transactions between the Original Applicant and the Applicant in 1994/95 gave the former access to the benefit of the trading history of the latter; and (ii) the trading history of the latter included use of the mark **FSS** in relation to Class 9 goods for the purposes of trade in and from the United Kingdom from 1989 onwards (i.e. from a date prior to the adoption and use of the mark **FSS** by the Opponent for Class 9 goods). Moreover, I can find nothing in the dealings and transactions noted at points 1 to 6 of my review of the Opponent’s evidence in part 7 of this Decision to indicate that Mr. Farid Naib was debarred from availing himself, whether directly or through the Original Applicant, of the opportunity to engage in the dealings and transactions that were implemented between the Original Applicant and the Applicant in 1994/95. In fact, the

Dissolution Agreement and the appended “Agreement Of Ownership Of Computer Software Products And All Rights Thereto” (made between Mr. Farid Naib and Mr. Gerald Thurston with a view to partitioning the business and assets of FX Systems Inc between the Opponent and the Original Applicant in May 1992) can be seen to have been amended at Clause 1(c) and Clause 10 respectively by striking a line through a sentence that would otherwise have recorded that “*The parties acknowledge and agree that Farid [Naib] may use ‘FNX Systems’ as a trade mark or trade name and Jerry [Thurston] may use ‘FSS Systems’ and/or ‘FSS’ as a trade mark or trade name*”. From that I gather that Mr. Farid Naib and Mr. Gerald Thurston did not agree that Mr. Thurston’s company (the Opponent) should be given any special rights as against Mr. Naib or his company (the Original Applicant) with regard to the use of ‘FSS Systems’ and/or ‘FSS’ as a trade mark or trade name.

In the circumstances I agree with the Principal Hearing Officer in thinking that there was no basis for the pleaded objection under Sections 3(6) and 32(3) in relation to the application for registration in Class 9 and no basis for the unpleaded objection noted in point (8) under the hearing “**The Principal Hearing Officer’s Decision**” (above). I would add that the unpleaded objection to the application on the ground of bad faith was an objection which the Principal Hearing Officer could properly have declined to entertain in the absence of an appropriately framed amendment to the Opponent’s Grounds of Opposition.

23. **The Class 9 Application: Sections 5(1) and 5(2) of the 1994 Act**

The Opponent's objections to registration under Sections 5(1) and 5(2) of the Act depended for their viability upon the possibility that the Opponent's application number 2025604 filed on 30th June 1995 might become an "earlier trade mark" relative to the Original Applicant's application for registration in Class 9. That could only happen if the claim to a convention priority date of 31st January 1995 was disallowed in relation to the application in Class 9. Now that the Original Applicant's claim to priority has been upheld, the objections to registration under Sections 5(1) and 5(2) of the Act must be rejected.

24. **The Class 9 Application: Section 5(4) of the 1994 Act**

The objection under Section 5(4) called for evidence of facts and matters from which it could properly be concluded that use of the designation **FSS** for the purpose of distinguishing the goods of interest to the Original Applicant from those of other undertakings (see section 1(1) of the Act) was liable to be prevented at the relevant date by the enforcement of rights which the Opponent could then have asserted against it in accordance with the law of passing off. The elements of an action for passing off are helpfully summarised in the passages from *Halsbury's Laws of England* (4th Edition) Vol. 48 (1995 re-issue) quoted in Wild Child TM [1998] R.P.C. 455 at 460, 461. The concept of "misrepresentation ... leading or likely to lead the public to believe that goods or services offered by the defendant are goods or services of the plaintiff" is quite flexibly interpreted with a view to preventing the mixing and switching of identities between different goods, services and businesses. The concept of "damage as a result of the

erroneous belief engendered by the defendant's misrepresentation" also embraces cases where the use of the later mark is liable to take unfair advantage of or be detrimental to the distinctive character or repute of an earlier trade mark, with adverse consequences for the proprietor of the goodwill of an existing business. Misrepresentation nevertheless remains an essential element of the action for passing off and it is not possible at the present time to say that the action prevents "association" independently of confusion symptomatic of misrepresentation.

The relevant date is 31st January 1995 for the reason identified in paragraph 58 of the Principal Hearing Officer's decision: Article 4(4)(b) of the Directive requires the relevant "earlier right" to have been "acquired prior to the date of the application for registration of the subsequent trade mark or the date of the priority claimed ....."

I think it is right to proceed on the basis I have referred to above: (i) that the dealings and transactions between the Original Applicant and the Applicant in 1994/95 gave the former access to the benefit of the trading history of the latter; and (ii) the trading history of the latter included use of the mark **FSS** in relation to Class 9 goods for the purposes of trade in and from the United Kingdom from 1989 onwards (i.e. from a date prior to the adoption and use of the mark **FSS** by the Opponent for Class 9 goods).

The Principal Hearing Officer's findings in relation to the Applicant's use of the mark **FSS** subsequent to 10989 were expressed in somewhat qualified terms. He said (in paragraphs 65, 67 and 68 of his decision):

"The evidence shows that the current applicant first used the letters FSS in about 1989. There is evidence of limited use of the letters FSS up until 1991. The established use then

becomes even more sporadic up until late 1994, when it becomes more common, generally in the form of a logo including the words 'Financial Systems Software' and, in much smaller lettering, 'A division of FNX Inc'.

There is plenty of evidence of the use (by the original and current applicant and in magazine articles about their business) of the letters FSS purely as a shortened form of the company name 'Financial Systems Software', which was also used extensively from 1989 within the specialised market for financial calculators and/or risk management software and on PCs with similar built-in software. This lends some support to Dr. Barakat's assertion that, within the small UK market for such products, his company was known as 'FSS' at the relevant date.

..... It is certainly true to say that the applicant's use of the letters FSS as a trade mark is thin – wafer thin in 1992 and 1993 – but there are examples (described in paras. 30 and 31 above) which probably constitute trade mark use prior to the relevant date. There is no evidence that the applicant's software carried any mark other than the company name and/or the letters FSS. It appears that PCs sold under the mark may also have carried an Atari or Tandy mark (from whom the current applicant sourced the PC's)".

I think that the Principal Hearing Officer was a shade too cautious in his assessment. My own reading of the evidence given on behalf of the Applicant leaves me satisfied that the Applicant can fairly be taken to have used the mark **FSS** as a trade mark continuously since 1989 in the course of carrying on business, with fluctuating degrees of commercial exposure and success, as a supplier of Class 9 goods of the kind specified in the application in suit.

At the relevant date there was, in my view, a real and substantial likelihood of passing off occurring as a result of the use of the designation **FSS** by the Original Applicant (in succession to the Applicant) as a trade mark for "personal computers and computer software for use in the field of financial services" in Class 9 concurrently with

use of the designation **FSS** by the Opponent as a trade mark for its rival Class 9 goods (which would appear to have been “computer software; computer software for management, analysis, monitoring and reporting of interest rate, foreign exchange and precious metal positions, trades, transactions and portfolios” as indicated in the specification of application number 2025604).

However, in order to determine whether the Opponent’s objection under Section 5(4) was well-founded, I think it is necessary to have regard to the way in which conflicting claims are resolved in the context of an action for passing off. My understanding of the legal position is as follows. When rival claims are raised with regard to the right to use a trade mark, the rights of the rival claimants fall to be resolved on the basis that within the area of conflict:

- (a) the senior user prevails over the junior user;
- (b) the junior user cannot deny the senior user’s rights;
- (c) the senior user can challenge the junior user unless and until it is inequitable for him to do so.

The statutory provisions carried forward into Sections 7, 11 and 12 of the Trade Marks Act 1938 reflect these principles: see Club Europe TM [2000] RPC 329 at 342 to 344. The principles themselves are, in my view, deducible from the right to protection conferred upon senior users at common law (see Chipie TM [2000] FSR 814 (PC) at 818, 819 per Lord Clyde and Al Bassam TM [1995] RPC 511 (CA) at 522 per Morritt LJ), the

common law rule that the legitimacy of the junior user's use of the mark in issue must normally be determined as of the date of its inception (see J C Penney Co Inc v. Penneys Ltd [1975] FSR 367 (CA) at 381 per Buckley LJ; Cadbury Schweppes Pty Ltd v. Pub Squash Co Pty Ltd [1981] RPC 429 (PC) at 494 per Lord Scarman; Anheuser-Busch Inc v. Budejovicky Budvar Narodni Podnik [1984] FSR 413 (CA) at 462 per Oliver LJ, 471 per O'Connor LJ and 473 per Dillon LJ) and the potential for co-existence to be permitted in accordance with equitable principles (see GE TM [1973] RPC 297 (HL) at 325 et seq per Lord Diplock and Anheuser-Busch Inc v. Budejovicky Budvar Narodni Podnik [2000] IP&T 617 (CA) at 629 and 630 per Peter Gibson LJ, 632 and 633 per Judge LJ and 637 per Ferris J).

Usually the critical issue to be resolved is which of the rival claimants can properly claim to be the senior user within the area of conflict. This may not simply be a question of deciding which of them was the first in time to adopt the given mark for use in relation to their goods or services. The need to concentrate on the area of commercial activity within which there is conflict may require a more careful analysis than that.

On the evidence before me I consider that the Original Applicant (in succession to the Applicant) was entitled to priority over the Opponent with regard to use of the designation **FSS** in the United Kingdom as a trade mark for Class 9 goods of the kind specified in the application in suit on 31st January 1995. I see no basis upon which the Opponent could at that date have denied the priority of the Original Applicant (in succession to the Applicant) within the area of conflict represented by those Class 9 goods and the rival Class 9 goods (which I take to have been adequately identified in application number 2025604) in respect of which the mark **FSS** had been used by the

Opponent in the United Kingdom. It would not appear to have been inequitable for the Original Applicant (in succession to the Applicant) to have challenged the use of the mark **FSS** by the Opponent in the United Kingdom in relation to its rival Class 9 goods at the relevant date. I am inclined to agree with the Principal Hearing Officer in thinking that the Opponent could, at best, claim to have established only a modest business in the United Kingdom at the relevant date (see paragraphs 59 to 61 of his decision).

For these reasons I determine that use of the designation **FSS** as a trade mark in the context and manner envisaged by the application for registration in Class 9 would not have been actionable in passing off at the suit of the Opponent on 31st January 1995. I consider on the evidence before me that it was, in fact, the Opponent who was vulnerable to an action for passing off at that date.

25. **The Application in Class 36: Section 3(1) of the 1994 Act**

The observations in part 21 of this Decision are equally applicable to the application for registration in Class 36. In my view, the application for registration in Class 36 survived under Section 3(1) of the Act.

26. **The Application in Class 36: Section 3(6) of the 1994 Act**

In my view the Opponent's unpleaded objection under Section 3(6) of the Act fails in relation to the application for registration in Class 36 for the same reasons that it fails in relation to the application for registration in Class 9.

The pleaded objection under Sections 3(6) and 32(3) of the Act (see part 22 of this Decision) was upheld by the Principal Hearing Officer in relation to the application for registration in Class 36 upon the following basis:

“74. I believe it is clear that the original applicant had a definite intention to use the mark in respect of the goods and services provided by the UK company he had entered into an agreement to purchase in November 1994. There is nothing to suggest that FNX Ltd intended to significantly broaden the range of goods and services provided under the FSS name. Indeed in his evidence in the US proceedings (pages 137 and 138 of DMB1) Mr. Naib indicates that his plans under the FSS mark were limited to making a few big sales under the FSS name in order to get FNX known in the interest rate calculators (software) market.

75. Dr. Barakat was cross examined on his evidence of the scope of his company’s activities. He maintained that his company provided a range of hardware and software solutions in the financial field ranging from ‘add-in’ programs to complete ‘turn key’ systems. He also repeated references in his company’s promotional material to ‘software consultancy’, ‘training’ and ‘network installations.’ The last two are proper to classes 41 and 42 respectively. I see nothing in the evidence which persuades me that the current applicant has provided the sort of financial consultancy services which fall into class 36 or even if they had, that the original applicant had any intention of using the FSS mark in relation to such services when the FNX Ltd filed the UK application in June 1995. In this connection I regard it as significant that the corresponding US application was filed in classes 9 & 42. I therefore find that, as far as class 36 is concerned, the s32(3) statement on the application form was made in bad faith and the opposition succeeds to this extent.”

At the hearing before me Dr. Barakat contended that the Principal Hearing Officer should have found that the Original Applicant (in succession to the Applicant) did at the relevant time (25 July 1995) intend to use the designation **FSS** as a trade mark in the United Kingdom in relation to “consulting services in the field of financial services” in Class 36.

He supported his contention by reference to a number of documents which he characterised as evidence of use of the mark **FSS** in relation to Class 36 services of the kind specified in the application in suit.

Having reviewed those documents in the context of the evidence as a whole, I am satisfied that they point to the existence of an intention to use the designation **FSS** as a trade mark for software consultancy services i.e. consultancy in the computer field, not consultancy in the field of financial services. I also note that there is no evidence that either the Original Applicant or the Applicant has ever been registered as a provider of financial advisory services in the United Kingdom.

In the circumstances I have no doubt that the Principal Hearing Officer was correct in his assessment that the services of interest to the Original Applicant were proper to Classes 41 and 42 and that the application for registration was filed without any intention on the part of the original Applicant to provide Class 36 “consulting services in the field of financial services” under the mark put forward for registration. Moreover the Principal Hearing Officer’s determination as to the correct classification of the services identified in the evidence filed on behalf of the Applicant in the present proceedings appears to me to be final in accordance with the provisions of Section 34(2) of the 1994 Act.

I have asked myself whether the reference to Class 36 in the application in suit occurred without fault on the part of the Original Applicant. However, I do not think that can rightly be said to have been the case. The official examiner in the United States Patent and Trademark Office required the Original Applicant to amend its United States

application so as to classify the specified services in International Class 36. That amendment to the classification of services was carried through to the application for registration that was subsequently filed in the United Kingdom on 25th July 1995. Why did the official examiner require the specified services to be classified in Class 36? Because the services of interest to the Original Applicant were described in terms which characterised them as financial consultancy services. Did the language used in the United States and United Kingdom applications for registration accurately describe the computer consultancy services of interest to the Original Applicant? No it did not. Could the Original Applicant realistically have thought that it did? I do not see how it could on a straightforward reading of the words used in the applications for registration. Moreover the Original Applicant was sufficiently well-informed to seek registration in Class 42 in the United States on 31st January 1995 and that appears to me to indicate that it, for its part, appreciated (a) that it was actually providing computer consultancy services; and (b) that Class 42 was the appropriate class in which to register a trade mark for use in relation to such services.

The objection under Section 3(6) related to the Original Applicant's breach of a statutory requirement. Section 32(3) of the Act required it to be a person who could truthfully claim to have a bona fide intention that **FSS** should be used (by it or with its consent) as a trade mark for "consultancy services in the field of financial services" in Class 36. Its application for registration included a claim to that effect. However it could not properly have made that claim because it had no such intention and could not truthfully claim that it did. In my view that justified rejection of the Class 36 application under Section 3(6). I see no reason to doubt that Section 32(3) is compatible with Community law. The 8th recital to the Directive specifically confirms that "*in order to*

*reduce the total number of trade marks registered and protected in the Community ... it is essential to require that registered trade marks must actually be used or, if not used, be subject to revocation*". I am satisfied that this is not a case which tests the limits of Section 3(6) of the Act (Article 3(2)(d) of the Directive) from the point of view of Community law. My conclusion is that the application for registration in Class 36 was objectionable under Section 3(6) in the same way as the application that was rejected in Demon Ale TM [2000] RPC 345 was objectionable under Section 3(6).

27. **The Application in Class 36: Sections 5(1) and 5(2) of the 1994 Act**

In paragraph 56 of his decision, the Principal Hearing Officer held that the Original Applicant's claim to a convention priority date of 31st January 1995 for its United Kingdom application in Class 9 effectively provided it with a right of priority for similar goods and services of the kind specified in the Opponent's United Kingdom application number 2025604 for registration in Classes 9 and 42. On that view of the matter, the acceptance of the Original Applicant's application for registration in Class 9 would be sufficient to prevent the Opponent's application number 2025604 from becoming an "earlier trade mark" relative to the Original Applicant's application for registration in Class 36. The Opponent's objections to the Original Applicant's application for registration in Class 36 would, for that reason, be doomed to failure insofar as they were based on Sections 5(1) and 5(2) of the Act.

I do not disagree with the Principal Hearing officer's reasoning in this connection. His conclusion follows from the premises. However, the fate of the Opponent's United Kingdom application number 2025604 did not actually fall to be determined in the

present opposition. To the extent that the Principal Hearing Officer's analysis anticipated the outcome of the Opponent's United Kingdom application number 2025604 it must, in my view, be regarded as provisional. So far as I can see, nothing turns on that in the present opposition because the Original Applicant's application for registration in Class 36 now stands rejected under Section 3(6) of the Act.

28. **The Application in Class 36: Section 5(4) of the 1994 Act**

I think that "consulting services in the field of financial services" proper to Class 36 might well have been provided under the mark **FSS** in the United Kingdom at the relevant date (25th July 1995) without being actionable in passing off at the suit of the Opponent on the basis of the apparently modest business which the Opponent could (at best) claim to have established in the United Kingdom before that date. I also think it is seriously questionable whether the Opponent could legitimately claim to have acquired a right entitled to protection under the law relating to passing off on the strength of trading activities in the United Kingdom which would in turn appear to have trespassed upon the prior rights of the Original Applicant (in succession to the Applicant) arising out of the use of the designation **FSS** as a trade mark for "personal computers and computer software for use in the field of financial services". However, I do not think it is either useful or necessary to reach any final conclusions on these matters in circumstances where the application for registration in Class 36 now stands rejected under Section 3(6) of the Act.

29. **Conclusion**

The Applicant's Appeal and the Opponent's Cross-Appeal have failed in their entirety and will both be dismissed for the reasons I have given in this Decision. Having regard to what I perceive to be the size of the burden of preparation that each party's unsuccessful appeal has cast upon the other party, I think that neither party should obtain a costs advantage over the other. I therefore make no order for costs in relation to the Applicant's Appeal or in relation to the Opponent's Cross-Appeal.

Geoffrey Hobbs Q.C.

6th November 2000

Dr Mamdouh Barakat appeared on behalf of the Applicant.

Miss Fiona Clark instructed by Messrs JY and GW Johnson appeared as Counsel on behalf of the Opponent.

Mike Knight, Principal Hearing Officer, appeared on behalf of the Registrar of Trade Marks.