O-297-11

TRADE MARKS ACT 1994

IN THE MATTER OF INTERNATIONAL REGISTRATION NO 1015854

OF THE TRADE MARK

smartbook

IN THE NAME OF

SMARTBOOK AG

IN CLASS 9

AND

THE REQUEST FOR PROTECTION THEREOF

IN THE UNITED KINGDOM

AND

THE OPPOSITION THERETO

UNDER NO 72101

BY

QUALCOMM INCORPORATED

Trade Marks Act 1994

In the matter of international registration no 1015854
in the name of Smartbook AG
of the trade mark:

smartbook

in class 9
and the request for protection thereof in the United Kingdom
and the opposition thereto
under no 72101
by Qualcomm Incorporated

1) Smartbook AG (AG) is the holder of the international registration for the above trade mark. It is registered for the following goods:

shutter releases (photography); phototelegraphy apparatus; video telephones; compact disc players; chips (integrated circuits); chronographs (time recording apparatus); magnetic encoders; encoded identification cards; encoded service cards; compact discs (read-only memory); compact discs (audio-video); computers; computer operating programs, recorded; computer peripheral devices; computer programmes, recorded; computer programs (downloadable software); computer software, recorded; computer keyboards; data processing apparatus; floppy disks; disk drives for computers; printers for use with computers; wires, electric; cables, electric; downloadable electronic publications; agendas (electronic); electronic pocket translators; receivers (audio and video); distance measuring apparatus; milage recorders for vehicles; television apparatus; cinematographic cameras; film cutting apparatus; cameras (photography); radiotelephony sets; wrist rests for use with computers; interfaces for computers; light-emitting electronic pointers; loudspeakers; cabinets for loudspeakers; readers (data processing equipment); mouse (data processing equipment); mouse pads; microphones; telephones (portable); modems; monitors (computer hardware); monitors (computer programs); notebook computers; mobile computers; radio pagers; radios; scanners (data processing equipment); transmitters (telecommunication); transmitters of electronic signals; computer game programs; telephone apparatus; sound reproduction apparatus; stereos (personal); MP3-players; DVD-players.

The above goods are in class 9 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended. The United Kingdom was designated to grant protection to the registration on 20 August 2009 (the material date).

2) Qualcomm Incorporated (Qualcomm) has opposed the granting of protection in the United Kingdom. Its opposition is based upon sections 3(1)(b), (c) and (d) of the Trade Marks Act 1994 (the Act), which state:

> "3. - (1) The following shall not be registered –
>
> (a) …….
>
> (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 purpose, 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."

3) A hearing was held on 14 July 2011. AG was represented by Mr Guy Tritton, of counsel, instructed by Clifford Chance LLP. Qualcomm was represented by Ms Jessie Bowhill of counsel, instructed by Hogan Lovells International LLP.

4) Qualcomm claims that smartbook has become customary in the trade to designate small, portable devices which are hybrids of smartphones and netbooks. It claims that as the term describes the type of product referred to above, that the trade mark is descriptive within the meaning of section 3(1)(c) of the Act and has become a generic and customary term for such products and so granting of protection would be contrary to section 3(1)(d) of the Act. Qualcomm claims that even before the term smartbook became common, it was merely a descriptive combination of the words smart and book and that it was foreseeable that the term smartbook would be the logical name for a product which comprises the key features of smartphones and netbooks and so the term lacked distinctiveness from the outset. Qualcomm claims that the term smartbook is used by the industry, media and consumers in a generic way to categorise electronic devices that combine the advantages of a smartphone and a netbook. In relation to section 3(1)(b) of the Act, Qualcomm claims that the relevant public will not perceive the term smartbook as an indication of origin but as a customary and descriptive word for the goods of the international registration. **Consequent upon the pleadings, the section 3(1)(b) objection is dependent upon a finding under one of the other grounds of opposition. At the hearing, Ms**

Bowhill, for Qualcomm, stated that if Qualcomm failed in relation to the ground under section 3(1)(c), she could not succeed under section 3(1)(b). Consequently, the section 3(1)(b) objection will not be considered on its own merits.

5) AG denies the claims of Qualcomm. It claims that the use of smartbook on the Internet was illegal. It states that in 2004 and 2005 four trade mark applications it made for the "label" smartbook were accepted in Germany. AG states that since it was founded on 17 November 2005 it has sold laptops under the trade mark smartbook. AG claims that it is Qualcomm's "(illegal) goal" to turn its trade mark into a generic term.

6) The position in relation to the trade mark must be considered as of the material date in the United Kingdom. However, the Court of Justice of the European Union (CJEU) in *Alcon Inc v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case C-192/03 P held that use after the date of the application could be used to draw conclusions as to the position at the date of application[i]. In *Telefon & Buch Verlagsgesellschaft mbH v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case T-322/03 the General Court (GC) took into account documents emanating from four years after the date of application[ii]. Use after the date of application can also go to the issue of forseeability in relation to the use of the term[iii].

7) The opposition under section 3(1)(c) of the Act has two aspects:

1. The combination of smart and book in relation to the goods has created a neologism that is descriptive of the goods.

2. Smartbook is an actual product included in the specification and so must describe a characteristic of the goods.

8) In *BioID AG v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM*) Case C-37/03 P the CJEU stated that for a term to be viewed as being descriptive of a characteristic of goods:

> "there must be a sufficiently direct and specific relationship between the sign and the goods and services in question to enable the public concerned immediately to perceive, without further thought, a description of the goods and services in question or one of their characteristics (see Case T-19/04 *Metso Paper Automation* v *OHIM(PAPERLAB)* [2005] ECR II-2383, paragraph 25 and the case-law cited)."

So, in relation to the first premise of Qualcomm, it is necessary that the combination of the words smart and book create a direct and specific relationship with the goods of the registration. The argument of Ms Bowhill was that the relevant public would see smart as relating to smartphones and book as relating

to netbooks or notebooks (being another name for laptops) and perceive that the product brought together the characteristics of the smartphone and the netbook or notebook. It is important to note that the law requires that the relationship is perceived immediately and without further thought. The very explanation of the basis of the claim shows that to reach the required analysis the relevant public must deconstruct and analyse the two elements of the trade mark and so the reaction would not be without further thought or immediate. Mr Tritton submitted that the two elements simply created a whole that was to some extent allusive, not directly descriptive.

9) In *Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) v Celltech R&D Ltd* Case C-273/05 P the CJEU stated:

> "76 In order for a mark consisting of a word produced by a combination of elements, such as the mark applied for, to be regarded as descriptive for the purposes of Article 7(1)(c) of Regulation No 40/94, it is not sufficient that each of its components may be found to be descriptive. The word itself must be found to be descriptive (see, in respect of Article 3(1)(c) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1), a provision identical, in essence, to Article 7(1)(c) of Regulation No 40/94, *Koninklijke KPN Nederland*, paragraph 96, and Case C-265/00 *Campina Melkunie* [2004] ECR I-1699, paragraph 37).
>
> 77 As OHIM pointed out, it follows from the Court's case-law that, as a general rule, a mere combination of elements, each of which is descriptive of characteristics of the goods or services in respect of which registration is sought, itself remains descriptive of those characteristics for the purposes of Article 7(1)(c) of Regulation 40/94 (*Koninklijke KPN Nederland*, paragraph 98, and *Campina Melkunie*, paragraph 39).
>
> 78 However, the Court added that such a combination may not be descriptive, within the meaning of that provision, provided that it creates an impression which is sufficiently far removed from that produced by the simple combination of those elements (*Koninklijke KPN Nederland*, paragraph 99, and *Campina Melkunie*, paragraph 40)."

In this case the smart element may be descriptive of products that use smart technology, however the book element is not descriptive of itself of a characteristic.

10) It is not considered that both elements are descriptive of the goods of the specification and that, even if they were, the combination is such that the whole is not descriptive for the purposes of section 3(1)(c) of the Act.

11) Having disposed of the first premise, the issue becomes one of deciding as to whether at the material date the trade mark described a particular type of product included in the specification. Whether a word is used to describe a particular product is a question of fact and it is a fact that has to be established as of the material date. There must be some documentation which shows that the term was used prior to the material date (as per *Telefon & Buch Verlagsgesellschaft mbH v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case T-322/03 at paragraph 62.) Under the second premise of paragraph 7 the questions under sections 3(1)(c) and (d) of the Act become almost the same; the main difference being that under section 3(1)(d) it is necessary to establish that the term had become customary at the material date. Section 3(1)(c) does not have a requirement that the term is customary.

12) Evidence has been filed for AG by Mr Torsten Duffner, who is the chief executive officer of AG. Evidence on behalf of Qualcomm has been filed by Donald J Sullivan, who is the senior legal counsel of Qualcomm. (The second witness statement of Mr Sullivan, the evidence in reply, has been neither signed nor dated. This was not a matter raised at the hearing. In the event of an appeal Qualcomm may wish to take steps to regularise this evidence.) The consideration of the evidence will focus on the use of smartbook prior to the material date.

13) Mr Sullivan states that smartbook "is customarily used by the industry, media and consumers to describe a type of mobile electronic device that falls between the categories of smartphones and netbooks. In contrast to netbooks, smartbooks are less expensive and are permanently connected to the internet, download e-mails continuously, are smaller and thinner and the battery lasts longer. Smartbooks feature mobile broadband connections such as 3G or WiFi, similar to mobile phones with everyday computing functionality in ultra thin, highly portable devices. Unlike mobile phones, smartbooks are equipped with a complete keyboard and a large screen."

14) Both Mr Duffner and Mr Sullivan refer to comments made by Mr Jean Varaldi at the Netbook World Summit in December 2009. Exhibited at DJ-12 is a transcript of the interview. In the interview the following occurs:

> "OK, a few things on the names, the netbook name is very generic. This name netbook has been used for many, many different things. And we wanted to come and do all these speech with a different name just so people understood that we were talking about something different. When you think about names, you say, we say "you know, we are talking about device which are similar in some ways from the netbook form factor but with a mobile usage, with a smartphone usage. So what about, you know, combining something with "smartphone", "netbook" something which, looks like, you know, "smartbook"?" Yeah that's smart, let's take "smartbook".

> So we didn't copyright the name, we think it's, you know "smartbook" is …
>
> (Audience member) …..it's a generic expression.
>
> …it's a generic expression. Now, some Germany company think it's not. And, again. So, again, we are not willing to project the name, the question is not about the name and we think "smartbook" is a generic name. Some people think its not, we need to figure out how to solve this. Again, what is important is not the name. The important is really the usage and how different this product can be from the current netbook."

(The written presentation adopted is that of Qualcomm and so is not a neutral indication as to how smartbook is viewed in terms of presentation eg whether it should be capitalised.) Mr Duffner considers that Mr Varaldi's words make "clear that Qualcomm set out to create a new category of mobile internet device or "MID" and, on marketing and commercial grounds, chose to adopt and use the term "smartbook" for that purpose". If a new product is created it is necessary for the purpose of commercialisation to name it, just as products such as televisions and radios were named once upon a time. So Mr Duffner's comment might almost be seen as an admission against interest.

15) Exhibit DJ-1 includes 5 exhibits emanating from the United Kingdom prior to the material date:

- An article from theregister.co.uk dated 23 November 2008. The article refers to Western Digital and comments made by Mr Richard Rutledge of that undertaking. It states that Mr Rutledge "sees a new category developing between the two, christened a SmartBook and being a grown-up smart phone with a Linux/ARM platform base instead of the typically Wintel netbook. This SmartBook, a 'communitainment' device, is "the most interesting" part of the low-end SSD value zone."

- A blog from pcadvisor.co.uk dated 2 June 2009. It is headed "Never mind the netbooks, here's the smartbook". The blog goes on to state:

  > "If you still think the term 'netbook' is an ungainly piece of vendor-speak, prepare to be nauseated. Support is gathering for the 'smartbook', a term for a laptop crossed with a smartphone. So what exactly is a smartbook, aside from a term drawn from the obvious blend of smartphone and netbook? First mentioned last November in a speech by a marketing executive from hard drive maker Western Digital, a smartbook will be a computing device similar in size of slightly smaller than today's netbook, with smartphone-like features."

- An article from zdnet.co.uk dated 2 June 2009. Reference is made to chipmaker Freescale showing "prototypes of 'smartbook' devices at the Computex show in Taiwan. "Smartbooks are Linux-driven mobile internet devices that use chipsets based on Cortex chip designs from ARM, a company best known for its smartphone chip architecture. Smartbooks "fill the gap between smaller-screened smartphones and traditional, PC-like netbook or notebook products", Freescale said in a statement on Tuesday."

- An article from *The Sunday Times* dated 7 June 2009 in which the following appears:

  > "A new generation of cheap, lightweight machines is about to upset the world of mobile computing. The first of the "smartbooks" range is set to go on sale in Britain in September and, according to the makers, will cost as little as £60 while offering many of the features usually associated with laptops that cost 10 times as much.
  >
  > The new computers look like netbooks, the cheap "pocket" PCs that took the high street by storm last year. They also share the same philosophy: that many people don't want heavy and complicated laptops that cost hundreds of pounds, and are happy with relatively simple machines that do the basics — word processing, web access and e-mail — well.
  >
  > Smartbooks claim to take this idea one step further. They are smaller and more compact than netbooks and in some respects resemble a powerful mobile phone more than a PC. Their processing speed and memory aren't up to a netbook's standard, but what they offer is simplicity and value. Their smaller processors mean they soak up less battery power, while their operating system is Linux-based rather than the cumbersome Windows alternative, meaning more power savings, allowing for a claimed battery life of eight hours on a full charge.
  >
  > The companies behind them are hardly household names. The smartbooks unveiled at last week's Computex convention in Taipei were the Mobinnova Elan and Qualcomm's Snapdragon. The latter is being offered to major players such as Toshiba and Asus for them to customise and sell under their own name, but the important point is that the technology is proven and working."

- An article from *The Guardian* dated 30 July 2009, which includes the following:

“Could netbooks be replaced by smartbooks? Yes. But will they? Maybe. The smartbook name has been adopted by companies working with ARM (Advanced Risc Machines), which developed the core processor used by most smartphones. The general idea is to run smartphone software such as Google's Linux-based Android and Microsoft's Windows CE (AKA Windows Mobile) on portable computers with 7in-10in screens.

These could be netbooks or touch-operated tablets. Apple, which sells ARM-based devices such as the iPhone and iPod Touch, has been widely tipped to produce the latter.

Smartbooks are designed to work with online applications rather than traditional desktop software – one of the ideas behind netbooks. As we know, things turned out differently. Suppliers such as Acer, Asus and MSI were keen to sell netbooks running Linux-based systems with consumer-friendly front ends but these models failed in the marketplace.

When users were given the option to buy much the same hardware at a higher price running Microsoft Windows XP instead, the Linux versions went from 100% of the market to around 5%.

Buyers also drove the netbook market towards larger screens. These grew from 7in in the original Asus Eee PC 700 to today's 10-12in models. Netbooks are now much like laptops, except with less memory (1GB) and Intel Atom processors, which are less powerful but provide longer battery life.

Smartbooks could do better for four reasons: 1) they could appeal to people who like smartphones but want a bigger keyboard and screen; 2) they should be acceptable to the mobile phone network suppliers that already support smartphones; 3) they offer better battery life than netbooks; 4) they should be cheaper than netbooks, with $199 being the target price…….

…. Still, if you like the idea of a smartbook, you should soon have several to choose from. The first to reach the UK is Datawind's UbiSurfer, for "ubiquitous surfing". It's an ARM-based netbook with a 7in screen, a Linux operating system, and 1GB of Flash storage.

The UbiSurfer also comes with a Vodafone sim installed, and the price includes 30 hours a month of free web surfing for one year, via GPRS, in the UK.

The fact that the smartbook idea has been tried and failed doesn't mean it will fail again. So maybe its time has finally come.”

- A further article in the exhibit that emanates from prior to the material date, does not, on the face of it, emanate from the United Kingdom. It is from cnnmoney.com and was written in New York on 30 June 2009. The following appears in the article:

> “You say, "potato," I say, "netbook." That's a bit how I feel when Michael Rayfield, who heads up the mobile computing effort at graphics chip specialist Nvidia, drops a tiny computer on my desk. Branded Mobinnova, it had an almost 9" diagonal screen and a solid keyboard that folded around a tube stuffed with batteries and various connectors.
>
> It is light enough to toss across the room like a Frisbee (not recommended, by the way). If I carried a purse, it would fit inside no problem. "It's a netbook, right?" I ask Rayfield. "No, it's a smartbook," Rayfield replies.
>
> Right...a smartbook. I haven't heard that one yet.
>
> There are notebooks, netbooks, mobile internet devices (MIDs), and web pads. There are smartphones and not-so smartphones. There are media players like the iPod Touch and the Zune. Last week I was shown a Hewlett Packard ultralight. Today, it was a smartbook from Mobinnova, which is the consumer brand of Foxconn, the Taiwan-based computer manufacturing giant that makes gear for pretty much everyone.
>
> Why isn't it called a netbook? Not sure. What the champagne and black-colored machine on my desk is -- what all these gadgets are -- is a mobile computer. And for chip manufacturers like Nvidia (NVDA), it's the future.
>
> The Mobinnova is set up to run Windows CE, a lightweight operating system, so it's not for someone looking to do heavy-duty computing. The ideal user performs mostly web-based tasks: e-mail, messaging, and game playing. It is based on ARM architecture, not Intel's competing x86 design, so it won't run Office or Windows 7 when it arrives.
>
> It does play video like a champ, and claims 10 hours of HD quality video due to its battery-sipping design. When it hits the market around the holidays, the Mobinnova "élan" ought to sell in the range of $100 to $200, Rayfield estimates. So one notable difference in the "smartbook" category is price; Rayfield's quote is a marked discount to the $300 to $700 most netbooks cost today.”

16) In relation to the material exhibited at DJ-1 Mr Duffner states that 5 exhibits emanating from the United Kingdom refer to the activities of Qualcomm and Freescale or are likely to originate from their announcement of the smartbook.

17) Exhibit DJ-2 includes 5 exhibits emanating from prior to the material date (from outside the United Kingdom):

- An article from hothardware.com dated 24 November 2008. Reference is made to the comments of Mr Richard Rutledge of Western Digital. He is quoted as saying that a "new category of devices will develop, which he calls SmartBooks. As he sees it, a SmartBook would be a smartphone with a Linux/ARM platform base. SmartBooks would be priced between $200 and $300, compared to the slightly more expensive netbooks, and will have a larger, seven – to nine – inch screen and a keyboard."

- An article from infortmatioweek.com dated 2 June 2009:

  > "While the Tegra-based devices demonstrated at Computex were netbooks and tablet PCs, the sweet spot for the platform is smartphones and an emerging category of PCs called "smartbooks."
  >
  > The mobile Internet devices have displays running from 5 to 7 inches, or roughly twice the size of Apple iPhone's display, and offer many of the same features of a smartphone, including instant-on functionality, all-day battery life, 3G connectivity, global positioning systems, multimedia, and sleek designs. Smartbooks do not include voice communications.
  >
  > Proponents of the devices claim the low price and larger screens will make smartbooks attractive as an alternative to a low-end netbook. The devices are expected to eventually run on several leading mobile operating systems, including Android, Linux, and Windows."

- An article from Dow Jones Factiva dated 2 June 2009. The headline includes the line: "As the 'smartbook' category takes shape, Freescale teams with prestigious industrial design program to demonstrate next-generation form factors". In the article references to smartbook include the following:

  > "Smartbook devices based on ARM technology are rapidly emerging to fill the gap between smaller-screened smartphones and traditional, PC-like netbook or notebook products…….Freescale has teamed with a top North American

industrial design program, resulting in an array of visionary smartbook prototypes on display this week at the Computex show in Taiwan."

- An article from netbookchoice.com dated 6 June 2009. This also relates to Freescale Semiconductors teaming with Savannah College of Art and Design to show what "the future smartbook concepts may look like. Smartbooks are based on ARM chips and have been introduced to fill a gap between smartphone and notebook products."

- An article from *Electronics Weekly* dated 1 July 2009, which includes the following:

  "The mobile market leader [Nokia] is navigating the move to new markets based on more PC-like high-end handsets called variously smartphones, smartbooks and netbooks."

18) Exhibit DJ-3 includes 2 articles emanating from prior to the material date (from outside the United Kingdom):

- An article from Asia Corporate News Network Newswire dated 17 August 2009. Included in the article is the following:

  "Taiwan Semiconductor Manufacturing Co. (TSMC) and United Microelectronics Corp. have received more orders for ARM-based processor chips since late July. Qualcomm, Texas Instruments, Nvidia, Freescale Semiconductor and a unit of Via Technologies all placed orders for the chips, which will be used in smartbooks."

- An article from *Electronics Weekly* dated 8 July 2009, in which the following appears:

  "The port is significant in that it will enable OEMs to provide a richer Web browsing and media experience on smartphones and smartbooks. Bsquare has previously optimized ports on other embedded operating systems, but this is the first port available to OEMs that has been optimized for the Android platform aimed at smartphones.

  "The next version of Google's Android operating system, 'Cupcake' should be attractive to a wider segment of developers," said Larry Stapleton, Bsquare's Vice President of Global Sales. "Our Flash Platform technology browser plug-in will be valuable to OEMs building ARM-based smartbooks and to those who are developing other types of Android devices requiring a rich media experience

> that is fundamentally different than anything else available for users today.""

19) Mr Sullivan states that both Freescale Semiconductors, Inc and Marvell Technology Group Limited offer microprocessors which can be used in smartbooks and both these undertakings make reference to smartbooks on their websites (extracts from the websites are exhibited at DJ-4, they emanate from after the material date). Mr Sullivan states that many companies, other than Qualcomm, have designated devices as being smartbooks. He identifies the following devices: Pegatron Smartbook, HP/Compaq Airlife, Mobinnova Beam (previously known as the Mobinnova Elan), Freescale Semiconductor Smartbook, Lenovo Skylight, Haleron Swordfish and Datawind Ubisurfer. Material relating to this is exhibited at DJ-5 and DJ-6. The material emanating from prior to the material date relates to ARM based smartbooks and Pink Pegatron smartbooks (which uses an ARM platform). The exhibits indicate that actual products would be available to customers in November or December 2009. Mr Duffner states that a search of the HP website produced no results for smartbook. However, Mr Duffner's exhibit TD-4 makes reference to the HP Comaq Airlife being "branded" as a smartbook.

20) AG was founded in Germany on 17 November 2005. It produces laptop computers under the trade mark smartbook. Mr Duffner states:

> "The trade mark **smartbook** was developed in 2001 by a company located in Hilden, Germany which used the mark in respect of computer technology distribution services."

Since 2002 AG, or its predecessors in title, have received orders from 80 different customers in the United Kingdom. Mr Sullivan states that all of the websites of AG resolve to a German webpage at smartbook.de. He states that there is no English language option, goods are priced in euros and the notebooks depicted all have German keyboard layouts. Consequently, Mr Sullivan is of the view that AG has no real trading presence in the United Kingdom.

21) AG has made applications for the registration of the trade mark smartbook in Germany and for registration of Community trade marks and for the granting of protection in 20 countries by way of an international registration. The earliest application for registration was filed in Germany on 5 March 2004, the trade mark being registered on 22 July 2004. Mr Duffner states that AG has successfully taken action against a number of entities for infringement of its German registration of smartbook. He states that in July 2009 AG became aware that Qualcomm was using the trade mark smartbook in Germany without authorisation. AG obtained a preliminary injunction on 13 August 2009. Mr Duffner states that Qualcomm appealed against the preliminary injunction but subsequently withdrew its appeal "following recommendations of the court". He states that as a result the preliminary injunction remains legally binding. Mr

Sullivan states that the German base registration was cancelled in Germany on 14 December 2010 for the majority of the specification as it was deemed descriptive and that AG's other German trade mark registrations were similarly cancelled. Exhibited at DJ11 are details of the current entries for the registrations; the specification for smartbook still includes such goods as computers, laptops and notebooks. On 2 February 2010 AG obtained an injunction against Lenovo in relation to use of smartbook; Lenovo were to manufacture and sell a portable computer equipped with Qualcomm's Snapdragon processor. In April 2010 AG became aware of a press release by Micron, a manufacturer of semiconductors. The press release used smartbook in relation to a proposed new device. AG obtained an injunction preventing Micron from using smartbook in its advertising in Germany. None of these legal actions took place in the United Kingdom.

22) Mr Duffner states that in May 2009 Qualcomm and Freescale jointly announced the launch of a prototype for a new breed of netbook. He states that Qualcomm referred to the prototype as a smartbook. Mr Duffner states that:

> "Qualcomm decided for commercial reasons to promote strongly the idea of a distinct new category of mobile internet devices which it chose to label "smartbooks"."

Mr Duffner denies that there has ever been a distinct category of mobile Internet devices known as smartbooks. He states that Qualcomm chose to adopt and use the name smartbook for its own marketing and commercial reasons. He states that he is not aware of any sales in the United Kingdom or elsewhere in Europe of an electronic device in relation to which smartbook is used as a descriptor. Exhibited at TD-4 are pages downloaded from slashgear.com on 8 September 2010; Mr Duffner describes the website as a United States based online "technology and digital website". Mr Duffner states that in these pages the CEO of Qualcomm, Dr Paul Jacobs, is reported as confirming that its attempts to create a product category called smartbook had failed. He states that the CEO indicated that tablets had occupied the space of Qualcomm's "desired new product category". The article states:

> "Qualcomm has all but confirmed that the smartbook is dead, with CEO Paul Jacobs admitting during the company's IQ 2010 event this morning that tablets such as the iPad had already occupied the niche company expected smartbooks to."

The article goes on to state:

> "So far we've seen just one device branded as a smartbook arrive on the market, in the shape of the HP Comaq Airlife. Toshiba's AC100, which uses rival NVIDIA's Tegra 2 chipset rather than Qualcomm's Snapdragon, is being branded as a MID or Mobile Internet Device."

23) Mr Sullivan states that the CEO's comments referred to in slashgear.com were made in a press webcast of an industry event, Innovation Qualcomm London 2010. Exhibited at DJ-14 is a transcript of part of the interview in which the following was said:

> "Hi, there, Scott Bicheno from Hexus. I'd like to know, what's happened to smartbooks? You guys were talking about them a fair bit in 2009, also in CES…
>
> Dr Jacobs:…yeah…
>
> …this year. We know there have been a few bits of opportunistic litigation that have got in the way of spreading the brand but we haven't actually sort of seen any end products. I'm just wondering what your comments are on that.
>
> Dr Jacobs: So a few products have launched. HP launched a product with Telefónica and, so what's happened is that tablets have sort of become what we were talking about for smartbooks. And if fact, when we were talking about smartbooks, we never were really saying it was only going to be keyboarded devices. But the concept that's behind what people are proposing as tablets are exactly what we were thinking for smartbooks which is: always on, always connected, always synchronising so that you have this instant experience that you have on your smartphone, just on a bigger sized screen.
>
> Dr Jacobs: And so, you know, obviously, the emergence of the iPad has tilted the market a little bit. There's plenty, plenty of tablet devices coming that sort of fulfil that smartbook vision and I think what's really important is that the chip sets that we've developed are the ones that are going to be powering a lot of these devices so really what we did to position ourselves for that smartbook concept was; build these chips with dual cores and higher our clock rates and so forth, better graphics capabilities, and those are all being used now. So I really think the vision is, it's kind of here in a certain way and it will continue to come and then you'll see multiple different kinds of form factors that people will bring into the market."

24) Ms Bowhill referred to paragraph 14 of Mr Duffner's statement as being evidence that there is a category of devices called smartbooks, which are mobile electronic devices that fall between smartphones and netbooks. Paragraph 14 is reproduced in its entirety below:

> "In May 2009, Qualcomm and Freescale jointly announced the launch of a prototype for a new breed of netbooks. The prototype was referred to by Qualcomm as a "smartbook". I believe that it was in the hope that the development of a new kind of netbook by mobile internet device

> manufacturers would feature its patented Snapdragon processors. Qualcomm decided for commercial reasons to promote strongly the idea of a distinct new category of mobile internet devices which it chose to label "smartbooks". Although Qualcomm first announced its intention to enter the computer market in January 2008, it was not until shortly before the opening of the Computex Exhibition in Asia in May 2009 that Qualcomm began an intensive campaign heralding the supposed arrival of a new type of mobile internet device called "smartbook".

Ms Bowhill characterised the above as Mr Duffner acknowledging that smartbooks are a new breed of netbooks. To take this view would be to take the first sentence out of context. In the context of the paragraph as a whole, Mr Duffner is denying the existence of this new category of product. Mr Sullivan, in response, states that Qualcomm has never asserted any kind of interest in smartbook as a brand and that, just like many others in the industry, has only used it as a descriptive term.

25) Mr Tritton followed the argument of Mr Duffner in his evidence that smartbook was a marketing phrase which Qualcomm adopted to give publicity to its netbook. It is difficult to grasp what is meant by "marketing phrase"; as AG is not describing it as trade mark use and denying that it is generic use. The term either describes something in terms of its characteristics (generic use) or it describes it in terms of its manufacturer (trade mark use).

26) Mr Tritton submitted that there were no advertisements for goods described as smartbooks and that there were no technical leaflets for such products. He submitted that smartbooks were not available to the public at the date of application and that at the date of application smartbook would not be perceived as a type of computer. Mr Tritton considered that it was significant that references to smartbooks often placed the term in parenthesis, indicating that it was not a term that would be readily understood. However, if it was a new term it would not be readily understood until the public had been educated; this would also indicate why the term would be used in parenthesis. He accepted that there had been some limited penetration of the term smartbook amongst the cognoscenti. Mr Tritton emphasised that the average consumer for the goods would not know of the use that had been made of it. In *Koninklijke KPN Nederland NV v Benelux Merkenbureau* the CJEU specifically referred to indications which are less common in relation to goods or services still being subject to refusal. Something that is less usual, is less likely to be known. The logic of Mr Tritton's argument is that if a new product is developed, the term describing that product can still be registered as a trade mark if the average consumer does not know of the term. There is nothing in the law that requires that a term must be known to the average consumer of the product for it to be subject to refusal under section 3(1)(c) of the Act. Indeed, a new product or type of product is, at the beginning, unlikely to be known to the average consumer, as it is new. Products may take years in developing before they are placed on the

market. In considering this line of argument from Mr Tritton, it is helpful to bear in mind the purpose of an objection under sections 3(1)(c) of the Act; section 3(1)(c) of the Act pursues an aim which is in the public interest, namely that descriptive signs or indications relating to the characteristics of goods or services in respect of which registration is sought may be freely used by all. That provision accordingly prevents such signs and indications from being reserved to one undertaking alone because they have been registered as trade marks.

27) Mr Tritton also submitted that the evidence showed that the smartbook concept had never taken off. It is not considered that the success or otherwise of a new product will, of itself, be determinative of the decision. It is necessary to consider what the position was as of the material date, not whether the products failed or succeeded afterwards. The matter has to be judged at a particular point of time, the material date.

28) There is nothing to suggest that at the material date any devices described as smartbooks were actually available for sale. At Innovation Qualcomm London 2010, Dr Jacobs, in response to a questioner who said that none of the products had been seen, said that a few products had been launched. He identified a product launched by HP and Telefónica; there is no indication as to the jurisdiction in which this product was launched.

29) The evidence shows that smartbook prior to the material date was being used to describe a type of product, a type of mobile Internet device. In the article from *Electronics Weekly* it is clear that the term is not being used as a brand name:

> "The mobile market leader [Nokia] is navigating the move to new markets based on more PC-like high-end handsets called variously smartphones, smartbooks and netbooks."

It was also being used in relation to the goods of a number of undertakings. None of the evidence suggests that the term was being used as a brand name. Prior to the material date the term was being used in the United Kingdom to describe a type of mobile Internet device. Mr Tritton considers that it was significant that Dr Jacobs did not correct a journalist for using the term brand at the Qualcomm webcast in 2010. It would be highly surprising if he had pulled the journalist up and explained to him that he must not use the term brand. The term was not being used only in highly specialist areas; reference had been made to the term in *The Sunday Times* and *The Guardian*. The scale of use was not great, it would not have been known to a large number of persons. However, as stated above, a description of a new product will of its nature not be known to many as the product is new. What is key is whether the term was being used in a generic fashion or not. The evidence shows that the term was being used in a generic fashion. AG has used Smartbook as a brand in Germany and had it registered as a trade mark for computers there, however, the question has to be

decided on the basis of the position in the United Kingdom. The sale of 80 items to the United Kingdom by export via a German language website is not going to affect the issue. The lack of success of the selling of products described as smartbooks after the material date cannot have an effect upon the issue to be decided. It is unfortunate for AG that the trade mark that it has used in Germany should, at the material date, have been used to describe a type of computing device in the United Kingdom but that cannot gainsay the fact that it had been so used.

30) Mr Tritton submitted that if it was decided that smartbook was descriptive of goods the objection can only have effect against *notebook computers* and *mobile computers*. In *Ford Motor Co v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case T-67/07 the GC held:

> "43 As regards the other goods covered by the application for registration, namely parts and fittings for land motor vehicles, it must be pointed out that the descriptive character of a sign must be assessed separately for each category of goods and/or services covered by the application for registration. Nevertheless, all the goods specified in the trade mark application may be inseparably linked since some of those goods may only be used in connection with the others, and a solution which is common to all the goods should therefore be adopted (see, to that effect, Case T-216/02 *Fieldturf v OHIM* (*LOOKS LIKE GRASS... FEELS LIKE GRASS... PLAYS LIKE GRASS*) [2004] ECR II-1023, paragraph 33, and Case T-315/03 *Wilfer* v *OHIM* (*ROCKBASS*) [2005] ECR II-1981, paragraph 67)."

In *Hans-Peter Wilfer v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case T-315/03 the GC held:

> "67 Nevertheless, the services and goods specified in the trade mark application may be inseparably linked since the purpose of those services can only be the installation of those goods and a solution which is common to the goods and services should therefore be adopted (see, to that effect, Case T-216/02 *Fieldturf* v *OHIM (LOOKS LIKE GRASS… FEELS LIKE GRASS… PLAYS LIKE GRASS)* [2004] ECR II-0000, paragraph 33).
>
> 68 In the present case, both the goods designated in the application for registration as guitar accessories and containers, cases and bags for guitars are intended to be used exclusively in connection with guitars. An identical position should therefore be adopted with respect to those Class 15 goods as was previously outlined in relation to bass guitars.
>
> 69 That finding cannot, moreover, be called into question by an individual analysis of the abovementioned goods, which do not have any intended

purpose other than in connection with handling guitars. Thus, if registration of the sign ROCKBASS were claimed solely for containers, cases and bags for guitars, and not for the guitars themselves, it would have to be held that ROCKBASS evokes the sole intended purpose of those goods.

70 In relation also to containers, cases and bags in Class 18, since the applicant has not drawn any distinctions within this generic category the Board of Appeal's findings must be confirmed in so far as they relate to all goods in that category.

71 With respect to the equipment in Class 9, it is clear from the arguments of the parties that the same equipment may be used for different instruments. Their use in connection with the bass guitar is therefore just one of their possible uses.

72 It should be pointed out in this connection that, according to the case-law, there is a sufficiently direct and specific relationship between the sign and the goods in question where the technique evoked by the sign involves, or indeed requires, the use of those goods. That technique does not merely constitute in this case a field in which those goods are applied but rather is one of their specific functions (see, to that effect, *STREAMSERVE,* paragraph 44). Accordingly, the fact that the goods in question may also be used in another way, to which the sign in question does not refer, cannot undermine that finding (*ROBOTUNITS*, paragraph 47).

73 In the present case, even though the equipment in question is not intended to be used exclusively in connection with bass guitars, it is nevertheless not used autonomously in relation to the handling of electric instruments. In addition, that equipment must be used in order to play the electric guitar, which is not capable of producing musical sounds on its own. Thus, the possibility of playing an electric bass guitar is a function of the equipment referred to in the application and not simply one of the many fields in which the equipment is applied. In particular, the combined use of these two categories of goods is required or, at the very least, implied by their inherent characteristics.

74 For the reasons set out in paragraphs 69 and 70, the same solution must be adopted with regard to the containers, cases and bags for the abovementioned goods as for the goods for which they are designed.

75 In the light of the above considerations, the link between the sign ROCKBASS and the characteristics of all the goods referred to in the application for registration is sufficiently close to fall within the scope of the prohibition under Article 7(1)(c) of Regulation No 40/94."

The above judgment was subject to an appeal to the CJEU. The appeal was withdrawn, but not before AG Sharpston had written an opinion (Case C-301/05P):

> "47. The Court of First Instance ruled that, in relation to containers, cases and bags in Class 18, since Mr Wilfer had not drawn any distinctions within this generic category the Board of Appeal's findings were to be confirmed in so far as they related to all goods in that category. With respect to the equipment in Class 9, it is clear from the arguments of the parties that the same equipment may be used for different instruments. Their use in connection with the bass guitar is therefore just one of their possible uses. There is a sufficiently direct and specific relationship between the sign and the goods in question where the technique evoked by the sign involves, or indeed requires, the use of those goods. That technique does not merely constitute in this case a field in which those goods are applied but rather is one of their specific functions. Accordingly, the fact that the goods in question may also be used in another way, to which the sign in question does not refer, cannot undermine that finding. In the present case, even though the equipment in question is not intended to be used exclusively in connection with bass guitars, it is nevertheless not used autonomously in relation to the handling of electric instruments. In addition, that equipment must be used in order to play the electric guitar, which is not capable of producing musical sounds on its own. Thus, the possibility of playing an electric bass guitar is a function of the equipment referred to in the application and not simply one of the many fields in which the equipment is applied. In particular, the combined use of these two categories of goods is required or, at the very least, implied by their inherent characteristics."

31) All of the goods of the registration could be parts and fittings of smartbook devices or be specifically adapted for use with smartbooks, consequently, there is an inseparable link and a direct and specific relationship between these goods and smartbooks. Consequently, the argument of Mr Tritton is rejected.

32) The request for protection in the United Kingdom is rejected in its entirety under section 3(1)(c) of the Act.

33) In *Telefon & Buch Verlagsgesellschaft mbH v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case T-322/03 the GC stated:

> "49 Article 7(1)(d) of Regulation No 40/94 must be interpreted as precluding registration of a trade mark only where the signs or indications of which the mark is exclusively composed have become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services in respect of which registration of that

> mark is sought (see, by analogy, Case C-517/99 *Merz & Krell* [2001] ECR I-6959, paragraph 31, and Case T-237/01 *Alcon* v *OHIM* – Dr. Robert Winzer Pharma *(BSS)* [2003] ECR II-411, paragraph 37). Accordingly, whether a mark is customary can only be assessed, firstly, by reference to the goods or services in respect of which registration is sought, even though the provision in question does not explicitly refer to those goods or services, and, secondly, on the basis of the target public's perception of the mark (*BSS*, paragraph 37).
>
> 50 With regard to the target public, the question whether a sign is customary must be assessed by taking account of the expectations which the average consumer, who is deemed to be reasonably well informed and reasonably observant and circumspect, is presumed to have in respect of the type of goods in question (*BSS*, paragraph 38).
>
> 51 Furthermore, although there is a clear overlap between the scope of Article 7(1)(c) and Article 7(1)(d) of Regulation No 40/94, marks covered by Article 7(1)(d) are excluded from registration not on the basis that they are descriptive, but on the basis of current usage in trade sectors covering trade in the goods or services for which the marks are sought to be registered (see, by analogy, *Merz & Krell*, paragraph 35, and *BSS*, paragraph 39)."

34) To fall foul of section 3(1)(d) of the Act smartbook "must have become customary in the current language or in the bona fide and established practices of the trade to designate the goods" for which protection is sought. In *Stash Limited v Samurai Sportswear Ltd* BL O/281/04 Professor Annand, sitting as the appointed person, stated:

> "33. In the event, I do not believe this issue of the interpretation of section 3(1)(d) is central to the outcome of the appeal. "Customary" is defined in the Oxford English Reference Dictionary, 1995 as: "usual; in accordance with custom". In my judgment, the Opponent has failed on the evidence to prove that at the relevant date STASH contravened section 3(1)(d) as consisting exclusively of signs or indications which have become customary either in the current language or in trade practices for the goods concerned."

Mere use of a term does not make it customary ie usual or the usage general[iv]. The evidence shows that the term at the material date had been used to describe a type of product but the limited use does not establish that the term had become customary. (The case is particularly weak as the "target public" for the goods of the registration will be the public at large.)

35) The ground of opposition under section 3(1)(d) of the Act is dismissed.

Costs

36) Qualcomm having been successful is entitled to a contribution towards its costs. Costs are awarded upon the following basis:

Opposition fee:	£200
Preparing statement and considering the statement of AG:	£500
Preparation of evidence and considering evidence of AG:	£1,000
Preparation for and attendance at hearing:	£1,000
Total:	£2,700

Smartbook AG is ordered to pay Qualcomm Incorporated the sum of £2,700. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 18th day of August 2011

David Landau
For the Registrar
the Comptroller-General

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[i] "41. Moreover, the Court of First Instance could without inconsistency in its reasoning or error of law take account of material which, although subsequent to the date of filing the application, enabled the drawing of conclusions on the situation as it was on that date (see, by analogy, the order in Case C-259/02 La Mer Technology [2004] E.C.R. I-0000 , [31])."

[ii] "62 Even though those documents were gathered fours years after the application for registration of the mark WEISSE SEITEN had been lodged, they confirm the linguistic development which took place and the conclusions which result from the documents concerning the period prior to the lodging of the application."

[iii] *Wm Wrigley Jr Company v Office for Harmonisation in the Internal Market (Trade Marks and Designs***)** Case C-191/01 P:

"32 In order for OHIM to refuse to register a trade mark under Article 7(1)(c) of Regulation No 40/94, it is not necessary that the signs and indications composing the mark that are referred to in that article actually be in use at the time of the application for registration in a way that is descriptive of goods or services such as those in relation to which the application is filed, or of characteristics of those goods or services. It is sufficient, as the wording of that provision itself indicates, that such signs and indications could be used for such purposes. A sign must therefore be refused registration under that provision if at least one of its possible meanings designates a characteristic of the goods or services concerned."

[iv] Other language versions of the Directive make this clear eg:

"las marcas que se compongan exclusivamente de signos o indicaciones que se hayan convertido en **habituales** en el lenguaje común o en las costumbres leales y constantes del comercio;"

and:

« les marques qui sont composées exclusivement de signes ou d'indications devenus **usuels** dans le langage courant ou dans les habitudes loyales et constantes du commerce; »

and

„Marken, die ausschließlich aus Zeichen oder Angaben zur Bezeichnung der Ware oder Dienstleistung bestehen, die **im allgemeinen Sprachgebrauch** oder in den redlichen und ständigen Verkehrsgepflogenheiten üblich geworden sind;"