

TRADE MARKS ACT 1994

**IN THE MATTER OF CONSOLIDATED APPLICATIONS
UNDER NUMBERS 11226 AND 11227 BY SEGA GAMEWORKS L.L.C
FOR REVOCATION OF TRADE MARK
NUMBERS 1091132 AND 1414581 IN THE NAME OF
MCDONNELL INFORMATION SYSTEMS LTD**

TRADE MARKS ACT 1994

IN THE MATTER OF consolidated applications under numbers 11226 and 11227 by Sega Gameworks I.L.C for revocation of trade mark Numbers 1091132 and 1414581 in the name of McDonnell Information Systems Ltd

1. Trade mark registration No. 1091132 is in respect of the trade mark REALITY and is registered in Class 9 for a specification of:

Data processing apparatus included in Class 9; magnetic core memory apparatus; magnetic disc memory apparatus, magnetic tape transports, computer print-out apparatus, keyboard input terminals for computers.

2. Trade mark registration No. 1414581 is in respect of the trade mark REALITY and is registered in Class 9 for a specification of:

Computer software included in Class 9.

3. The registrations currently stand in the name of McDonnell Information Systems Ltd.

4. By applications dated 11 November 1999, Sega Gameworks L.L.C applied for the registrations to be revoked under the provisions of Section 46(1)(b) on the grounds that:

any use which may have been made of the mark the subject of the registrations has been suspended for an uninterrupted period of five years or longer and there are no proper reasons non use.

5. The registered proprietors filed counterstatements in which they deny the assertions in the applications. The registered proprietors and the applicants for revocation both ask for an award of costs in their favour.

6. Both sides have filed evidence in these proceedings. The matter came to be heard on 11 September 2001, when the applicants were represented by Mr James Mellor of counsel, instructed by Marks & Clerk, their trade mark attorneys, the registered proprietors were represented by Mr Justin Turner of counsel, instructed by Keith W Nash & Co, their trade mark attorneys.

Registered proprietors= evidence (Rule 31(3))

7. This consists of a Statutory Declaration dated 4 February 2000 and comes from Richard John Elleray, Strategic Planning Manager of McDonnell Information Systems Limited, a position he has held since 1 January 1990. Mr Elleray confirms that the contents of his declaration come from his own personal knowledge and from the company records to which he has access.

8. Mr Elleray says that the trade mark REALITY was first used in the United Kingdom in 1973 by Microdata Corporation, a predecessor of his company, in relation to computer software and hardware systems. He says that the mark had been assigned to his company on 17 March 1993, and that it has continuously been used in the United Kingdom in the last five years in respect of

the same goods, mentioning in particular, computer software for establishing an operating environment through which various applications and facilities provided by other software loaded into the computer can be accessed, and computer software for database management systems. Mr Elleray says that neither type of software is specific to any particular use of a computer.

9. Mr Elleray sets out the approximate annual turnover in respect of computer programs provided under the mark in the United Kingdom for the years 1994 to June 1999 as follows:

1994	, 3,600,000
1995	, 3,700,000
1996	, 3,400,000
1997	, 1,100,000
1998	, 5,200,000
1999	, 3,700,000 (to June)

10. Mr Elleray says that software upon which the mark has been used has been supplied as part of new, repaired or upgraded computer systems, and parts and fittings of such goods, and has consequently the mark has formed part of the material identifying such systems. He sets out the approximate turnover in respect of such goods for the years 1994 to 1997 which is as follows:

1994	, 22,000,000
1995	, 23,000,000
1996	, 16,200,000
1997	, 4,400,000

11. Mr Elleray refers to exhibit RJE1 which consists of invoices dating from October 1996. A number relate to the purchase of licences for computer goods under the name REALITYX, one, number 142161 refers to the purchase of a licence in respect of XSED4TV REALITY EDI TRADANET, although there is no way of telling what this is.

12. Mr Elleray says that his company uses the mark in printed documents, copies of which he shows as exhibit RJE2. The exhibit consists of:

Review dated 25 November 1996 relating to a manual described as an Administrator's Guide for Reality X Release 5.0. The manual refers to Reality X and Reality (page 1-3), the X suffix seeming to be an indication that the software can be used on a series X host server.

Technical newsletter dated Spring 1996 which is headed as being for users of McDonnell Information Systems Computers. The newsletter says that it provides news on the company's achievements over the previous year, referring to REALITY, Reality X, Reality X 4.0, Reality X 4.1 and Reality X 5.0, detailing awards the company has received and confirming the installation of Reality X at customer sites for more than a year.

Project management bulletin dated 16 July 1986 relating to the REALITY OPERATING SYSTEM describing it as a database management system.

13. Mr Elleray says that his company has also published product information documentation, giving information on software supplied under the mark , and related hardware, copies of which are shown as exhibit RJE3, which includes information sheets relating to:

REALITY: referring to its introduction in 1974 (although does not say in the UK). The back page is endorsed Issue 1 01/93,

Reality X: referring to REALITY. The back page is endorsed with an Issue number and date but these cannot be read,

REALITY NETWORKING and ROSI-UNIX on Series X: not possible to date.

Series X for REALITY users, describing it as the version of REALITY supported by Series X, The back page appears to be endorsed showing the date of issue as 1992 although the text is none too clear so this is not certain.

Series 19 The Database Machine, referring to the introduction of REALITY in 1974 and to a series of high performance distributed processing computers based around the REALITY Data Base Management System. The sheet states that REALITY is a protected trade mark. It is not possible to date the sheet.

Registered proprietors= evidence

14. This consists of a second Statutory Declaration dated 4 February 2000, from Richard John Elleray. With the exception of two additional paragraphs this Declaration is identical in wording and exhibits to the Declaration summarised above. The additional matter is as follows:

15. Mr Elleray says that software upon which the mark has been used has also been supplied as parts of computer systems and that his company continues to supply and install various parts and fittings for these systems for the purpose of repairing or upgrading existing systems supplied under the mark. He says that the trade mark has formed and continues to be part of the material identifying such systems. Mr Elleray lists the parts as including (but not exclusively) memory expansion devices, disk drives, magnetic transports, system consoles and printers, interface devices, servers, card cages, power cooling modules, SBUS input and output boards, SBUS controllers and adapters.

Applicants= evidence

16. This consists of an Affidavit dated 29 August 2000, and comes from Bruce Nussbaum, Senior Vice President Corporate Development and General Counsel of Sega Gameworks L.L.C. Mr Nussbaum says that he has been involved in this field of business for four years. He confirms that the facts in his affidavit come from either his own knowledge or from his company's books and records to which he has full access.

17. Mr Nussbaum says that his company is the owner, and have used the trade mark VERTICAL REALITY since 1997 in respect of the provision of facilities for interactive computer games entertainment services, interactive/computer software and hardware based entertainment attraction, and video and computer games software and programs. He says that VERTICAL REALITY is the name of an interactive/computer software and hardware based entertainment

attraction created for his company under the direction of Steven Spielberg. He refers to exhibit BN1 which consists of:

details of a competition to win a day at Gameworks, one giving a closing date of 3 October 1997, but all appear to relate to use in North America.

press releases and extracts from web sites relating to the launch/availability of VERTICAL REALITY at Gameworks located in North America.

18. Mr Nussbaum says that the goods covered by registration 1091132 concern specific items of computer related hardware, none of which should, in practice, be confused with the goods and services of interest to his company, but he accepts that registration 1414581 would include computer games software. Mr Nussbaum says that based on these registrations the registered proprietors have opposed his company's Community Trade Mark application for VERTICAL REALITY, details of which he shows at exhibit BN2.

19. Mr Nussbaum comments on the scope of the specification of registration 1414581 saying that the evidence submitted by the proprietors does not substantiate use of the trade mark in respect of a wide range of computer software in the relevant period, and in accordance with the decisions in two decided cases relating to computer software; Mercury Communications v Mercury Interactive (UK) Ltd and Road Tech Computer Systems Ltd v Unison Software (UK) Ltd, extracts of which are shown as exhibit BN3, the specification of the registration should be limited.

20. Mr Nussbaum comments on the evidence filed by the registered proprietors, amongst other things saying that it shows use of the mark RealityX, that the AX@suffix creates a different mark and in any event, REALITY is lacking in distinctiveness, referring to a term of art, VIRTUAL REALITY. He goes on to give his understanding of the provisions of Section 46(1)(b), to give his view that the provisions of Section 46(2) do not apply in this case and to say why the registered proprietor's evidence does not establish there has been use of REALITY within the relevant five year period. Mr Nussbaum outlines the history of the dispute which he says began with the opposition to his company's Community Trade Mark application and goes on to give the likely consequences should the two registrations in suit be allowed to remain on the register.

20. That concludes my review of the evidence insofar as it is relevant to these proceedings.

Decision

21. The revocation is based on Section 46(1)(b) of the Act. That section reads as follows:

46-(1) The registration of a trade mark may be revoked on any of the following grounds:-

- (a) that within the period of five years following the date of completion of the registration procedure it has not been put to genuine use in the United Kingdom, by the proprietor or with his consent, in relation to the goods or services for which it is registered, and there are no proper reasons for non-use;
- (b) that such use has been suspended for an uninterrupted period of five years, and there are no proper reasons for non-use;

22. I have included subsection (a) because it tells us what *Asuch use@* means.

23. Where the registered proprietor claims that there has been use of the trade mark, the provisions of Section 100 of the Act makes it clear that the onus of showing use rests with him.

24. The registered proprietors claim that there has been use of the mark, both as registered and also with an element which does not alter the distinctive character of the mark in the form in which it was registered, invoking the provision of Section 46(2) of the Trade Marks Act 1994. They also claim that this use has been in respect of all of the goods for which it is registered. The question is, therefore, has there been genuine use of the mark REALITY or another mark that falls within the provisions of Section 46(2), either by the registered proprietors or with their consent, within the relevant five years. If the answer to this is in the negative, then the application succeeds. If the answer is in the affirmative, the next question is the extent of the use, and if this is not in respect of all of the goods for which the mark is registered, on what has the mark been used and how can this be reflected in a specification.

25. I begin first by looking at what is meant by *Agenuine use@*. In the *Crate & Barrel* case (2000 All ER (D) 1050), Jacob J considered the matter in the following passages:

"Assume, however there were these three things, namely the packaging on a few items posted at the US customer's request to the UK, gift registry sales, and a tiny amount of spillover advertisements in what the reader in the UK would know are US journals. Do they individually or collectively amount to "genuine use" of the UK registered mark? Miss Vitoria contends they do. She says the reference to "genuine" is merely in contradistinction to "sham". Small though the use may have been, there was nothing fake about it. The mark appeared in the UK in connection with genuine transactions and that is enough.

I disagree. It seems to me that "genuine use" must involve that which a trader or consumer would regard as a real or genuine trade in this country. This involves quantity as well as the nature of the use. In part it is a question of degree and there may be cases on the borderline. If that were not so, if Miss Vitoria were right, a single advertisement intended for local consumption in just one US city in a journal which happened to have a tiny UK distribution would be enough to save a trade mark monopoly in this country. Yet the advertisement would not be "sham." This to my mind shows that Miss Vitoria's gloss on the meaning of "genuine" is not enough. And the only stopping place after that is real trade in this country. I think all the examples relied upon are examples of trade just in the US."

26. Section 46 does not specify any restrictions on the type of use that can qualify. Kerly's *Law of Trade Marks and Trade Names*, Thirteenth Edition, comments as follows at 9-50:

"Furthermore, it is suggested that, to constitute genuine use, the use relied upon must be use in the course of a trade. In this context, the proviso to Section 46(3) draws a clear distinction between use and preparations for use. That is a powerful indicator that preparations for use do not constitute use, although it may be quite difficult to fix the line between the two. It is suggested that a trade in the goods or services in question must have commenced. Test marketing ought to be sufficient. Orders placed on component suppliers using the mark were held *bona fide* use under the 1938 Act, but that is probably

too thin to constitute "genuine use" under the 1994 Act. Equally, purely internal deliberations about use of the mark should not be sufficient. In all cases, the decision is whether genuine use has been established."

27. In the NODOZ, trade mark case (1962 RPC1) Wilberforce J said:

AThe respondents are relying upon one exclusive act of user, an isolated act, and there is nothing else which is alleged or set up for the whole of the 5 year period. It may well be, of course, that in a suitable case one single act of user of the trade mark may be sufficient; I am not saying for a moment that that is not so; but in a case where one single act is relied on it does seem to me that that single act ought to be established by, if not conclusive proof, at any rate overwhelmingly convincing proof. It seems to me that the fewer the acts relied on the more solidly ought they to be established.@

and

AThose, then, are the documents and nothing more is stated by the deponent who exhibits the documents beyond the fact that the documents have been taken from the records of the company. There is no evidence given that the tablets were in fact delivered to any post office, there is no evidence anywhere that the tablets or the invoice arrived in this country or that they reached Mr Tracy or that they arrived at the General Post Office and awaited delivery to Mr Tracy.@

28. Although that case was decided under the Trade Marks Act 1938, I regard those statements as being as applicable to the issue of use under new law. Essentially, the cases show that if the evidence establishes that the mark has been used, and the genuineness of the use is not in question (substantiality being but one factor) then a consideration of the extent of the use serves no useful purpose.

29. So what does the evidence show? Exhibit RJE3 contains a number of fact sheets from McDonnell Douglas Information Systems Limited, noting the company as being based in Hemel Hempstead so they clearly originate from within the United Kingdom. They make frequent references to REALITY both in the titles such as THE REALITY ENVIRONMENT and in the body of their text. However, those that are dated (and several are not) are clearly too early to constitute use with the relevant five year period. There is mention of REALITY in the Project Management Bulletin forming part of exhibit RJE2, but as this dates from July/September 1986 it does not assist in establishing use within the relevant period. The Technical Newsletter forming part of exhibit RJE2 is dated Spring 1996 which places it clearly within the relevant five year period. The newsletter begins saying AWelcome to our 1996 newsletter which brings you news of MDIS achievements over the past year, describes the new MDIS products and services and provides technical tips on using MDIS products, in particular, for REALITY and Reality X.@ Although the circulation of this document is not known, I consider it reasonable to infer from this introduction and the statement Any Reality X users who Y..did not receive the Spring 1995 newsletter..@, that it was circulated to a target readership that included consumers who had acquired the REALITY system. This is, however, thin evidence upon which to say that there has been genuine use of the mark, so I will go on to consider whether the registered proprietors have made use of a mark that falls within the provisions of Section46(2).That section reads as follows:

46 (2) For the purposes of subsection (1) use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it is registered, and use in the United Kingdom includes affixing the trade mark to goods or the packaging of goods in the United Kingdom solely for export purposes.

30. The invoices forming exhibit RJE 1 are the only evidence relating to transactions with customers. These refer to REALITYX which I accept is no more than the word REALITY with a letter X conjoined, but in my view the terminal letter X disguises REALITY to the extent that it is more likely to be seen, if not as an invented word, certainly a different one. Consequently I cannot accept the invoices, in themselves, as use of the mark as registered. What they do show is that the registered proprietors had granted licences for the use of REALITY X.

31. The technical documentation and newsletter consistently show use of **Reality X** in upper and lower case, albeit sometimes running into each other. In this form (whether or not Reality and X are separated) I consider it likely that it will be seen as the word REALITY with an X suffix. In the ELLE trade mark case [1997] FSR 529 to which I was referred, Mr Justice Lloyd said that the suffix was **A**.at least as much what makes the mark distinctive.@ Used in the upper and lower case version I take the view that the terminal letter X adds nothing in the way of distinctiveness to REALITY; it is no more distinctive with, and no less distinctive without it.

32. Whilst the documentation does not, in itself, establish that there has been use of the mark, I consider it reasonable to infer that the users of the REALITY licences shown in the invoices will have received the supporting technical documents and have been exposed to this use. There is, in fact a statement to this effect in the Technical Newsletter forming part of exhibit RJE2 which refers to the availability for purchase of manuals for the various releases of Reality X, and stating that **A**Reality X users who have Release 4.1 delivered in 1996 will receive the new 4.0/4.1 set of User's reference Manuals with their software.@ The newsletter also refers to the availability of public and single company training courses for Reality X database administrators and support staff, and contains statements such as **A**YReality X release 4.1 has been installed on customer sites for more than a year and is now Volume released@and going on to state that **A**any Reality X users who have not yet upgraded, and did not receive the Spring 1995 newsletter..@ I take the view that on any reasonable interpretation, this information supports the contention that there has been use, and I would say genuine commercial use of the trade mark Reality X, and consequently, I find the registered proprietors have made use of a trade mark in a form that satisfies the provisions of Section 46(2).

33. The next question is what has the mark been used in connection with? At the hearing I was referred to a number of cases, inter alia, the Mercury trade mark case (1995 FSR at page 850), Typhoo trade mark case (2000 FSR at page 767). and the Minerva trade mark case (2000 FSR at page 734). I do not propose to look at each of these in turn, but to go to the Minerva case in which Mr Justice Jacob considered the two preceding cases.

34. Commenting on Neuberger J.'s decision in the Typhoon trade mark case, Mr Justice Jacobs said:

ANeuberger J.'s attention was not drawn to the decision of Laddie J. in the Mercury Communications Ltd v Mercury Interactive (UK) Ltd ...Laddie J. was concerned with a very wide specification of goods: **A**computer programs@. In rejecting an application for summary judgement, he took the view that the wide specification could be cut down by

a non use attack. In other words, that **Acomputer programs** could be limited to computer programs of a particular part.

I have no doubt that what Laddie J. assumed was right and in this respect I differ from Neuberger J. The problem is that some of the language for specifications of goods is apt to be extremely wide. Indeed, **Aprinted matter** in this case is extremely wide. I think it inevitable that at times one would have to **Adig deeper**. Even taking the specification considered by Neuberger J. for a **Adomestic container**, one can think of quite different sorts of domestic container: a hat box, a snuff box, a jewellery box, a plastic thing you put inside the fridge. Wide words can cover what are commercially quite different sorts of articles. So if one were to show use for just one of that sort, it would be commercially nonsense to maintain the registration for all goods caused by the wide words.

That is not to say the court will cut the registration right down to things like red tea caddies. But if non use in respect of a significant subset of a wide general description is established, then I see no reason why the court should not eliminate that subset from the registration. Thus here I think that, although use in relation to printed stationery is established, stationery is a quite different sort of material from literary publications of the kind put out by Reed and the specification can be cut down.

35. Mr Turner sought to persuade me that use on software of whatever kind was sufficient to maintain that description of goods, and went further to suggest that because the software is loaded into the hardware that this showed use in respect of the hardware also. Mr Mellor took the view that the use extended no further than to computer software for the management of relational databases, a term that is used by the registered proprietors in their own literature.

36. The invoices provide little assistance. A useful starting point is the Project Management Bulletin forming part of RJE2 which describes the REALITY Operating System as **Afirst and foremost a Data Base Management System and secondarily an operating environment**. The first information sheet in exhibit RJE3 headed The REALITY Environment, describes REALITY as offering the computer user **Aa fast, secure environment on which to run transaction-orientated business software**.

37. In the Minerva case, Jacob J. indicated that where a specification contains a description that covers what are commercially the same goods, then use in relation to some (but not all) of the goods falling within that description would be sufficient to warrant the term remaining in the specification, but that very wide descriptions covering different sorts of articles may be refined down to one that describes the subset of goods on which use has been shown. I would consider the onus of establishing that there is a term that will adequately describe this subset to be a matter for the proprietor, and may require evidence of how the relevant trade regards, groups or classifies the goods in question.

38. The registered proprietor has shown use in relation to computer software of a particular type. There is no evidence relating to the trade in such goods, but given the comments Laddie J in the Mercury case in which he considered software for disparate functions to be commercially different, this use cannot be sufficient to maintain a specification of **Acomputer software** at large, let alone for hardware or the medium upon which such software may be used or recorded. I therefore find that the application for revocation is successful in its entirety against registration

number 1091132, and in part against registration number 1414581 which under the provisions of Section 46(5) I order to be revoked in respect of all goods other than:

Computer software for data base management; computer software for establishing an operating environment.

39. The decisions in respect of both registrations to take effect from the date of the application for revocation, that is, 11 November 1999 (Section 46(6)).

40. The applications for revocation having been successful, the applicants are entitled to a contribution towards their costs. I therefore order the registered proprietor to pay the applicant the sum of , 970 within seven days of the expiry of the period allowed for filing an appeal or, in the event of an unsuccessful appeal, within seven days of this decision becoming final.

Dated this 28th Day of March 2002

**Mike Foley
For the registrar
The Comptroller-General**