

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No. 12277
BY ALTUS SOLUTIONS INC FOR REVOCATION OF REGISTRATION No.
113499 IN THE NAME OF ACER INCORPORATED**

DECISION

Introduction

1. This is an appeal against a decision of Mr. Reynolds, the Hearing Officer acting for the Registrar, whereby he ordered the partial revocation of registered trade mark number 113499 standing in the name of Acer Incorporated (“Acer”).
2. The trade mark consists of the word ALTOS and was registered in respect of the following specification of goods in class 9:

"Microcomputers; magnetic discs, disc drives and electrical control apparatus, input, output and printout apparatus, all for microcomputers; printed electric circuits boards; central processor units being parts of microcomputers; computer programmes, magnetic tapes, magnetic wires and magnetic discs."
3. On the 9th February 2001 Altus Solutions Inc (“Altus”) applied for the registration to be revoked in its entirety under section 46(1)(b) of the Trade

Marks Act 1994 on the ground that enquiries had shown that the trade mark had not been used in relation to the goods the subject of the registration for an uninterrupted period of at least 5 years prior to the filing of the request for revocation and that there were no proper reasons for such non-use.

4. Acer opposed the application and duly filed evidence of use as required by the rules. In response to this evidence, Altus filed a statement in reply by which they restricted the relief sought to partial revocation pursuant to section 46(5) of the Act in respect of goods other than “servers and related hardware”.
5. By his decision, the Hearing Officer concluded that the application was partially successful and he ordered that the registration be revoked in respect of all goods save for the following:

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

6. By this appeal Acer seek a partial reversal of that decision. They contend that the registration ought also to be maintained in relation to servers being computer programmes. Accordingly, they seek to have the registration maintained in respect of the following specification of goods:

"Servers, all being microcomputers; servers, all being computer programmes; magnetic discs, disc drives and electric control apparatus, input, output and print out apparatus, all for servers being microcomputers. "

Grounds of appeal

7. The appeal is based essentially upon two grounds. First, Acer contend that the Hearing Officer fell into error in restricting the specification of goods

beyond that requested by Altus in their amended application. The term “servers” is, they contend, used to describe both hardware and software and accordingly the amended application to restrict the specification to “servers and related hardware” could not extend to servers being computer programmes. Since these goods fall within the scope of the original specification, they should have been retained in the specification for which the registration was maintained.

8. Secondly, Acer contend that, in any event, the evidence which they filed demonstrated relevant use of the trade mark ALTOS in relation to servers, being computer programmes.

The decision of the Hearing Officer

9. For the purpose of this appeal I need only refer to those parts of the decision of the Hearing Officer which bear on the grounds relied upon in support of this appeal.
10. The Hearing Officer addressed the scope of the partial revocation request as follows:

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

30. Helpful though that concession was it seems to me that it has created a difficulty in the subsequent conduct of the case. The registered proprietors were entitled to consider that the applicants' concession relieved them of the need for any further substantiation of use in relation to the sub-set of goods that was no longer being contested. However, whilst 'servers', in my view, unambiguously defines a type of computer product the same cannot be said about 'related hardware'. That term is of uncertain scope. For

clarification one has to look to Mr Laberge's witness statement which was filed at the same time as the statement in reply. The witness statement deals with the applicants' understanding as to the registered proprietors' use and the extent of the concession being made. Mr Laberge's says he can find no evidence of use of ALTOS in relation to most of the goods referred to in Ms Lam's declaration (which he lists) but concedes the position in relation to "servers, rack mount kits, storage enclosures, computer keyboards and visual display units". I propose to proceed on the basis that the concession in the statement in reply must be construed in conjunction with the accompanying explanation in Mr Laberge's evidence."

11. Later in his decision the Hearing Officer turned to consider the issue of use in relation to computers programmes. He was fully conscious that this was an area of the specification that was of key interest to both parties. He also had well in mind the principles which he had to apply as explained by the Court of Appeal in *Thomson Holidays v. Norwegian Cruise Lines* [2002] EWCA Civ 1828; [2003] RPC 32 and *West (t/a Eastenders) v. Fuller Smith & Turner Plc* [2003] EWCA Civ 48; [2003] FSR 44. So far as relevant to this appeal, those principles can be summarised as follows:

- (i) The starting point must be for the court to find as a fact what use has been made of the trade mark.
- (ii) The next task is to decide how the goods or services should be described.
- (iii) The court's task is then to arrive at a fair specification of goods having regard to the use made.
- (iv) The task should be carried out so as to limit the specification so that it reflects the circumstances of the particular trade and the way that the public would perceive the use; for this purpose the court should inform itself of the nature of the trade and then decide how the notional consumer would describe such use.

12. The Hearing Officer recited the submissions advanced on behalf of Acer in support of the contention that the first specification should include “server software”. He then set out his conclusions as follows:

"49. ... It is the software that determines whether a computer will function as a server, a word processor or some other application. Software may be purchased independently of the hardware though if a customer wants to purchase a server he or she may well choose a package containing both. The scale and nature of the customer's business will determine the precise software and hardware requirements. The proprietors' product specific trade literature at PL2 makes it clear that they offer servers with a range of power and functionalities to accommodate a wide variety of business and other needs from the home office to small and medium sized businesses, classroom use, retail use, etc.

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

does not establish that ALTOS is being used in relation to software.

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

13. The Hearing Officer then referred to the decision in *Premier Brands UK Limited v. Typhoon Europe Ltd* [2000] ETMR 1071, and continued:

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

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

The Appeal

14. Both parties chose not to attend a hearing and I was invited to decide the appeal on the basis of the papers already filed, including a statement of grounds of appeal and a statement of case in support of the appeal.

15. I must first address the contention that the Hearing Officer exceeded his powers under section 46 of the Act in revoking the registration in respect of goods extending beyond those the subject of the amended application.

16. I am unable to accept this contention. By the amended application, Altus sought revocation in respect of all goods other than “servers and related hardware”. Of itself, this was somewhat ambiguous because it was apparent from various computing dictionaries before the Hearing Officer that a server may be “a computer which provides some service for other computers connected to it via a network” or “a programme which provides some service to other programmes”. But this does not appear to have been an ambiguity which caused any difficulty to the parties. I believe it is clear from Mr. Laberge’s statement, which accompanied the amended application, that Altus were contending that Acer had made no use of the mark ALTOS in relation to any software. Moreover, Acer served further evidence from a Mr. Dobbin pursuant to rule 31(6) in which he specifically sought to address the contention that software had not been sold under the mark in the relevant period. Finally, it is apparent from the paragraphs of the decision of the Hearing Officer set out above that Acer well understood the case advanced in relation to the

meaning of “servers” and came to the hearing fully prepared to address the issue of use in relation to computer programmes. The only ambiguity detected by the Hearing Officer lay in the scope of the phrase “related hardware”. In conclusion, I believe that the amended application, as clarified by the supporting evidence, was adequate to raise the issue of use in relation to computer programmes.

17. I turn then to consider the second ground of appeal, namely whether or not the evidence filed on behalf of Acer did demonstrate use in relation to computer programmes in the relevant period. In this regard I believe it is important to have regard to the fact that this appeal is by way of review and that the Hearing Officer assessed a considerable body of evidence in reaching his conclusion.

18. I have carefully considered the written evidence and the supporting documents relied upon by Acer. These establish, as found by the Hearing Officer, that Acer used the trade mark ALTOS in relation to various different servers in the relevant period, and that these servers are properly described as microcomputers. I also accept that the servers comprised both hardware and software and that the software was essential to their function. However, this does not necessarily lead to the conclusion that the trade mark ALTOS was used not only in relation to each server, that is to say the whole microcomputer, but also in relation to its various components, including specifically the software.

19. The Hearing Officer correctly noted that whether or not the trade mark ALTOS was used in relation to the various different components of the servers is a question of fact. He concluded that the evidence did not establish that it had been so used in relation to the software and I have not been able to detect any error in his approach. The promotional materials relied upon include promotional leaflets for each of the servers in the ALTOS family of machines. Each has its own specification. One of these is annexed to the decision of the Hearing Officer. It is typical of the others. It identifies each of the important components of the server including the components of the operating system, server management system and start up software. Most of these are identified by trade marks and many are clearly the trade marks of third parties. In some instances the trade mark ACER is used. But in no instance is the trade mark ALTOS used. I agree with the Hearing Officer that there is no indication that ALTOS branded software is available or included in the machines.
20. In their Statement of Case, Acer rely, in particular, upon one piece of promotional material identified as the "July 2000 Price List". This gives the price for each of the different ALTOS server models and describes those models by reference to their functional features. I accept that each of the different ALTOS server products has different functional features and that these features will be driven by the particular software components it contains. But I do not believe this establishes that the trade mark ALTOS has been used in relation to that software. I think that consumers would have perceived from this material that the mark ALTOS was being used in relation to the server as a whole and that is how they would have described it.

21. Various criticisms have also been advanced of the reasoning of the Hearing Officer in paragraph 53 of his decision. There he noted that circumstances might exist where the sale of a server could be said to involve genuine use of a mark in relation to the server software it contains, but did not accept that this is one such case. In this regard he attached some weight to the fact that third party brand names were used and identified in relation to many of the software components. It seems to me this is a perfectly reasonable matter for him to have taken into account, as I have indicated above. These brand names were provided by way of information to the customer about the composition of the various elements of the overall system. But it is significant that in no case were those components identified by reference to the ALTOS brand.
22. For all these reasons I have come to the conclusion that the decision of the Hearing Officer was correct and the appeal must be dismissed. There is no suggestion before me that Altus has incurred any costs in relation to this appeal and accordingly I do not propose to make any costs order further to that made by the Hearing Officer.

David Kitchin QC

6th August 2004