

O-416-20

TRADE MARKS ACT 1994

IN THE MATTER OF:

**INTERNATIONAL REGISTRATION NOS 1386170, 1378752 AND UK
REGISTRATION NO. 3180704
IN THE NAME OF SAPPHIREONE PTY LTD**

AND

**UK REGISTRATION NOS 1455883, 2638754
IN THE NAME OF SAPPHIRE SYSTEMS LIMITED**

Background and pleadings

1. There are five actions in these consolidated proceedings. An opposition and two applications for invalidity by Sapphire Systems Limited (“London”) are directed against trade marks in the name of SapphireOne Pty (“Australia”). Australia seeks the revocation of the two trade mark registrations relied upon by London in the opposition and invalidation actions.

Australia’s applications for revocation of London’s trade marks

Revocation number 502453 against UK 1455883

2. UK trade mark registration number 1455883 (“UK883”) is a series of 2, shown below:

SAPPHIRE



The registration includes the disclaimer “Registration of this mark shall give no right to the exclusive use of the words “Software Services Solutions””. The mark is in the name of London and was registered for various goods in class 9 on 18 June 1993.

3. Revocation of the mark in full is sought by Australia on the grounds of non-use, by way of an application for revocation filed on 31 January 2019. Under s. 46(1)(a) of the Trade Marks Act 1994 (“the Act”), Australia claims non-use in the five-year period following the date on which the mark was registered, i.e. 19 June 1993 to 18 June 1998, and seeks revocation effective from 19 June 1998. It also alleges, under s. 46(1)(b), non-use in the same period as well as non-use between 16 August 2011 and 15 August 2016, seeking effective revocation dates of 19 June 1998 and 16 August 2016.

4. London filed a form TM8(N) and counterstatement indicating that its defence was filed in respect of certain goods only. It says that it has used the trade mark, or a mark differing

in elements which do not alter its distinctive character, in respect of “computer programmes” and “magnetic tapes, cards and discs”. It denies that the mark should be revoked “at least in respect of “computer programmes” and “magnetic tapes, cards and discs””. Despite London’s skeleton argument indicating a wider claim to use, it is clear that a defence was only entered in respect of “computer programmes; magnetic tapes, cards and discs; all included in Class 9; but not including any of the aforesaid goods being adapted for use in motor vehicles and not including encoded bank cards” and that London therefore accepted that the trade mark will be revoked for the remaining goods. It is not clear whether the wider claim to use in the skeleton argument was an attempt to expand the defence. There was no application to amend the counterstatement and, to the extent that the skeleton argument was an attempt to widen the defence, I would reject such an approach as both inappropriate and too late in the proceedings.

Revocation number 502452 against UK 2638754

5. Australia’s second application for revocation was also filed on 31 January 2019 and concerns trade mark registration number 2638754 **SAPPHIRE ISUITE** (“UK754”), in the name of London. The trade mark was registered on 15 February 2013 in respect of various goods and services in classes 9 and 42. Under s. 46(1)(a), Australia claims non-use in the five-year period following the date on which the mark was registered, i.e. 16 February 2013 to 15 February 2018, and seeks revocation effective from 16 February 2018.

6. A form TM8 and counterstatement was filed in which London accepted that it had not used the mark in the form in which it was registered but claimed that its use of “SAPPHIRE” and a stylised “sapphire” mark constituted use of the mark in a form differing in elements which do not alter its distinctive character. This defence was entered in respect of certain goods and services. Further concessions on use were made in London’s skeleton argument. Accordingly, the goods and services for which it is maintained that there has been use are as follows:

Class 9: Magnetic data carriers, recording discs; data processing equipment, computers; computer software; computer hardware; computer software for business management purposes, namely, budgeting and planning, document management, financial management, inventory and warehouse management, payroll solutions, procurement and spend control, and time and expense management; computer software for application and database integration; computer programmes and software for accessing, backing up, syncing, sharing and/or storing electronic data, documents, files, folders and multimedia, including such computer software for handheld devices, mobile phones, tablet computers, personal digital assistants and other internet enabled devices and wireless devices; computer programmes and software for data processing; computer programmes and software for searching, indexing, filtering and retrieval of data; computer software relating to automatic and scheduled data back up of electronic data, documents, files, folders and multimedia.

Class 42: Design and development of computer hardware and software; provision of computer software for business management purposes, namely, budgeting and planning, document management, financial management, inventory and warehouse management, payroll solutions, procurement and spend control, and time and expense management; computer software integration; technical consultation services in the fields of computer programming and software integration.

London's opposition and invalidations against Australia's trade marks

7. As there are slight differences in the claims brought by London, I will set out London's various claims before turning to the defences filed in these actions, which overlap considerably.

Opposition number 413224 against IR(UK) 1386170

8. Opposition number 413224 concerns International (UK) trade mark registration number 1386170 (“UK170”) in the name of Australia, which is shown below:

The word "Sapphire" is displayed in a light grey, dotted font. The letters are composed of small, square-shaped dots, giving it a pixelated or halftone appearance. The word is centered horizontally and is the only text within a light grey rectangular background.

The international registration date is 25 July 2017, with the UK designated on the same date. The application was published on 4 May 2018 in respect of the following goods and services:

Class 9: Machine readable data media provided with programs; computer software; data processing programs for use in business management, business administration, IT systems and office functions.

Class 16: Data processing programs in printed form including written accompanying material, namely manuals, catalogues, operating instruction/working instruction; data processing programs in printed form involved in business management, business administration, IT systems and office functions.

Class 35: Retail services provided in relation to the sale of data processing programs involved in business management, business administration, IT systems and office functions.

Class 41: Training and related consultation in relation to data processing programs none of the aforementioned services being provided in the form of conferences or exhibitions.

Class 42: Computer programming consultation provided in relation to data processing.

9. London filed an opposition on 27 July 2018 based upon ss. 5(2)(b), 5(3), 5(4)(a) and 3(6) of the Trade Marks Act 1994 (“the Act”). Under each of these grounds, the opposition is directed against all of the goods and services in the application.

10. Under s. 5(2)(b), London relies upon both UK883 and UK754, the details of which are shown above. London relies upon all of the goods and services in the earlier specifications (as revised following its concessions on non-use). In respect of UK754, London asserts that “ISUITE” is descriptive of the goods and services for which the mark is registered. London claims that the identity or similarity between the respective marks and the identity or similarity between the goods and services will result in a likelihood of confusion.

11. Although originally pleaded more widely, the claim under s. 5(3), was pursued at the hearing based upon UK883 in respect of “computer programmes” only.¹

12. London claims under s. 5(3) that it has a reputation in the UK and that use of the contested marks would cause the relevant public to believe that there is an economic connection between the parties, where no such connection exists. It claims that use of the contested mark would take unfair advantage of the earlier mark by free-riding on the coattails of the earlier mark in an attempt to trade on its reputation. London also claims that it targets the top end of the UK medium and large enterprises market, which it is able to do for various reasons. In respect of UK883, London claims that its own-brand computer programmes enjoy a particular reputation because they “enable customers to enjoy better results than they could have if they bought “off the peg” programmes”. London claims that if the contested mark proceeds to registration it will lead to the earlier marks being associated with inferior goods and services at the lower end of the market, tarnishing its reputation and leading to a loss of effectiveness in London’s marketing communications, lost business and lost revenue. Finally, it is said that, because of the similarities between the marks and the goods and services, the relevant public will “gradually lose the clear idea they had of the distinctive characteristics of [London’s] business” and that the distinctive character of the earlier mark will become blurred and

¹ Transcript, p. 8.

diluted. It is claimed that this may jeopardise London's status in the market and lead to an "avalanche" of further lost business and revenue.

13. London also claims that it, or its predecessor in title, has used the unregistered sign **Sapphire** throughout the UK since 1990 in respect of a range of goods and services, which are detailed in full in the annexe to this decision. It claims that the use of the sign, in plain text and a variety of cases and fonts, has resulted in a valuable goodwill and reputation. London claims that the contested application is a variant of the Sapphire sign and that use of the contested mark would constitute a misrepresentation resulting in loss and damage to London's business.

14. London's claims under s. 3(6) are that Australia knew, at the relevant date, that London had been using a similar or identical mark for goods and services identical to those for which Australia seeks registration. It claims that there is no evidence of an intention to trade. It says that the application was made "(i) in order to prevent or interfere with [London's] trade under its registered and unregistered trade marks (ii) as a retaliatory measure for concurrent dispute in Australia and/or (iii) to "hijack" the goodwill in the sign Sapphire in the UK", and that Australia's application was therefore made in bad faith.

Invalidation number 502349 against IR(UK) 1378752

15. London also seeks invalidation of two trade marks in the name of Australia. The first is International (UK) trade mark registration number 1378752 for the mark reproduced below ("the Bondi Blue mark"):



It has an international registration and UK designation date of 5 October 2017 and claims priority from 12 April 2017 based upon an Australian trade mark. Protection in the UK was conferred on 6 April 2018.

16. The trade mark is protected for the following goods and services:

Class 9: Machine readable data media of all types provided with programs; computer software of all types; data processing programs involved in business management, business administration, IT systems and office functions.

Class 16: Data processing programs in printed form including written accompanying material, namely manuals, catalogues, operating instruction and working instructions; data processing programs in printed form involved in business management, business administration, IT systems and office functions.

Class 35: Sale of data processing programs involved in business management, business administration, IT systems and office functions.

Class 41: Training and consulting using data processing programs.

Class 42: Programming consultation using data processing.

17. The application for invalidation was filed on 16 November 2018 and is based upon ss. 5(2)(b), 5(3), 5(4)(a) and 3(6) of the Act. Under each of these grounds, invalidation is sought for all of the goods and services for which the mark is protected.²

² There is an omission at section B, question 2 of the TM26(I) insofar as it concerns UK883, which asks whether the invalidation is directed against some or all of the goods/services. However, the supporting documents suggest that total invalidation is sought—there is certainly no indication that London is unconcerned with certain goods and services—and Australia has at no point indicated that it did not understand the precise scope of the action.

18. Under s. 5(2)(b), London relies upon the following marks (bearing in mind non-use concessions):

(i) UK883: all goods are relied upon;

(ii) UK754: goods and services relied upon as follows:

Class 9: Magnetic data carriers, recording discs; computer software; computer software for business management purposes, namely, budgeting and planning, document management, financial management, inventory and warehouse management, payroll solutions, procurement and spend control, and time and expense management; computer software for application and database integration; computer programmes and software for accessing, backing up, syncing, sharing and/or storing electronic data, documents, files, folders and multimedia, including such computer software for handheld devices, mobile phones, tablet computers, personal digital assistants and other internet enabled devices and wireless devices; computer programmes and software for data processing; computer programmes and software for searching, indexing, filtering and retrieval of data; computer software relating to automatic and scheduled data back up of electronic data, documents, files, folders and multimedia.

Class 42: Design and development of computer software; provision of computer software for business management purposes, namely, budgeting and planning, document management, financial management, inventory and warehouse management, payroll solutions, procurement and spend control, and time and expense management; computer software integration; technical consultation services in the fields of computer programming and software integration.

19. London asserts that the identical SAPPHIRE element is dominant in the respective marks and that owing to the similarity between the marks and the identity or similarity between the goods and services, there is a likelihood of confusion.

20. The claim under s. 5(3) is now based upon UK883 in respect of “computer programmes”. The s. 5(3) claims are put on broadly the same basis as in the opposition action (see paragraph 12, above).

21. Under s. 5(4)(a), London relies upon three unregistered signs said to have been used by it or its predecessors in title. The first is **SAPPHIRE**, which it claims has been used in the UK since 4 October 1991. The second is the sign **SAPPHIRE SYSTEMS** which, it is said, has been used throughout the UK since 5 August 2002. The third sign, shown below, is claimed to have been used throughout the UK since 28 August 2010:

sapphire

The goods and services on which London says it has used the signs (which are identical for all three signs) are listed in full in the annexe to this decision. London claims that the contested mark is a variant of the earlier signs and that its use would result in misrepresentation and damage.

22. London also relies upon s. 3(6). The claim is substantially the same as for the opposition (see paragraph 14, above). However, London also alleges that Australia’s application for registration was filed in order that the registration of the mark might be used as a negotiation tool in contentious proceedings in Australia.

Invalidation number 501974 against UK3180704

23. UK trade mark application number 3180704 (“the “SapphireOne” mark”) for the trade mark shown below stands in the name of Australia and has a filing date of 17 August 2016:

SapphireOne

It was registered on 18 November 2016 in respect of the following goods and services:

Class 9: Computer programs and software for the purpose of accounting and financial management; data processing programs for use in accountancy and financial management.

Class 16: Computer manuals relating to accountancy and financial management.

Class 35: Business administration; office functions.

Class 41: Training and consulting using data processing programs.

Class 42: Programming of computers, computer design and web design.

24. On 11 February 2018 London filed an application for invalidation based upon ss. 5(2)(b), 5(3), 5(4)(a) and 3(6), under each of which invalidation is sought for all of the goods and services in the specification.

25. Under s. 5(2)(b), London's reliance is as follows:

- (i) UK883: all goods in the revised specification;
- (ii) UK754: all goods and services in the revised specification.

26. London asserts that the identical SAPPHIRE element is dominant in the respective marks and that owing to the similarity between the marks and the identity or similarity between the goods and services, there is a likelihood of confusion.

27. Under s. 5(3), London now relies only upon UK883 in respect of "computer programmes". The claims under this ground are substantially the same as detailed at paragraph 12, above. I note that it is claimed that there will be damage to the distinctive character of the earlier marks because, in addition to other factors, "the non-identical element ONE within the contested mark is also used within the majority of operational and marketing business communications made by [London] to communicate that [London] is the No1 UK supplier of Sap Business ONE software".

28. Under s. 5(4)(a), London relies upon use throughout the UK of the sign **sapphire** from 28 August 2010 and of the sign **SAPPHIRE** since 4 October 1991. The goods and services in respect of which the sign is said to have been used are listed in the annexe to this decision. London claims that it enjoys a substantial goodwill associated with the signs and that use of the contested marks would give rise to misrepresentation, loss and damage.

29. The claim under s. 3(6) is substantially the same as in the first invalidation action, detailed at paragraph 22, above. It is, however, additionally alleged that Australia's "only evidence of its alleged activity in the UK to date, [...] is obviously incredible, namely, purported copies of invoices bearing dates from 1993 onwards in combination with a logo that according to [Australia's] evidence was purportedly created and adopted in Australia in 2003".

The defences

30. Australia filed counterstatements denying all of the grounds and putting London to proof of its claims. I note in particular that Australia:

- put London to proof that it has used the earlier marks in respect of all of the claimed goods and services (save where the proof of use provisions do not apply);
- put London to proof that "ISUITE" is descriptive of the goods and services;
- put London to proof of the earlier marks' alleged reputation;
- put London to proof of the assignment to it of the earlier marks and associated goodwill;
- in respect of UK170, denies that it knew at the relevant date that London had long been using a similar or identical mark in the UK, for any goods and services for which Australia seeks registration;

- in respect of UK170, claims that the base registration for UK170 was registered in 2004 and that it applied for a UK mark including “SAPPHIRE”, in various classes, in 2001;
- in respect of the invalidities denies the bad faith ground and puts London to proof but offers no explanation of its motivation for filing the trade mark applications;
- in respect of invalidity 501974 denies that the invoices are obviously incredible and puts London to proof; it admits the SapphireOne logo was adopted in 2003.

31. Both parties filed evidence. Australia also filed written submissions during the evidence rounds, which I will bear in mind. A hearing was held before me, by videoconference, on 11 June 2020. London was represented by Anna Edwards-Stuart of Counsel, instructed by Harper James Solicitors. Australia was represented by Jamie Muir Wood of Counsel, instructed by Reddie & Grose LLP. It became apparent during the hearing that Mr Muir Wood had not seen a piece of London’s evidence. I allowed Mr Muir Wood to make written submissions on that evidence after the hearing, to which Ms Edwards-Stuart did not object. He duly did so and I take them into account.

Case management

32. There have been two case management conferences (“CMCs”) in these proceedings. A number of issues were considered at the first of these, namely whether the consolidation of invalidation number 501974 with two other oppositions was appropriate, whether to allow an extension of time and an amendment to the pleadings in invalidity 501974, whether to admit evidence over the 300-page guidelines, and the setting of evidence rounds. My decisions on these matters and my reasons for those decisions are contained in my letter to the parties of 30 August 2018.

33. The second CMC was held on 12 March 2020 to determine whether London’s request for cross-examination of John Adams, who gave written evidence for Australia, should be allowed. I allowed the request in part, for the reasons given in my letter of 13 March 2020. I noted in my letter that London’s representative indicated that London disputed the

authenticity of certain documents but that “she gave no clear reasons for this”. Given the information at the CMC that Mr Adams would not be able to travel, on medical advice, I indicated that cross-examination by video appeared appropriate. The parties were invited to comment but neither did so. I gave formal permission for cross-examination by video in my letter of 7 April 2020.

Preliminary issues

34. There are two issues which are intertwined: the admissions of additional evidence and the cross-examination of Mr Adams.

35. On 5 June 2020, Australia sought permission to file an additional witness statement from Mr Adams, along with unredacted copies of the invoices at JWA2 and JWA3, a licence agreement and some letters. There was some additional correspondence between the parties, into which the tribunal was copied, but I need not go into that. At the hearing, Mr Muir Wood elaborated on the reasons given in Australia’s application, explaining that the additional evidence would assist in countering the allegation that the invoices had been falsified. He explained under instruction that the appearance of the SapphireOne logo on invoices before 2003 was a technical printing issue and that Mr Adams was keen to give evidence on this point. Mr Muir Wood confirmed that, despite what may have been suggested in the counterstatements, Australia was not relying under s. 5(4)(a) on prior use or co-existence in the UK. He said that the additional evidence would go to the s. 3(6) ground (that Australia had a legitimate reason for filing the applications).

36. Ms Edwards-Stuart confirmed that London’s position was now that, as it was clear that there was no claim to earlier use, the matter appeared to be of marginal significance. As a consequence, she formally withdrew the request for cross-examination of Mr Adams. She also indicated that Australia’s only resistance to the admission of the additional evidence was that it was irrelevant and would not take matters any further forward.

37. Although the evidence could have been filed earlier, it appears that the reason it was not was because Australia had not appreciated precisely why London claimed that the invoices were false. It was not explained fully at the second CMC, as signalled in my letter. In light of the request for cross-examination being withdrawn, the evidence did not appear to be absolutely essential but it appeared to me that it may be of some assistance in determining the s. 3(6) ground. In the absence of any real objection from Ms Edwards-Stuart, I considered it appropriate to admit the additional evidence.

Evidence

38. I have read all of the evidence but will summarise it only to the extent I consider necessary.

London's evidence

Ralph Bolton's evidence

39. The bulk of London's evidence is contained in the two witness statements, with accompanying exhibits, of Ralph Bolton. He is the director and founding shareholder of London, a position which he has held since 29 December 1992.

40. Mr Bolton explains that from about 1980 until 2018 there was a group of companies which operated under the name Sapphire ("Sapphire Group") in connection with computer software. From at least 4 October 1991, a computerised financial accounting and payroll product, called Sapphire Systematics, was sold by one of the group's companies in the UK which focussed specifically on financial accounting and payroll software sales and support. An agreement in evidence shows that on 19 March 1993, the business of that subsidiary, its software and its associated goodwill were sold to Sapphire Systematics Ltd (this has the same company number as London: they appear to be the same entity).³ A

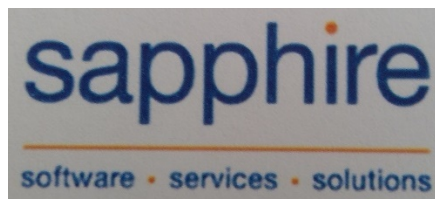
³ RLB1, pp. 34-61.

schedule specifies that the software includes sales, purchase and general ledger software, as well as financial planning and payroll software.⁴

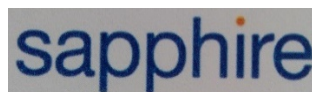
41. From 19 March 1993, London was permitted to use UK883 under licence in relation to computer software and related services.⁵ Mr Bolton says that the licence was made perpetual and non-terminable in 1995, though no agreement is in evidence.⁶ The evidence shows that on 16 April 2018 the trade mark was assigned in full, along with any goodwill associated with the trade mark, to London (the company name is Sapphire Systems plc but, again, this appears to be an earlier name for the same company).⁷

42. Mr Bolton's evidence is that London used the marks reproduced below as follows:⁸

(i) From August 2011 to 2014 (“the “software-services-solutions” mark”):



(ii) From 2010, replacing the form above on London's website from May 2014, (“the stylised “sapphire” mark”):



43. A compliment slip said to have been in use as at the date of application for the “SapphireOne” mark (17 August 2016) is in evidence.⁹ It bears a greyscale version of the stylised “sapphire” mark.

⁴ RLB1, p. 48.

⁵ RLB1, pp. 1-33

⁶ See also RLB1, p. 62.

⁷ RLB1, p. 63.

⁸ Bolton 1, §28.

⁹ RLB2, p. 1.

44. There are also prints from London's website, said to be as it was "at the application date" (this also appears to be a reference to the "SapphireOne" mark's filing date; the prints have a copyright date of 2016, though there are in the margins references to a 2017 award).¹⁰ A greyscale version of the stylised "sapphire" mark is visible, along with word-only use of "Sapphire". It is said that the company has been "providing world class business software and support for over 20 years". The company bills itself as having a "reputation as a leading global provider of Enterprise Resource Planning (ERP) and financial management solutions (FMS)". Products from software providers SAP and Infor are advertised, though other software vendors' products are available.¹¹ Various "solutions" are listed separately from SAP and Infor products, such as "payroll", "expense management", "procurement" and "document management".¹² These appear to be other third-party products: "Sapphire Add-Ons" are mentioned separately. The services are "support", "training", "implementation", "cloud", "consultancy", "project management", "technical" and "development". The cloud offering is under the name "Sapphire Anywhere".¹³ It is said that "our in-house technical development team works with you to build bespoke modules and solutions to provide you with the exact functionality that you require", whilst standard or custom training packages, delivered at the customer's premises, are offered.¹⁴ Project management services will prepare plans for works and documentation, and reconcile budgets and invoices. There is a brochure library providing customers "with an easy way to access and download information on products and services provided by Sapphire".¹⁵ Support services include telephone and online help, remote diagnostics and on-site troubleshooting.¹⁶

45. Archive web pages dated 2010 and 2013 to 2016 are in evidence.¹⁷ There is throughout word-only use of "Sapphire" and of the stylised "sapphire" mark. Prints dated

¹⁰ RLB2, pp. 2-36.

¹¹ RLB2, p. 7, pp. 24-25.

¹² RLB2, pp. 4-5; p. 8.

¹³ RLB2, p. 21.

¹⁴ RLB2, p. 22. See also p. 34.

¹⁵ RLB2, p. 27.

¹⁶ RLB2, p. 30.

¹⁷ RLB2, pp. 37-58. Other prints at pp. 61-68 show the Australian site (the contact telephone number gives a +61 dialling code).

28 August 2010 and 6 July 2013 (pp. 37, 39) show a greyscale version of the “software-services-solutions” mark. The goods and services listed in 2014 and 2015 are a more limited list of those which appear on the 2016 site pages. Sapphire Add-Ons and “Sapphire Enhance” are offered from 2014. These appear to be Sapphire’s own bespoke modules, said to be developed in-house by Sapphire’s technical team, and include modules for use with SAP Business One and Infor SunSystems products, such as “extended analysis”, sales forecasting, mail merge, settings cloner, a business synchronisation tool and updater, and various options for the importing and updating of documents and information (including data from the web). They are said to “enhance current software with additional functionality and features”.¹⁸

46. Mr Bolton explains that the complexity of the software products sold by London means not only that the programmes are sold by London but that London’s technical consultants will install and configure the software on the customer’s servers.¹⁹

47. Extracts from London’s annual reports from 1996 to 2017, with global turnover and marketing spend, are provided.²⁰ Marketing spend has varied but has not been lower than £100,000 since 2001; in 2016 it was £757,639 and in 2017 £925,802. There is no breakdown by goods and services. The principal activity of the company between 1996 and 2009 is given as “computer software distributors”. From 2011 to 2013, it is “the provision of business software, services, maintenance and support”. There is mention in 2013 of the “Sapphire Software Hosting Service” and, from 2014, “Sapphire Anywhere”, a cloud hosting service. The cloud service involved “investing in co-location in a data centre, procuring and installing our own hardware and infrastructure” in 2015, and a second in 2016. By 2017, the service supported “66 customers globally covering 1500 users”. In 2016, it is reported that investment has been increased “to design, create and deliver our own Intellectual Property in the form of modules of business software complementing our core solutions of Infor SunSystems and SAP Business One”. For the

¹⁸ RLB2, p. 56.

¹⁹ Bolton 2, §8.

²⁰ Bolton 1, §10.

16 years to 2017, London was named “Infor’s UK and Global Partner of the Year for SunSystems”. From 2011, it was also SAP’s “top partner in the UK for SAP Business One”. In 2014, it was accredited by SAP as a Partner Centre of Expertise. Other accolades, such as recognition by Deloitte in 2006-2007 and Megabyte in 2017, are mentioned. Mr Bolton stresses the importance of the SAP BusinessOne and Infor SunSystems “number one reseller” titles, which he says are heavily promoted in the company’s publicity, because the company cannot compete on price and “it is therefore vital that we are seen as a centre of excellence”.²¹

48. UK turnover is given.²² It has increased each year from a starting point of £547,870 in 1995 to over £22.5 million in 2017. Turnover under UK883 in respect of own-branded software is said to have been between £120,000 and £356,000 each year in the period 2011 to 2016.²³ Own-brand software sales represent approximately 10% of London’s software sales (it is not entirely clear whether this was only in 2016/2017).²⁴

49. Invoices to companies at UK addresses, dated between January 2010 and June 2018, are also in evidence.²⁵ They bear the stylised “sapphire” mark. Products identified include “SAP Business 1 Software”, “SAP Business1 Maintenance”, along with other types of software, including licences, and maintenance (e.g. Boyum, Balloon, Vision).²⁶ A 2015 invoice specifies “Software Boyum- Usability Packs”, which appears to include database server licences (RLB5, p. 38). “Software Boyum- Usability Packs” are also shown on two other invoices in 2015 and 2016 (RLB5, pp. 42, 48). “Sapphire Software” and “Sapphire Maintenance”, including bespoke products, are identified on several invoices from 2014. Products such as “Bank Integration”, “Project Control Module”, “Budget Module”, “Intercompany Module” and “Deferred Revenue Module” appear to be different modules billed under “Sapphire Software” (e.g. RLB5, pp. 31, 32, 34). Though there is some variation, the sums for software and maintenance services generally run to several

²¹ Bolton 1, §25.

²² RLB4, p. 42.

²³ Bolton 1, §45.

²⁴ Bolton 2, §8.

²⁵ RLB5, RLB6 (pp. 25-28). Invoices at RLB5 pp. 3 and 11 do not concern the UK and are disregarded.

²⁶ For example, pp. 25, 28. See also the explanation at Bolton 2, §12.

thousand pounds, though at times the figures are in the tens or hundreds of thousands. The maintenance periods are also specified, some running several years beyond the date of the invoice (e.g. an invoice dated 10 March 2014 specifies a maintenance period of 1 April 2014 to 31 March 2017 (RLB5, p. 27)). A September 2012 invoice includes “System definition and design”, “implementation & delivery consultancy”, “consultancy-training” and development items, all at under £26,000 each (RLB5, pp. 12-15). Servers are mentioned on an invoice from 2012 (RLB5, p. 16). Sapphire Anywhere hosting is included on invoices from February and June 2018 (RLB6).

50. Mr Bolton states that the Sapphire-branded software modules “assist the customer in integrating its third-party software with the rest of its computing environment” as well as enabling payments to be sent via SAP or for bank statements to be downloaded securely into SAP.

51. Mr Bolton also provides what he describes as a “representative example” of the sales process from 2016, which resulted in a contract being secured for software and software support and maintenance.²⁷ In addition, however, the contract specifies various consultancy and project management tasks for the design, build and implementation of the software. Training for several of the software products is itemised and amounts to over £10,000. More detailed information about the services, which bears both the “software-services-solutions” mark and the stylised “sapphire” mark, is included with the contract and outlines the steps from project initiation to post-implementation review. It appears that the installation stage involves building a “development database” and that there is a specific data migration phase.²⁸ The terms and conditions specify that training can be provided and that it is a chargeable service.²⁹

²⁷ Bolton 2, §10 and RLB6, pp. 2-24

²⁸ RLB6, p. 17.

²⁹ RLB6, p. 23.

52. Mr Bolton says that London has sold computer hardware sundries in the relevant periods but there is no sum given for these, either in narrative evidence or in the invoices. There is one undated image of a USB stick bearing the word “sapphire”.³⁰

53. Videos, and their associated transcripts, are in evidence, which show promotional material and customer testimonials published on YouTube between 2009 and March 2017.³¹ Some of these have been viewed a significant number of times (e.g. 226,932 views of a video called “Sapphire Systems and SAP Business One- Imagine” in January 2014) though most have smaller numbers (in the tens or low hundreds). London is referred to as “Sapphire” throughout. They include testimony from customers who have purchased software products and who have used the software support services; there are also references to the cloud offering.

54. A list of events and exhibitions, and some corresponding booking forms, are provided.³² The forms are dated between 2009 and 2017 for venues throughout the UK and are for events such as “Smarter Business Tech Live” (Manchester, 2017) and “Foodex” (Birmingham NEC, 2016).

55. A number of awards are shown at RLB4. The “software-services-solutions” mark is shown etched on an award from 2011.³³

56. Six articles are provided, from mycustomernewsdesk.com, theheartofthecity.com, Daily Ojo, itshowcase.co.uk, orchestrasoftware.com and the-shard.com.³⁴ The first four concern awards in 2008, 2012 and 2015. The Orchestra Software article appears to be a US publication. However, it describes London as the “leading ERP consulting and implementation provider for SAP Business One in the UK”, with whom it is entering into a partnership to develop brewery management software for use in the UK. The article

³⁰ RLB5, p. 49.

³¹ RLB3.

³² RLB4, pp. 1-3,

³³ RLB4, p. 12

³⁴ RLB4, pp. 30-39.

from the-shard.com reports that London has ranked in “*The Sunday Times* HSBC International Track 200” in 2017. London is described as “one of the leading providers of world-class resource planning, financial management and business intelligence solutions”.

57. Mr Bolton gives evidence concerning the proceedings between the parties in Australia. He explains that London traded without incident in Australia between 2013 and 28 July 2016, when a letter was received from Australia’s lawyers.³⁵ Proceedings were issued on 27 September 2016 and ultimately settled by consent order (it appears that London accepted it had infringed) on 17 May 2017. Some correspondence between the parties and some of the papers from the proceedings are provided.³⁶ Mr Bolton points out that London’s website was referenced at the foot of his initial response. He says that Australia must have known about London’s UK activities because they were identical to the activities in Australia and the websites reflected this.

Lindsay Gledhill’s evidence

58. Ms Gledhill is a partner at London’s representatives in these proceedings. Ms Gledhill describes how her firm went about dealing with the various proceedings of which it had conduct, including visits to Australia’s website. She also provides archive prints of Australia’s website from 15 August 2016, 30 June 2017 and 24 February 2018, as well as what appears to be the home page at the time of her statement in July 2019.³⁷ I do not need to detail her evidence here.

Australia’s evidence

59. This consists of the three witness statements of John Williams Adams, with accompanying exhibits. Mr Adams has been the Chief Executive Officer of Australia since 1986, when the company was formed. It has been known as SapphireOne since 2001.

³⁵ Bolton 2, §19.

³⁶ See Bolton 2, §§19-29 and associated exhibits.

³⁷ LG1.

60. Mr Adams provides information about the company, which is said to be a financial software company, providing accounting software for “managing business enterprises (enterprise resource planning (ERP)), contact relationship management (CRM) and document management systems (DMS)”.³⁸ These have a variety of functions, such as time management, payroll and supplier management. Archive prints dating back to 2002 show a range of goods broadly consistent with Mr Adams’ claims.³⁹ Mr Adams says that it is headquartered in Australia but has clients around the world, including in the UK. Google Analytics information is provided concerning UK visitors to Australia’s website between August 2016 and August 2018.⁴⁰

61. Prints from Australia’s YouTube and other social media pages are in evidence.⁴¹ They are dated 23 August 2018, though some of the posts are from earlier dates. The YouTube pages are said to include video tutorials. None of the pages appears to be directed at a UK audience.

62. Reviews of Australia’s software are provided from software.com and capterra.com.⁴² The sites originate in the US; it is not clear where the reviewers are located.⁴³ The same exhibit also contains an article from www.dakotadigital.co.uk., dated 23 May 2017, which discusses Australia’s ERP accounting software.

63. It is said that Australia has been operating in the UK since 1993 and generates approximately AU\$100,000 per year in UK sales. Invoices are provided to UK customers, one of which is B&B Italia, from October 1993 to 2011; “Sapphire” is shown in item descriptions from that date and “SapphireOne” from April 2004 (for servers and/or maintenance).⁴⁴

³⁸ Adams 1, §§3-8.

³⁹ JWA4. JWA1 and JWA6 are also web prints but the only visible date is the printing date of 24 August 2018.

⁴⁰ JWA5.

⁴¹ JWA7.

⁴² JWA8.

⁴³ Adams 1, §21.

⁴⁴ JWA2-JWA3, JWA16-JWA17

64. A software licence agreement with B&B Italia is provided.⁴⁵ It is dated 6 April 2006 and appears to be an annual subscription (renewable). There is also provided correspondence with B&B Italia dated between 2006 and 2008 concerning the 2006 licence, SapphireOne maintenance and a SapphireOne upgrade.⁴⁶

65. Mr Adams provides a list of UK and EU trade marks owned by Australia.⁴⁷ It had from 31 March 2001 a UK trade mark for the words “Sapphire One” in figurative form, covering some of the same goods and services as its contested trade marks. The mark was not renewed in 2011. It appears that Australia did not have any other UK or EU marks until it made fresh applications on 16 August 2016.

66. Mr Adams gives further details about the proceedings between the parties in Australia, including copies of correspondence between the parties.⁴⁸ An email from London’s solicitors dated 8 August 2016 indicates that London is a UK company incorporated in 1992 which sells Infor SunSystems and SAP BusinessOne ERP solutions, and that it has both UK and overseas offices.

67. That concludes my summary of the evidence, to the extent I consider it necessary.

The applications for revocation

68. The relevant parts of s. 46 read:

“46.— Revocation of registration.

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

⁴⁵ JWA18.

⁴⁶ JWA 19.

⁴⁷ Adams 1, §22, JWA9.

⁴⁸ JWA11.

(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;

(c) [...]

(d) [...]

(2) For the purposes of subsection (1) use of a trade mark includes use in a form [(the "variant form")] differing in elements which do not alter the distinctive character of the mark in the form in which it was registered [(regardless of whether or not the trade mark in the variant form is also registered in the name of the proprietor)], and use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.

(3) The registration of a trade mark shall not be revoked on the ground mentioned in subsection (1)(a) or (b) if such use as is referred to in that paragraph is commenced or resumed after the expiry of the five year period and before the application for revocation is made:

Provided that, any such commencement or resumption of use after the expiry of the five year period but within the period of three months before the making of the application shall be disregarded unless preparation for the commencement or resumption began before the proprietor became aware that the application might be made.

(4) [...]

(5) Where grounds for revocation exist in respect of only some of the goods or services for which the trade mark is registered, revocation shall relate to those goods or services only.

(6) Where the registration of a trade mark is revoked to any extent, the rights of the proprietor shall be deemed to have ceased to that extent as from—

(a) the date of the application for revocation, or

(b) if the registrar or court is satisfied that the grounds for revocation existed at an earlier date, that date”.

69. Section 100 is also relevant, which reads:

“If in any civil proceedings under this Act a question arises as to the use to which a registered trade mark has been put, it is for the proprietor to show what use has been made of it”.

70. In *Walton International Ltd & Anor v Verweij Fashion BV* [2018] EWHC 1608 (Ch) Arnold J, as he then was, summarised the law relating to genuine use as follows:

“114. [...] The CJEU has considered what amounts to “genuine use” of a trade mark in a series of cases: Case C-40/01 *Ansul BV v Ajax Brandbeveiliging BV* [2003] ECR I-2439, *La Mer* (cited above), Case C-416/04 P *Sunrider Corp v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [2006] ECR I-4237, Case C-442/07 *Verein Radetsky-Order v Bunderversammlung Kamaradschaft ‘Feldmarschall Radetsky’* [2008] ECR I-9223, Case C-495/07 *Silberquelle GmbH v Maselli-Strickmode GmbH* [2009] ECR I-2759, Case C-149/11 *Leno Marken BV v Hagelkruis Beheer BV*

[EU:C:2012:816], [2013] ETMR 16, Case C-609/11 P *Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG* [EU:C:2013:592], [2014] ETMR, Case C-141/13 P *Reber Holding & Co KG v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:C:2014:2089] and Case C-689/15 *W.F. Gözze Frottierweberei GmbH v Verein Bremer Baumwollbörse* [EU:C:2017:434], [2017] Bus LR 1795.

115. The principles established by these cases may be summarised as follows:

(1) Genuine use means actual use of the trade mark by the proprietor or by a third party with authority to use the mark: *Ansul* at [35] and [37].

(2) The use must be more than merely token, that is to say, serving solely to preserve the rights conferred by the registration of the mark: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Leno* at [29]; *Centrotherm* at [71]; *Reber* at [29].

(3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end user by enabling him to distinguish the goods or services from others which have another origin: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Silberquelle* at [17]; *Leno* at [29]; *Centrotherm* at [71]. Accordingly, affixing of a trade mark on goods as a label of quality is not genuine use unless it guarantees, additionally and simultaneously, to consumers that those goods come from a single undertaking under the control of which the goods are manufactured and which is responsible for their quality: *Gözze* at [43]-[51].

(4) Use of the mark must relate to goods or services which are already marketed or which are about to be marketed and for which preparations to secure customers are under way, particularly in the form of advertising campaigns: *Ansul* at [37]. Internal use by the proprietor does not suffice: *Ansul* at [37]; *Verein* at [14] and [22]. Nor does the distribution of promotional items

as a reward for the purchase of other goods and to encourage the sale of the latter: *Silberquelle* at [20]-[21]. But use by a non-profit making association can constitute genuine use: *Verein* at [16]-[23].

(5) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, that is to say, use in accordance with the commercial *raison d'être* of the mark, which is to create or preserve an outlet for the goods or services that bear the mark: *Ansul* at [37]-[38]; *Verein* at [14]; *Silberquelle* at [18]; *Centrotherm* at [71]; *Reber* at [29].

(6) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including: (a) whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods and services in question; (b) the nature of the goods or services; (c) the characteristics of the market concerned; (d) the scale and frequency of use of the mark; (e) whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them; (f) the evidence that the proprietor is able to provide; and (g) the territorial extent of the use: *Ansul* at [38] and [39]; *La Mer* at [22]-[23]; *Sunrider* at [70]-[71], [76]; *Leno* at [29]-[30], [56]; *Centrotherm* at [72]-[76]; *Reber* at [29], [32]-[34].

(7) Use of the mark need not always be quantitatively significant for it to be deemed genuine. Even minimal use may qualify as genuine use if it is deemed to be justified in the economic sector concerned for the purpose of creating or preserving market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor. Thus there is no *de minimis* rule: *Ansul* at [39]; *La Mer* at [21], [24] and [25]; *Sunrider* at [72] and [76]-[77]; *Leno* at [55].

(8) It is not the case that every proven commercial use of the mark may automatically be deemed to constitute genuine use: *Reber* at [32].”

71. In *Awareness Limited v Plymouth City Council*, BL O/236/13, Mr Daniel Alexander Q.C. as the Appointed Person stated that:

“22. The burden lies on the registered proprietor to prove use [...]. However, it is not strictly necessary to exhibit any particular kind of documentation, but if it is likely that such material would exist and little or none is provided, a tribunal will be justified in rejecting the evidence as insufficiently solid. That is all the more so since the nature and extent of use is likely to be particularly well known to the proprietor itself. A tribunal is entitled to be sceptical of a case of use if, notwithstanding the ease with which it could have been convincingly demonstrated, the material actually provided is inconclusive. By the time the tribunal (which in many cases will be the Hearing Officer in the first instance) comes to take its final decision, the evidence must be sufficiently solid and specific to enable the evaluation of the scope of protection to which the proprietor is legitimately entitled to be properly and fairly undertaken, having regard to the interests of the proprietor, the opponent and, it should be said, the public”,

and further at paragraph 28:

“28. [...] I can understand the rationale for the evidence being as it was but suggest that, for the future, if a broad class, such as “tuition services”, is sought to be defended on the basis of narrow use within the category (such as for classes of a particular kind) the evidence should not state that the mark has been used in relation to “tuition services” even by compendious reference to the trade mark specification. The evidence should make it clear, with precision, what specific use there has been and explain why, if the use has only been narrow, why a broader category is nonetheless appropriate for the specification. Broad statements purporting to verify use over a wide range by

reference to the wording of a trade mark specification when supportable only in respect of a much narrower range should be critically considered in any draft evidence proposed to be submitted”.

72. Proven use of a mark which fails to establish that “the commercial exploitation of the mark is real” because the use would not be “viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark” is not, therefore, genuine use.⁴⁹

73. The applications for revocation were filed on 31 January 2019. Given the proviso at s. 46(3) of the Act, if London can establish genuine use after the five-year periods specified by Australia and before 31 October 2018, the registrations will not be revoked. I will, therefore, focus on the later period alleged for UK883 and, for both registrations, bear in mind any qualifying use after the claimed periods of non-use.

Are the marks acceptable variants?

74. There is ample evidence that London has used “Sapphire” in word form to identify goods and services on its website at least between 2010 and 2016. It is also used on invoices and in detailed information provided as part of London’s sales process. At the hearing, although Mr Muir Wood contended that the first mark in the UK883 series is not a word mark per se, he very sensibly accepted that it “does not differ very much from the word “SAPPHIRE”, it is simply in a specific font” and that, consequently, there has been use of the first mark in the series.⁵⁰ Australia does not accept, however, that the use extends to goods in class 9.

75. Ms Edwards-Stuart accepted that London has not used the second mark in the UK883 series in its registered form.⁵¹ Instead, she relied upon use of “Sapphire” in word form

⁴⁹ See, for example, *Naazneen Investments Ltd v OHIM*, Case T-250/13, EU:T:2017:633, *Jumpman Trade Mark* BL O/222/16 and *Strada Del Sole Trade Mark* BL O/528/15.

⁵⁰ Transcript, p. 29.

⁵¹ Transcript, p. 19.

and of the stylised “sapphire” mark which, she submitted, were acceptable variants of the second mark under s. 46(2). In her skeleton argument, Ms Edwards-Stuart also pointed out that London relied upon use in the form of the “software-services-solutions” mark between 2011 and 2014.⁵²

76. The test under s. 46(2) of the Act (i.e. whether the form in which the mark has been used differs in elements which do not alter the distinctive character of the mark) was summarised as follows by Richard Arnold Q.C. (as he then was), sitting as the Appointed Person, in *Nirvana Trade Mark*, BL O/262/06:

“33. [...] The first question [in a case of this kind] is what sign was presented as the trade mark on the goods and in the marketing materials during the relevant period [...]

34. The second question is whether that sign differs from the registered trade mark in elements which do not alter the latter’s distinctive character. As can be seen from the discussion above, this second question breaks down in the sub-questions, (a) what is the distinctive character of the registered trade mark, (b) what are the differences between the mark used and the registered trade mark and (c) do the differences identified in (b) alter the distinctive character identified in (a)? An affirmative answer to the second question does not depend upon the average consumer not registering the differences at all”.

77. Although this case was decided before the judgment of the CJEU in *Colloseum Holdings AG v Levi Strauss & Co.*, Case C-12/12, EU:C:2013:253, it remains sound law so far as the question is whether the use of a mark in a different form constitutes genuine use of the mark as registered. The later judgment of the CJEU must also be taken into account where the mark is used as registered, but as part of a composite mark.

⁵² Skeleton argument, §65(3).

78. Mr Muir Wood pointed out that many of the decided cases concern trade marks which have been used with other material, per *Colloseum*, rather than trade marks which have had components omitted from their used form. However, in *hyphen GmbH v EUIPO*, Case T-146/15, the General Court set out the following approach:

“28. [...] a finding of distinctive character in the registered mark calls for an assessment of the distinctive or dominant character of the components added, on the basis of the intrinsic qualities of each of those components, as well as on the relative position of the different components within the arrangement of the trade mark (see judgment of 10 June 2010, *ATLAS TRANSPORT*, T-482/08, not published, EU:T:2010:229, paragraph 31 and the case-law cited; judgments of 5 December 2013, *Maestro de Oliva*, T-4/12, not published, EU:T:2013:628, paragraph 24, and 12 March 2014, *Borrajo Canelo v OHIM — Tecnoazúcar (PALMA MULATA)*, T-381/12, not published, EU:T:2014:119, paragraph 30).

29 For the purposes of that finding, account must be taken of the intrinsic qualities and, in particular, the greater or lesser degree of distinctive character of the [registered] mark used solely as part of a complex trade mark or jointly with another mark. The weaker the distinctive character, the easier it will be to alter it by adding a component that is itself distinctive, and the more the mark will lose its ability to be perceived as an indication of the origin of the good. The reverse is also true (judgment of 24 September 2015, *Klement v OHIM — Bullerjan (Form of an oven)*, T-317/14, not published, EU:T:2015:689, paragraph 33).

30 It has also been held that where a mark is constituted or composed of a number of elements and one or more of them is not distinctive, the alteration of those elements or their omission is not such as to alter the distinctive character of that trade mark as a whole (judgment of 21 January 2015, *Sabores de Navarra v OHIM — Frutas Solano (KIT, EL SABOR DE*

NAVARRA), T-46/13, not published, EU:T:2015:39, paragraph 37 and the case-law cited)”.

79. These findings indicate that the relative distinctiveness of the registered mark and the components added to (or omitted from) it in use are relevant factors to take into account in the assessment. In this instance, the addition of a circle around the registered mark was not sufficient to alter the distinctive character of the registered mark. Its judgment is also consistent with its earlier decision in *Menelaus BV v EUIPO*, Case T-361/13, in which it held that use of the marks shown on the left and middle below constituted use of the registered mark on the right:



Upholding the Board of Appeal decision, the court said that:

“73 [...] a different orientation of the same background, the use of upper-case or lower-case letters when they are standard letters which reproduce the same term, or the substitution of an ornamental element (the sequence of dots) for a laudatory element [the crown] when both of those elements serve to reinforce the term ‘vigar’, are minor differences that do not alter the distinctive character of the earlier Community trade mark as it was registered”,

and that:

“75 [...] the Board of Appeal did not fail to apply the case-law according to which it is only if the element of the earlier mark as registered which is omitted in the signs as used is in a secondary position and not distinctive that its omission does not alter the distinctive character of the trade mark (judgment

of 24 November 2005 in *GfK v OHIM — BUS (Online Bus)*, T-135/04, ECR, EU:T:2005:419, paragraph 37). It is apparent from the foregoing analysis that the figurative elements of the earlier mark as registered, namely the crown and the oval background, are in a secondary position”.

80. The evidence shows use of the “software-services-solutions” mark on London’s website in July 2013. The same mark also appeared in detailed information provided to a potential customer in 2016, albeit with much less frequency than the stylised “sapphire” mark, and on an award from 2014. The fact that this mark is in colour and that the border and dashes of the registered mark are replaced by a single line and dots in the version used make no difference to the distinctive character of the mark. The “software-services-solutions” mark as used is an acceptable variant of the second mark in the series.

81. Turning to whether the use of “Sapphire” alone or the stylised “sapphire” mark constitute use of the second mark in the series, the distinctiveness of the registered mark is contained in the word “SAPPHIRE”. The border will be seen as a non-distinctive, decorative element whilst the word “software” is entirely descriptive of the goods. “Services” and “solutions” may not be viewed as strictly descriptive of the goods but are nonetheless likely to be perceived as non-distinctive. The use of colour in the stylised “sapphire” mark will be seen as decorative and has no material effect on the mark’s distinctive character. I consider that the use of both “Sapphire” and the stylised “sapphire” mark constitute use of the second mark in the series.

82. UK754 has not been used in its registered form: there is no use whatsoever of “SAPPHIRE ISUITE” as a combination. The parties’ submissions on the role of “ISUITE” were brief. Ms Edwards-Stuart contended that “ISUITE” is descriptive or non-distinctive for the goods and services in the specification, as the letter “I” indicates internet connectivity and the word “SUITE” indicates a package of complementary software applications. Mr Muir Wood submitted that the addition of “ISUITE” to the word “SAPPHIRE” creates an entirely new and distinct mark.

83. There is no evidence concerning the word “ISUITE” and its likely perception by the average consumer. It seems to me that, whilst “ISUITE” is presented as a single word, the word “suite” is sufficiently commonplace that it will be recognised by the average consumer as one part of the combination. That is particularly the case in respect of computer-related goods and services where it would not be unusual to refer to, for example, a suite of applications. The letter “i” in this case is likely to be perceived as a reference to internet connectivity, again particularly in connection with the goods and services for which the mark is registered, and as a prefix in a combination of two words. Accordingly, the word “ISUITE” is likely to be perceived as describing a suite of applications which are internet-ready, whether provided in physical form or provided as a service. As such, the word has no distinctiveness and it has a secondary position to the word “SAPPHIRE”. I conclude that use of “SAPPHIRE” (including use of the stylised “sapphire” mark, for the reasons given above) does not alter the distinctive character of the registered mark and is acceptable variant use.

84. It is clear that London is a successful business. UK turnover is significant and, whilst the marketing spend is not broken down by territory, the evidence shows that the majority of London’s turnover was generated in the UK. It is therefore likely that a reasonable part of the marketing budget also concerned the UK. It is plain that there has been use of the marks in the UK on something. I now turn to the specifics of the goods and services on or in relation to which there has been use.

85. In *Property Renaissance Ltd (t/a Titanic Spa) v Stanley Dock Hotel Ltd (t/a Titanic Hotel Liverpool) & Ors* [2016] EWHC 3103 (Ch), Carr J summed up the law relating to partial revocation as follows.

“iii) Where the trade mark proprietor has made genuine use of the mark in respect of some goods or services covered by the general wording of the specification, and not others, it is necessary for the court to arrive at a fair specification in the circumstance, which may require amendment; *Thomas*

Pink Ltd v Victoria's Secret UK Ltd [2014] EWHC 2631 (Ch) ("Thomas Pink") at [52].

iv) In cases of partial revocation, pursuant to section 46(5) of the Trade Marks Act 1994, the question is how would the average consumer fairly describe the services in relation to which the trade mark has been used; *Thomas Pink* at [53].

v) It is not the task of the court to describe the use made by the trade mark proprietor in the narrowest possible terms unless that is what the average consumer would do. For example, in *Pan World Brands v Tripp Ltd* (Extreme Trade Mark) [2008] RPC 2 it was held that use in relation to holdalls justified a registration for luggage generally; *Thomas Pink* at [53].

vi) A trade mark proprietor should not be allowed to monopolise the use of a trade mark in relation to a general category of goods or services simply because he has used it in relation to a few. Conversely, a proprietor cannot reasonably be expected to use a mark in relation to all possible variations of the particular goods or services covered by the registration. *Maier v Asos Plc* [2015] EWCA Civ 220 ("Asos") at [56] and [60].

vii) In some cases, it may be possible to identify subcategories of goods or services within a general term which are capable of being viewed independently. In such cases, use in relation to only one subcategory will not constitute use in relation to all other subcategories. On the other hand, protection must not be cut down to those precise goods or services in relation to which the mark has been used. This would be to strip the proprietor of protection for all goods or services which the average consumer would consider to belong to the same group or category as those for which the mark has been used and which are not in substance different from them; *Mundipharma AG v OHIM* (Case T-256/04) ECR II-449; EU:T:2007:46".

Class 9

86. Whilst the evidence indicates that much of London's success is due to its role as a reseller of third-party software, the sums given for own-brand software sales are reasonable and are sustained, at least in the period 2011 to 2016. Sapphire-branded software is offered on its website and invoices confirm actual sales. I acknowledge that there is no information about the size of the market but the evidence supports the contention that London's efforts in this area have been designed to carve out a place in the marketplace. It appears from the evidence that the Sapphire-branded software is designed for use with the third-party software products sold by London. These appear to be business and financial management products (SAP appears to provide business enterprise applications, while Infor is concerned with accounting software: RLB2, p. 24). Although the annual reports suggest that additional own-brand software may be developed, the evidence does not show whether this happened, or to what extent. Whilst Sapphire-branded software does not appear to be anything other than an add-on to the SAP and Infor products, the purpose of London's own software is to improve the integration and functionality of London's main third-party software offerings when incorporated into a company's existing infrastructure. London's software therefore appears to have two roles: customising the software for the user so that it provides an enhanced business/financial management software product and improving product integration. Little detail is given about the add-ons. They appear to cover a range of business functions, such as budgeting and project control. They also include software which allows the sending of payments and the import and updating of files and data, as well as analysis of data. It is not entirely clear what the "intercompany" and synchronisation modules do but they appear to be concerned with the integration of software with existing structures. The evidence in respect of database software is less clear. There is no indication of the level of any sales conducted by London's predecessor in title, except for sales figures from 1995 which are not broken down by goods/services or by territory. However, even if SAP, Infor and Sapphire add-on products are not database software per se, it is clear enough that London's software is both intended to work with a customer's existing systems and applications (which may well include

databases) and that bespoke add-ons are possible. There is no evidence that London has produced software concerned with multimedia content at any time. Retention of “computer programmes” at large is not warranted and the specification should reflect the business and software integration focus of London’s products. “Data processing” is not, in my view, restricted to databases but covers the collection, extraction and conversion of data more widely, which all software can be said to do. Therefore, I also do not consider it appropriate for the marks to remain registered for computer programmes and software for data processing at large.

87. As regards computers, hardware and peripherals, including discs and data carriers, the only documentary evidence is one undated photograph of a USB stick bearing the word “sapphire”. There are no sales figures concerning such goods and they are notable by their absence from London’s website. Mr Bolton explains that the software used to be provided on discs but that such technology is now obsolete.⁵³ However, he also explains that even when discs were used, they were supplied as master discs to London, which installed the software by copying it from the master discs. It appears that the physical discs were never supplied to the customer. There has been no use at any time in respect of “magnetic tapes, cards and discs [...]” (UK883) or “magnetic data carriers, recording discs” (UK754).

88. There is also no evidence that London has at any time supplied equipment or computer hardware. No sales figures for computers, equipment or hardware are provided and there is no indication in any of the documentary evidence that London sold any such goods to its customers. Ms Edwards-Stuart relied upon London’s cloud offering in support of the claim. However, my understanding of cloud technology is that the hardware is never purchased by the customer: it remains the property of the service provider. There is nothing in the evidence to disturb that view. There has been no use in relation computer hardware of any description.

89. In respect of UK 883 in class 9, I consider a fair specification to be:

⁵³ Bolton 2, §§3-4.

Computer programmes for business management, including financial management software and payment software; computer programmes for business software integration; computer programmes for importing, accessing, updating, synchronising, sharing and storing files and data; all included in Class 9; but not including any of the aforesaid goods being adapted for use in motor vehicles and not including encoded bank cards.

90. For UK754, a fair specification in class 9 is:

Computer software for business management purposes, namely, budgeting and planning, document management, financial management, inventory and warehouse management, payroll solutions, procurement and spend control, and time and expense management; computer software for application and database integration; computer programmes and software for accessing, backing up, syncing, sharing and/or storing electronic data, documents, files, folders, including such computer software for handheld devices, mobile phones, tablet computers, personal digital assistants and other internet enabled devices and wireless devices; computer programmes and software for searching, indexing, filtering and retrieval of data; computer software relating to automatic and scheduled data back-up of electronic data, documents, files and folders.

Class 42 (UK754 only)

91. The evidence shows that in addition to its standard add-ons, London offers bespoke software design to its customers under the “Sapphire” mark. As with the standard products, this appears to concern improving the integration of third-party software with customers’ existing infrastructure and offering additional functionality. This necessarily includes discussing and advising on the technical capabilities of the products. The software in question, however, appears to be business software or software for integrating other software products. These appear to me to be distinct categories. There is also

ample evidence that London offered support services in connection with software products in the relevant period. It is not explained how much of the turnover is attributable to software design services but the overall figures are substantial, particularly in recent years. Even if it were only a fraction, taken with the availability of bespoke services over a period of years, shown in the evidence, it is sufficient to establish genuine use in respect of these services. There is, however, no evidence of hardware design. A fair specification is:

Design and development of business software and integration software; provision of computer software for business management purposes, namely, budgeting and planning, document management, financial management, inventory and warehouse management, payroll solutions, procurement and spend control, and time and expense management; computer software integration; technical consultation services in the fields of computer programming and software integration.

Conclusions on the revocations

92. UK883 will be revoked in part from the earliest date sought, i.e. 19 June 1998. It will remain registered for the following goods:

Class 9: Computer programmes for business management, including financial management software and payment software; computer programmes for business software integration; computer programmes for importing, accessing, updating, synchronising, sharing and storing files and data; all included in Class 9; but not including any of the aforesaid goods being adapted for use in motor vehicles and not including encoded bank cards.

UK 754 will also be revoked in part, with an effective date of revocation of 16 February 2018. It will remain registered for the following goods and services:

Class 9: Computer software for business management purposes, namely, budgeting and planning, document management, financial management, inventory and warehouse management, payroll solutions, procurement and spend control, and time and expense management; computer software for application and database integration; computer programmes and software for accessing, backing up, syncing, sharing and/or storing electronic data, documents, files, folders, including such computer software for handheld devices, mobile phones, tablet computers, personal digital assistants and other internet enabled devices and wireless devices; computer programmes and software for searching, indexing, filtering and retrieval of data; computer software relating to automatic and scheduled data back-up of electronic data, documents, files and folders.

Class 42: Design and development of business software and integration software; provision of computer software for business management purposes, namely, budgeting and planning, document management, financial management, inventory and warehouse management, payroll solutions, procurement and spend control, and time and expense management; computer software integration; technical consultation services in the fields of computer programming and software integration.

London's oppositions and applications for invalidation

93. Ms Edwards-Stuart indicated that London considers the passing-off ground to be the leading ground, with ss. 5(2)(b) and 5(3) there to “plug any gaps”. I will follow her approach and consider s. 5(4)(a) first, starting with the word-only “SAPPHIRE” sign upon which London relies.

Section 5(4)(a)

94. Section 5(4)(a), which has application in invalidity proceedings by virtue of s. 47(2), states:

“A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or

(b) [.....]

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of “an earlier right” in relation to the trade mark”.

95. In *Discount Outlet v Feel Good UK*, [2017] EWHC 1400 IPEC, HHJ Clarke, sitting as a Deputy Judge of the High Court stated that:

“55. The elements necessary to reach a finding of passing off are the ‘classical trinity’ of that tort as described by Lord Oliver in the *Jif Lemon* case (*Reckitt & Colman Product v Borden* [1990] 1 WLR 491 HL, [1990] RPC 341, HL), namely goodwill or reputation; misrepresentation leading to deception or a likelihood of deception; and damage resulting from the misrepresentation. The burden is on the Claimants to satisfy me of all three limbs.

56. In relation to deception, the court must assess whether “*a substantial number*” of the Claimants' customers or potential customers are deceived, but it is not necessary to show that all or even most of them are deceived (per *Interflora Inc v Marks and Spencer Plc* [2012] EWCA Civ 1501, [2013] FSR 21)”.

96. Whether there has been passing off must be judged at a particular point (or points) in time. Australia now makes no claim to earlier use. The relevant dates are, therefore, the

dates of application or priority, i.e. 25 July 2017 (UK170), 12 April 2017 (the “Bondi Blue” mark”) and 17 August 2016 (the “SapphireOne” mark).⁵⁴

Goodwill

97. The House of Lords in *Inland Revenue Commissioners v Muller & Co’s Margarine Ltd* [1901] AC 217 (HOL) provided the following guidance regarding goodwill:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start”.

98. The evidence shows that London had at the relevant dates a business in which there was a protectable goodwill: the turnover and marketing spend establish the general position without difficulty. For the reasons given at paragraphs 86 to 88, above, I am satisfied that at the relevant dates London’s business concerned computer programmes for business management, including financial management software and payment software; computer programmes for business software integration; computer programmes for importing, accessing, updating, synchronising, sharing and storing files and data. The goodwill of the business does not extend to computers, hardware or computer peripherals.

99. There is no evidence that London provided printed matter at any of the relevant dates, whether programs in printed form or as ancillaries to the software such as catalogues. Mr Bolton indicates that operational manuals were left with customers after installation of software but it is not clear when such a practice took place.⁵⁵ In any event, the manuals appear to have been for third-party software. It is probable, and there is nothing in the

⁵⁴ *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O/410/11 at [43].

⁵⁵ Bolton 2, §4.4.

evidence to suggest otherwise, that any marks on the manuals were those of the third-party vendors. London's role was as supplier, not that of producer, of the manuals and it would have been held responsible for their provision, not their content.

100. Mr Muir Wood accepted that London has goodwill in a business reselling third-party software and in associated support services. It is clear from the evidence that London's services included the provision of advice prior to purchase as well as post-purchase support. For the same reasons given at paragraph 91 above, the business included the design and development of business software and integration software, the provision of computer software for business management purposes, computer software integration services and technical consultation in the fields of computer programming and software integration. Given the website and invoice evidence, I am also satisfied that cloud hosting services formed part of London's business. That evidence, coupled with the more detailed terms and conditions provided with the case study of a sale, is also sufficient to establish that London provided training associated with its software products as a chargeable service. Implementation and maintenance services are only specified against the SapphireOne mark. I am satisfied on the evidence, particularly the explanations at Bolton 2 concerning the implementation process and website evidence mentioning the service, as well as the invoice evidence in which maintenance services are itemised, that implementation and maintenance were a feature of London's business at the relevant dates.

101. The goodwill overall appears to have been reasonably strong at the relevant dates: turnover is significant. However, the split between own-brand software and third-party software (and the associated support, which appears to go hand in hand with SAP and Infor goods) suggests that whilst the goodwill extends to all of the goods and services discussed above, London's reputation was primarily contained in its roles as a supplier of third-party software and as a software support service.

102. The business was known by the name "Sapphire". Some but not all of the use has been in the stylised "sapphire" form. However, the stylisation is minimal and the word

“sapphire” clearly dominates the sign. I am satisfied that the name “Sapphire”/“sapphire” was distinctive of London’s business at the relevant dates.

Misrepresentation and damage

103. Halsbury’s Laws of England Vol. 97A (2012 reissue) provides guidance with regard to establishing the likelihood of deception. In paragraph 309 it is noted (with footnotes omitted) that:

“To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

(1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and

(2) that members of that class will mistakenly infer from the defendant’s use of a name, mark or other feature which is the same or sufficiently similar that the defendant’s goods or business are from the same source or are connected.

While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.

In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:

(a) the nature and extent of the reputation relied upon;

(b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;

(c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;

(d) the manner in which the defendant makes use of the name, mark etc. complained of and collateral factors; and

(e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.”

In assessing whether confusion or deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action”.

104. Whilst the fact of different fields of activity is a factor which must be taken into account, it is not fatal to an opposition based on this ground that the parties do not operate or intend to operate in a common field: *Harrods Limited v Harrodian School Limited* [1996] RPC 697 (CA).

The 170 mark

105. The 170 mark is, as Mr Muir Wood accepted at the hearing, very similar to the word Sapphire. The goods in class 9 of the 170 mark’s specification, along with the services in classes 35, 41 and 42, all cover the same fields of activity as London’s business. I bear in mind Mr Muir Wood’s submissions, made in respect of the Bondi Blue mark but nonetheless applicable here, regarding what he described as “a very cautious customer spending large amounts of money” and that there may be a tender process. Whilst some

of Australia's goods and services, such as software in class 9, may be purchased by the general public, business users are likely to constitute a relevant group of consumer for all of the goods and services and, in some cases (e.g. business administration services), the only relevant user. London's business is clearly directed at business professionals. Business consumers are likely to pay more than an average degree of attention, as spend may be increased, contracts of some duration and integration with existing systems a particular concern. However, it is entirely plausible that the competing goods and services will be purchased directly, following, for example, consultation of websites and brochures. There is nothing in either party's evidence to suggest that tendering is the routine method of securing business and none of the contested goods and services (in any of Australia's marks) is restricted in any way. Although some amongst the relevant public may be spending very large sums or engaging in a tender process, I am not satisfied that there will necessarily be a high degree of attention across the board. It seems to me that the selection of the goods and services by businesspersons will be made with a reasonably high degree of attention and will involve both visual and aural considerations, though the visual are likely to be rather more dominant. Given the similarity between the sign and the contested mark and the overlap in the fields of activity, even bearing in mind that the relevant public is likely to consist of business users paying a reasonably high degree of attention, there would be a misrepresentation. I acknowledge, however, that "computer software" in the contested specification covers a vast range of goods, some of which may not bear any real similarity with goods in which London has traded. I will return to this point later in this decision.

106. The goods in class 16 of the contested specification are not the same in nature or purpose as London's goods and services activities but they concern the same subject matter. Software and software manuals are complementary goods. Further, the contested goods are concerned with computer programs, which are a key part of London's business. Despite the lack of evidence that London has produced, or supplied in recent years, instruction manuals, the fields overlap sufficiently that the relevant public is likely to think that there is a connection between the companies. Given that much of London's business is concerned with data processing software, in its widest sense, and that it both sells third-

party products and produces its own software, it is but a short step for the consumer to be deceived into thinking that there is a commercial connection in respect of the class 16 goods.

107. Damage of the most obvious kind, namely loss of sales, is readily foreseeable, as is loss of control of London's reputation, particularly as any negative perception of Australia's goods and/or services could damage London's reputation as a high-quality provider. Damage is made out.

The Bondi Blue mark

108. My comments at paragraphs 105 and 106, above, in respect of the relevant public, as well as the similarity, or lack thereof, between the contested goods and services, also apply in respect of the Bondi Blue mark. The contested mark features a device element resembling a yin and yang symbol, in blue. The two elements are separated by a curved white line. The line is not dissimilar in shape to an "S", though it is not so obviously an "S" shape that the relevant public will perceive it in that way. Underneath the device are the words "Sapphire" and, beneath that, "Bondi Blue". There is no evidence on the point but I agree with Ms Edwards-Stuart that the relevant public is likely to know that "Bondi" is a famous beach. The device is a little larger than the word elements but the general tendency for words to have more impact operates here, resulting in the device and the words playing a roughly equal role. Visually, there is a fairly low degree of similarity; the device will not be articulated so aural similarity is medium. The concept of "Sapphire" is shared but the words "Bondi" and "Blue" introduce different concepts. There is a medium degree of conceptual similarity.

109. In terms of whether there will be a misrepresentation, my view is that there will be, for all of the contested goods and services. The fact that "Sapphire" stands as a separate element in the contested mark, not forming a whole with the other words in the mark, when also bearing in mind the strength of London's goodwill and that the use is in the same fields, or in fields which are not sufficiently removed from the core goods and

services offered by London, will result in the mark being perceived as a variant used by the same or a connected commercial undertaking. That is the case even taking into account the reasonably high level of care in the purchase. Damage will follow, through loss of sales or loss of control of London's reputation.

The "SapphireOne" mark

110. The contested mark is for the mark "SapphireOne", presented in a particular if unremarkable typeface and in blue. The two words "Sapphire" and "One" are readily identified within the mark and dominate it, though of the two words "Sapphire" is the most distinctive; the colour has only a very weak role. The mark is visually, aurally and conceptually similar to a medium degree to the sign "Sapphire".

111. The goods in class 9 and the services in class 41 are in the same field as the business conducted by London. In class 42, "programming of computers" also appears to coincide with the implementation and maintenance services provided by London. "Computer design" strikes me as further removed from London's goods and services, as it suggests a service concerned with hardware rather than software. "Web design" does not appear to be something that is offered by London. However, these are all services provided in the field of computing and the fact that London has a reputation for technical consultation, support and maintenance points towards, rather than against, there being a misrepresentation. In addition, one of the strands of London's business, albeit not the main one, is the integration of third-party systems and the transfer of data between different systems, including from the internet. There is sufficient proximity between the fields of activity, given the shared word "Sapphire", and notwithstanding a reasonably high level of attention, that the relevant public is likely to believe that the user of the contested mark is commercially connected with London in respect of all of these goods and services. There will be a misrepresentation.

112. It is not entirely clear what "computer manuals relating to accountancy and financial management" are. They do not appear to be concerned with accountancy and financial

management software but they are, nevertheless, computer manuals. The term suggests that, at the least, the goods are likely to be used in conjunction with (software) tools for financial management and accounting. Given London's reasonably strong reputation as a provider of third-party financial software, including accounting software, and its more limited reputation as a provider of Sapphire-branded software for integrating financial software, and the similarity between the mark and sign, the relevant public is likely to be misled into believing that the goods are those of London (for example that they are assistance manuals for its third-party software products) or that there is a connection between the entities.

113. That leaves the services in class 35. Business administration and office functions are not in the same fields as London's business. However, the evidence shows that the third-party software sold by London is for business management, including financial management of businesses, and that it includes facilitating payroll, payments and procurement. It seems to me that there is a competitive relationship between such goods and services, as a business may choose between purchasing software, for example for processing payroll, or engaging the services of a third party to effect such functions. Whilst I acknowledge that London's goods are used in conjunction with third-party software for business management, particularly business enterprise and accounting software, the purpose of Sapphire-branded software is not merely integration but also the addition of extra functionality to the third-party software. The combination of SAP or Infor software and Sapphire add-ons may, therefore, be preferred by a business over outsourcing certain business functions. Given that London also has a reasonably strong goodwill in providing specialist assistance in relation to the software it sells, it seems to me that, when considered alongside the proximity of the marks, the relevant public would think that there is a commercial connection between London's business and the user of the contested mark, or that London itself had expanded its services. There would be a misrepresentation.

114. For all of the above goods and services, damage in the form of loss of sales or loss of control of London's reputation is easily foreseeable. The passing-off ground is made out.

Conclusion under s. 5(4)(a)

115. The grounds under s. 5(4)(a) have succeeded in full against all of Australia's trade marks. I do not consider it proportionate to consider the position in respect of the other signs relied upon: although the claims vary between the cases, in each individual action, the goods and services relied upon are identical for the signs claimed and, if I am wrong in my assessment, London's position is unlikely to be improved in respect of less similar signs.

116. I will consider the remaining grounds but, in light of the opponent's position that s. 5(4)(a) is the strongest ground, I will do so only briefly and I will consider only the first mark in UK883's series. In order not to make this decision any longer than necessary, I will not repeat all of the submissions made to me but I will bear them in mind.

Section 5(2)(b)

117. Section 5(2)(b) of the Act reads as follows:

"5. (2) A trade mark shall not be registered if because -

[...]

(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark”.

118. The following principles are gleaned from the decisions of the EU courts in *Sabel BV v Puma AG*, Case C-251/95, EU:C:1997:528, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, Case C-39/97, EU:C:1998:442, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* Case C-342/97, EU:C:1999:323, *Marca Mode CV v Adidas AG & Adidas Benelux BV*, Case C-425/98, EU:C:2000:339, *Matratzen Concord GmbH v OHIM*, Case C-3/03, EU:C:2004:233, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*, Case C-120/04, EU:C:2005:594, *Shaker di L. Laudato & C. Sas v OHIM*, Case C-334/05P, EU:C:2007:333, and *Bimbo SA v OHIM*, Case C-591/12P, EU:C:2016:591:

(a) The likelihood of confusion must be appreciated globally, taking account of all relevant factors;

(b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;

(e) nevertheless, the overall impression conveyed to the public by a composite trade mark may be dominated by one or more of its components;

(f) however, it is also possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;

(g) a lesser degree of similarity between the goods or services may be offset by a great degree of similarity between the marks, and vice versa;

(h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;

(i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;

(j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;

(k) if the association between the marks creates a risk that the public will wrongly believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

Comparison of goods and services

119. The goods and services to be compared are:

London's goods and services	Australia's goods and services
<p><u>UK 883:</u> <u>Class 9:</u> Computer programmes for business management, including financial management software and payment software; computer programmes for business software integration; computer programmes for importing, accessing, updating, synchronising, sharing and storing files and data; all included in Class 9; but not including any of the aforesaid goods being adapted for use in motor vehicles and not including encoded bank cards.</p> <p><u>UK754:</u> <u>Class 9:</u> Computer software for business management purposes, namely, budgeting and planning, document management, financial management, inventory and warehouse management, payroll solutions, procurement and spend control, and time and expense management; computer software for application and database integration; computer programmes and software for accessing, backing up, syncing, sharing and/or storing electronic data, documents, files, folders, including such computer software for handheld devices, mobile</p>	<p><u>UK170</u> <u>Class 9:</u> Machine readable data media provided with programs; computer software; data processing programs for use in business management, business administration, IT systems and office functions.</p> <p><u>Class 16:</u> Data processing programs in printed form including written accompanying material, namely manuals, catalogues, operating instruction/working instruction; data processing programs in printed form involved in business management, business administration, IT systems and office functions.</p> <p><u>Class 35:</u> Retail services provided in relation to the sale of data processing programs involved in business management, business administration, IT systems and office functions.</p> <p><u>Class 41:</u> Training and related consultation in relation to data processing programs none of the aforementioned services being provided in the form of conferences or exhibitions.</p>

phones, tablet computers, personal digital assistants and other internet enabled devices and wireless devices; computer programmes and software for searching, indexing, filtering and retrieval of data; computer software relating to automatic and scheduled data back-up of electronic data, documents, files and folders.

Class 42: Design and development of business software and integration software; provision of computer software for business management purposes, namely, budgeting and planning, document management, financial management, inventory and warehouse management, payroll solutions, procurement and spend control, and time and expense management; computer software integration; technical consultation services in the fields of computer programming and software integration.

Class 42: Computer programming consultation provided in relation to data processing.

The Bondi Blue mark

Class 9: Machine readable data media of all types provided with programs; computer software of all types; data processing programs involved in business management, business administration, IT systems and office functions.

Class 16: Data processing programs in printed form including written accompanying material, namely manuals, catalogues, operating instruction and working instructions; data processing programs in printed form involved in business management, business administration, IT systems and office functions.

Class 35: Sale of data processing programs involved in business management, business administration, IT systems and office functions.

Class 41: Training and consulting using data processing programs.

	<p><u>Class 42:</u> Programming consultation using data processing.</p> <p>The “SapphireOne” mark</p> <p><u>Class 9:</u> Computer programs and software for the purpose of accounting and financial management; data processing programs for use in accountancy and financial management.</p> <p><u>Class 16:</u> Computer manuals relating to accountancy and financial management.</p> <p><u>Class 35:</u> Business administration; office functions.</p> <p><u>Class 41:</u> Training and consulting using data processing programs.</p> <p><u>Class 42:</u> Programming of computers, computer design and web design.</p>
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120. When making the comparison, all relevant factors relating to the goods and services in the specification should be taken into account. In *Canon*, the CJEU stated at paragraph 23 of its judgment:

“In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be

taken into account. Those factors include, inter alia, their nature, their intended purpose and their method of use and whether they are in competition with each other or are complementary”.

121. Guidance on this issue has also come from Jacob J. (as he then was) in *British Sugar Plc v James Robertson & Sons Ltd* (the *Treat* case), [1996] R.P.C. 281, where he identified the factors for assessing similarity as:

- (a) The respective uses of the respective goods or services;
- (b) The respective users of the respective goods or services;
- (c) The physical nature of the goods or acts of service;
- (d) The respective trade channels through which the goods or services reach the market;
- (e) In the case of self-serve consumer items, where in practice they are respectively found or likely to be, found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;
- (f) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of course act for industry, put the goods or services in the same or different sectors.

Class 9

123. “Computer software” and “data processing programmes for use in business management, business administration, IT systems and office functions” are identical to “computer software for business management” (both earlier marks) and/or “computer

programmes for business software integration” (UK883)/“computer software for application and database integration” (UK754) on the inclusion principle outlined in *Gérard Meric v Office for Harmonisation in the Internal Market*, Case T- 133/05, EU:T:2006:247 at [29].

124. “Machine readable data media provided with programs” appears to mean data that is in a format which a computer can read. On that basis, it would include computer programmes and software, which provide information in a machine-readable format. If the goods are not identical to the same computer programmes and software listed at paragraph 123, above, they are highly similar, overlapping in purpose and nature, users, channels of trade and being potentially either in competition or complementary as defined in the case law (see *Kurt Hesse v OHIM*, Case C-50/15 P, EU:C:2016:34 and *Boston Scientific Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)*, Case T-325/06, EU:T:2009:428).

Class 16

125. “Data processing programs in printed form [...]” differ in nature from the earlier computer software and computer programmes for business management but share a purpose as both provide computer programmes with a common subject matter. Method of use will differ but users and channels of trade will intersect. There is an obvious competitive relationship and there may also be complementarity (for example, printed forms of programmes could be used to supplement standard coding). There is a reasonably high degree of similarity.

126. As far as printed manuals, catalogues and operating instructions are concerned, the contested goods all share broadly the same subject matter as the earlier business software/programmes. There is obvious complementarity and the goods will reach the market through the same channels. These goods have a medium degree of similarity.

Class 35

127. The retail and sale of computer programmes for the various purposes listed are different in nature and purpose from the earlier business software/programmes. However, the earlier software goods run the gamut of business applications (including, for example, database software, sale projections, payroll and invoicing). They are essential to the contested services and may be perceived as the responsibility of the same undertaking: they are complementary. Channels of trade and users will overlap. They are similar to a medium degree.

128. There is less similarity between business administration and office functions and the earlier computer software/programmes for business management. However, the goods and services share the same business users, who may select business management software in lieu of outsourcing certain administrative tasks, such as running payroll. There may, therefore, be some competition. There is a low degree of overall similarity.

Class 41

129. These services are similar to a low degree to the earlier business software/programmes on account of their complementary relationship and overlap in users and channels of trade.

Class 42

130. These services are complementary to, and share both users and channels of trade with, the earlier computer software/programmes for business management. There may also be a degree of competition. There is a medium degree of similarity.

131. With the exception of “computer design” (the “SapphireOne” mark), the contested services are also identical to UK754’s “design and development of business software” and/or “technical consultation services in the fields of computer programming and

software integration” on the *Meric* principle. “Computer design” is highly similar to the same services in UK754, as the services coincide in nature and purpose, and there is overlap in method of use, channels of trade and users. These services may also be complementary.

The average consumer and the nature of the purchasing act

132. Some of the contested goods and services will be purchased by the general public. It is possible that some of the earlier marks’ goods and services will also be purchased by members of the public (e.g. “design and development of computer hardware and software”). Both sets of goods and services will include business users: many are concerned with business software/management and the relevant consumer will therefore exclusively be business users. The purchase is likely to be primarily visual, following exposure to the marks on, for example, websites and in printed promotional material such as catalogues. I do not discount that there may be an aural aspect to the purchase for both groups of consumer; this is likely to be a more important consideration where business users are concerned, as they are more likely to select services following discussions with, for example, sales agents.

133. Both groups will take care to purchase the goods and services which fulfil their particular need. None of the goods or services is a very frequent or casual purchase. However, nor are they, on the whole, very expensive or very infrequent. The general public is likely to pay a medium degree of attention; business users, where sums are higher, contracts longer, system demands more precise and/or reputations at stake, will pay a reasonably high degree of attention.

Distinctive character of the earlier trade mark




134. The word “Sapphire” has no obvious connection to the goods and services for which the earlier marks are registered. It is inherently distinctive to a medium degree. “Isuite” is, I have found, non-distinctive and does not increase UK754’s inherent distinctiveness.

Sales in respect of Sapphire-branded software averaged around £230,000 per year between 2011 and 2016. Although not an insubstantial figure, it appears that those sales were only 10% of London's own turnover in 2016/2017; there is no clear information for other years. It is a reasonable inference that Sapphire-branded software was a very small proportion of the market as a whole (of which there is no evidence). I accept that London's own customers rate it highly but that is not quite the point and there is very little evidence of wider advertising or recognition. On balance, I do not think that the evidence is sufficient to establish that the distinctiveness of either mark has been enhanced through use in respect of goods in class 9.

135. London's turnover is not broken down into the various goods and services. Even allowing for an increase in the proportion of turnover for own-brand software, it is likely that services continued to make up the bulk of London's turnover. What is not clear is how much of that turnover is distributed between the retail services (not in the registered specifications) and technical software consultation services (i.e. concerning the integration and construction of software). In the absence of clear evidence regarding the level of turnover attributable to design and development services, when considered against the relatively small level of sales of own-brand software, I am not prepared to find that there is enhanced distinctiveness in relation to design and development services. However, in view of the significant overall turnover and the evidence of London's reputation as a noted "partner" of SAP and Infor, and bearing in mind that the support services appear to run parallel to the sale of such software, I am prepared to find that there has been some enhancement of UK754 in respect of its technical consultation services. That said, the evidence is not sufficiently clear for me to hold that the mark has been enhanced a great deal. It is distinctive to an above average degree.

Comparison of trade marks

136. The marks to be compared are:

Earlier marks	Contested marks
<p data-bbox="453 359 561 390">UK883:</p> <p data-bbox="415 430 613 464">SAPPHIRE</p> <p data-bbox="453 556 561 588">UK754:</p> <p data-bbox="371 609 644 640">SAPPHIRE ISUITE</p>	<p data-bbox="1065 359 1174 390">UK170:</p>  <p data-bbox="967 588 1274 619">The Bondi Blue mark:</p>  <p data-bbox="930 999 1312 1031">The "SapphireOne" MARK:</p> 

Overall impression of the trade marks

137. UK883 consists of the word "SAPPHIRE" in a particular but ordinary typeface: the overall impression is dominated by the word "SAPPHIRE".

138. The words "SAPPHIRE" and "ISUITE" play a roughly equal role in the overall impression of UK754, though "SAPPHIRE" is the most distinctive.

139. Although UK170 is presented in a stylised typeface, the impact of the stylisation is relatively weak and the word "Sapphire" dominates the overall impression. I have expressed my views concerning the overall impressions of the Bondi Blue and the "SapphireOne" marks at paragraphs 108 and 110, above. I adopt them here.

UK883 v Australia's trade marks

140. I am doubtful that the differences in stylisation will be noticed by the average consumer: these marks are identical. If that is not right, they are visually similar to the highest degree, and both aurally and conceptually identical.

141. For essentially the same reasons as given at paragraph 108, and because the stylisation of UK883 has only a weak impact in the overall impression, insufficient to make the marks materially less similar visually, there is a fairly low degree of visual similarity and a medium degree of aural and conceptual similarity between UK883 and the Bondi Blue mark.

142. Similarly, I found at paragraph 110 that the "SapphireOne" mark is visually, aurally and conceptually similar to a medium degree to the sign "Sapphire". For broadly the same reasons, and because the stylisation of UK883 is too slight to make the marks materially less similar visually, I adopt those conclusions here.

UK754 v Australia's trade marks

143. UK754 differs from UK170 in the addition of the word "ISUITE" and because of the stylised presentation of UK170. The marks are visually and aurally similar to a medium degree. Both share the concept of "Sapphire"; "ISUITE" will not be ignored but it is non-distinctive. They are conceptually similar to a fairly high degree.

144. Several elements are different in UK754 and the Bondi Blue mark: the device, the words "ISUITE" and "Bondi Blue", none of which has a counterpart in the other mark. The word "SAPPHIRE"/"Sapphire" is common to both. Bearing in mind the position of "SAPPHIRE" and its relative distinctiveness, there is a low degree of visual similarity. Aural similarity is fairly low, as the device will not be articulated. There is a medium degree of conceptual similarity.

145. UK754 and the “SapphireOne” mark differ in respect of the words “ISUITE” and “One”. They share the same first word. Bearing in mind the position of the word “SAPPHIRE”/“Sapphire”, and that “ISUITE” and “One” have no or very little distinctiveness, I consider that these marks are visually, aurally and conceptually similar to a medium degree.

Likelihood of confusion

146. The factors to be considered have a degree of interdependency (*Canon* at [17]). I must make a global assessment (*Sabel* at [22]), considering the various factors from the perspective of the average consumer and deciding whether the average consumer is likely to be confused. I remind myself that the average consumer rarely has the opportunity to make direct comparisons between trade marks and must instead rely upon the imperfect picture of them he has retained in his mind (*Lloyd Schuhfabrik* at [26]). Direct confusion involves the average consumer mistaking one mark for the other, whilst indirect confusion involves the consumer recognising that the marks are different but nevertheless concluding that the later mark is another brand of the earlier mark owner. This difference was explained by Iain Purvis Q.C., sitting as the Appointed Person, in *L.A. Sugar Limited v By Back Beat Inc*, Case BL O/375/10, as follows:

“16. Although direct confusion and indirect confusion both involve mistakes on the part of the consumer, it is important to remember that these mistakes are very different in nature. Direct confusion involves no process of reasoning – it is a simple matter of mistaking one mark for another. Indirect confusion, on the other hand, only arises where the consumer has actually recognized that the later mark is different from the earlier mark. It therefore requires a mental process of some kind on the part of the consumer when he or she sees the later mark, which may be conscious or subconscious but, analysed in formal terms, is something along the following lines: “The later mark is different from the earlier mark, but also has something in common with it. Taking account of

the common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark”.

147. It is, however, not sufficient that a mark merely calls to mind another mark: this is mere association not indirect confusion: *Duebros Limited v Heirler Cenovis GmbH*, BL O/547/17.

148. The goods and services are identical or similar to varying degrees, including a low degree of similarity. They will be purchased with at least a medium degree of attention, rising to an above average degree where business purchasers are concerned. The purchasing process will be mainly visual, though there may be an aural aspect, particularly for business consumers.

Confusion based on UK883

149. Taking UK170 first, I am satisfied that the identity (or very high level of similarity) between UK883 and UK170 will lead to a likelihood of direct confusion, even where there is a low degree of similarity between the goods and services and an above-average level of attention. There is nothing of any significance between the marks to enable the consumer to distinguish between the respective goods and services, which are not so far removed to avoid confusion.

150. I also consider that there is a likelihood of confusion between UK883 and the Bondi Blue mark. I acknowledge that there is a lesser degree of similarity between the marks. However, “Sapphire” does not form a unit with “Bondi Blue”: the two parts do not have a meaning over and above the sum of their parts; UK883 consists entirely of the word “SAPPHIRE”. Despite the device and stylisation, the average consumer is likely to think that the contested mark is a variant used by the same or an economically connected undertaking, for example to identify a sub-brand. There is a likelihood of indirect confusion.

151. There is also a likelihood of confusion in respect of the “SapphireOne” mark. The addition of “One”, which is low in distinctiveness and likely to be perceived as indicating the first in a series, is insufficient to signal to the consumer that the goods and services are the responsibility of different undertakings, given the presence in both marks of the word “Sapphire”. The average consumer, even where there is a low degree of similarity between the goods and services and even when an above average level of attention is paid, will consider that the contested mark is a variant used by the same undertaking. There is a likelihood of indirect confusion.

Confusion based on UK754

152. I have no doubt that there is a likelihood of confusion between UK754 and UK170 for all of the goods and services. The element “Sapphire” is the most distinctive element of both marks and they will be seen as variants used by the same undertaking, “ISUITE” being perceived as descriptive or non-distinctive for the goods and/or services. In view of that non-distinctiveness, there is also a likelihood of direct confusion.

153. There is a likelihood of indirect confusion in respect of the Bondi Blue mark. The marks have less overall similarity but the word “SAPPHIRE” is the only distinctive element of the earlier mark and is at least as distinctive as the other word elements in the later mark. They will be seen as variants used by the same or connected undertakings to distinguish different goods and services. I do not consider that either the above average level of attention or a low level of similarity between the goods disturbs this view.

154. The “SapphireOne” mark is also likely to be perceived as a variant used by UK754’s owner or a connected business. The elements “ISUITE” and “One” have little or no distinctiveness and are insufficient to avoid indirect confusion, even bearing in mind the level of attention and low level of similarity between some of the goods and services.

Conclusions under s. 5(2)(b)

155. The grounds based upon s. 5(2)(b) have all succeeded in full.

Section 5(3)

156. Section 5(3) states:

“(3) A trade mark which-

(a) is identical with or similar to an earlier trade mark, shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a European Union trade mark or international trade mark (EC), in the European Union) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark”.

157. The relevant case law can be found in the following judgments of the CJEU: Case C-375/97, EU:C:1999:408, *General Motors* [1999] ETMR 950; Case 252/07, EU:C:2008:655 *Intel*, [2009] ETMR 13; Case C-408/01, EU:C:2003:582, *Adidas-Salomon*, [2004] ETMR 10; and C-487/07, EU:C:2009:378, *L’Oreal v Bellure* [2009] ETMR 55; and Case C-323/09, EU:C:2011:604, *Marks and Spencer v Interflora*. The law appears to be as follows:

a) The reputation of a trade mark must be established in relation to the relevant section of the public as regards the goods or services for which the mark is registered; *General Motors*, paragraph 24.

(b) The trade mark for which protection is sought must be known by a significant part of that relevant public; *General Motors*, paragraph 26.

(c) It is necessary for the public when confronted with the later mark to make a link with the earlier reputed mark, which is the case where the public calls the earlier mark to mind; *Adidas Saloman*, paragraph 29 and *Intel*, paragraph 63.

(d) Whether such a link exists must be assessed globally taking account of all relevant factors, including the degree of similarity between the respective marks and between the goods/services, the extent of the overlap between the relevant consumers for those goods/services, and the strength of the earlier mark's reputation and distinctiveness; *Intel*, paragraph 42.

(e) Where a link is established, the owner of the earlier mark must also establish the existence of one or more of the types of injury set out in the section, or there is a serious likelihood that such an injury will occur in the future; *Intel*, paragraph 68; whether this is the case must also be assessed globally, taking account of all relevant factors; *Intel*, paragraph 79.

(f) Detriment to the distinctive character of the earlier mark occurs when the mark's ability to identify the goods/services for which it is registered is weakened as a result of the use of the later mark, and requires evidence of a change in the economic behaviour of the average consumer of the goods/services for which the earlier mark is registered, or a serious risk that this will happen in future; *Intel*, paragraphs 76 and 77.

(g) The more unique the earlier mark appears, the greater the likelihood that the use of a later identical or similar mark will be detrimental to its distinctive character; *Intel*, paragraph 74.

(h) Detriment to the reputation of the earlier mark is caused when goods or services for which the later mark is used may be perceived by the public in such a way that the power of attraction of the earlier mark is reduced, and occurs particularly where the goods or services offered under the later mark have a characteristic or quality

which is liable to have a negative impact of the earlier mark; *L'Oreal v Bellure NV*, paragraph 40.

(i) The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an unfair advantage where it seeks to ride on the coat-tails of the senior mark in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image. This covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation (*Marks and Spencer v Interflora*, paragraph 74 and the court's answer to question 1 in *L'Oreal v Bellure*).

158. London only pursues this ground in respect of UK883 and "computer programmes". I do not consider that London has shown that it has a qualifying reputation for the purposes of s. 5(3) in relation to these goods, for the same reasons as given at paragraph 134, above. The opposition under s. 5(3) falls at the first hurdle and is dismissed.

Final remarks on section 5

159. I have proceeded in my determinations of the ss. 5(4)(a) and 5(2)(b) grounds on the basis that "computer software" in the contested specification is an unlimited term and therefore covers goods in the same field of activity as London or that it includes London's business software. I acknowledge, however, that "computer software" is a very wide term which may include goods which are not similar to the goods and services offered by London or covered by its registrations. That said, there is nothing in the evidence or submissions which suggests that Australia's interest lies in software products which are materially different from those offered by London. In such circumstances, I do not think it appropriate to provide Australia with the opportunity to propose a revised specification.

Section 3(6) ground

160. Section 3(6) of the Act states:

“(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith”.

161. The relevant case-law covering trade mark applications made in bad faith can be found in the following cases: *Chocoladefabriken Lindt & Sprüngli*, CJEU, Case C-529/07, *Malaysia Dairy Industries*, CJEU, Case C-320/12, *Koton*, CJEU, Case C-104/18P, *Sky v Skykick*, CJEU, Case C-371/18, *Hotel Cipriani SRL and others v Cipriani (Grosvenor Street) Limited* and others, [2009] RPC 9 (approved by the Court of Appeal in England and Wales: [2010] RPC 16), *Trump International Limited v DDTM Operations LLC*, [2019] EWHC 769 (Ch), *Copernicus-Trademarks v EUIPO*, General Court of the EU, Case T-82/14, *Daawat Trade Mark, The Appointed Person*, [2003] RPC 11, *Saxon Trade Mark*, [2003] EWHC 295 (Ch), *Mouldpro ApS v EUIPO*, General Court of the EU, Case T-796/17, *Alexander Trade Mark, The Appointed Person*, BL O/036/18, *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch) and *Sky v Skykick* [2020] EWHC, 990 (Ch).

162. The law appears to be as follows:

- (a) While in everyday language the concept of ‘bad faith’ involves a dishonest state of mind or intention, the concept of bad faith in trade mark law must be understood in the context of trade: *Sky* CJEU.
- (b) Applying to register a trade mark without an intention to use it is not bad faith *per se*. Therefore, it is not necessary for the trade mark applicant to be using, or have plans to use, the mark in relation to all the goods/services covered by the specification: *Sky* CJEU.

- (c) The bad faith of the trade mark applicant cannot, therefore, be presumed on the basis of the mere finding that, at the time of filing his or her application, that applicant had no economic activity corresponding to the goods and services referred to in that application: *Sky CJEU*.
- (d) However, where the trade mark application is filed without an intention to use it in relation to the specified goods and services, and there is no rationale for the application under trade mark law, it may constitute bad faith. Such bad faith may be established where there are objective, relevant and consistent indications showing that the applicant had the intention either of undermining, in a manner inconsistent with honest practices, the interests of third parties, or of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark: *Sky CJEU*.
- (e) This may be the case where the exclusive right was sought as part of a strategy of using widely cast trade mark registrations as legal weapons for use against others in opposition proceedings and/or for the purposes of blocking applications by third parties: *Sky EWHC* and *Copernicus-Trademarks v EUIPO*.
- (f) A trade mark may be applied for in good faith in relation to some of the goods/services covered by the application, and in bad faith as regards others: *Sky CJEU*.
- (g) This may be the case where the applicant has included a specific term in the specification, such as 'computer games', with no intention of using the mark in relation to any such goods, simply to obstruct third parties from using or registering the same mark, or similar marks. It may also be the case where the applicant has included a broad term, such as 'computer software', with the intention of using the mark in relation to a particular sub-category of such goods/services, but no intention of using the mark in relation to all the other (sometimes very different) sub-categories of goods/services covered by the broad term, with the objective of obstructing third parties from using or registering the mark in relation to such goods/services: *Sky EWHC*.
- (h) In deciding whether there was a rationale for registering the trade mark in relation to any particular term, it is necessary to bear in mind that trade mark proprietors

have a legitimate interest in seeking protection in respect of goods or services in relation to which they may wish to use the trade mark in future (even if were no plans to use the mark in relation to the goods/services at issue at the time of filing the application): *Sky EWHC*. It is therefore relevant to consider whether the goods/services in the contested application are related to those for which the mark has been used, or for which the applicant had plans to use the mark.

163. The following points are apparent from the pre-*Sky* case-law about registering trade marks in bad faith:

- (i) Although it may be a relevant factor, the mere fact that the applicant knew that another party was using the trade mark in another territory does not establish bad faith: *Malaysia Dairy Industries*.
- (j) Similarly, the mere fact that the applicant knew that another party used the trade mark in the UK does not establish bad faith: *Lindt, Koton* (paragraph 55). The applicant may have reasonably believed that it was entitled to apply to register the mark, e.g. where there had been honest concurrent use of the marks: *Hotel Cipriani*.
- (k) However, an application to register a mark is likely to have been filed in bad faith where the applicant knew that a third party used the mark in the UK, or had reason to believe that it may wish to do so in future, and intended to use the trade mark registration to extract payment/consideration from the third party, e.g. to lever a UK licence from an overseas trader: *Daawat*, or to gain an unfair advantage by exploiting the reputation of a well-known name: *Trump International Limited*.
- (l) An application may also have been filed in bad faith where the applicant acted in breach of a general duty of trust as regards the interests of another party, including his or her own (ex) company or (ex) partners, or a party with whom there is, or had recently been, a contractual or pre-contractual relationship, such as a licensor, prospective licensor or overseas principal: *Saxon, Mouldpro*; or where a legal agreement prohibits such a filing.

164. The correct approach to the assessment of bad faith claims is as follows. According to *Alexander Trade Mark*, the key questions for determination in such a case are:

- (a) What, in concrete terms, was the objective that the applicant has been accused of pursuing?
- (b) Was that an objective for the purposes of which the contested application could not be properly filed? and
- (c) Was it established that the contested application was filed in pursuit of that objective?

165. The following factors must also be borne in mind:

- (a) The applicant's intention (i.e. objective) is a subjective factor which must be determined objectively by the competent authority. An overall assessment is required, which must take account of all the factual circumstances relevant to the particular case: *Lindt*;
- (b) The matter must be judged at the relevant date, which is the date of the application for registration: *Lindt*;
- (c) It is necessary to ascertain what the applicant knew at the relevant date: *Red Bull*. Evidence about subsequent events may be relevant, if it casts light backwards on the position at the relevant date: *Hotel Cipriani*;
- (d) A statement on the application form that the mark is in use, or there is a *bona fide* intention to use it may, if untrue, provide evidence supporting a bad faith case, but is not sufficient by itself to justify the refusal or cancellation of the registration: *Sky CJEU*;
- (e) An allegation of bad faith is a serious allegation which must be distinctly proved, but in deciding whether it has been proved, the usual civil evidence standard applies (i.e. balance of probability). This means that it is not enough to establish facts which are as consistent with good faith as bad faith: *Red Bull*.

166. London's claims are that the application was made:

- i) in order to prevent or interfere with [London's] trade under its registered and unregistered trade marks
- ii) as a retaliatory measure for a concurrent dispute in Australia; and/or
- iii) to "hijack" the goodwill in the sign Sapphire in the UK;
- iv) for the Bondi Blue mark, that the application was filed in order that the mark might be used as a negotiation tool in contentious proceedings in Australia.

167. London's claims under this ground are somewhat contradictory. On the one hand, it envisages damage arising from Australia's use of the marks, whilst on the other its various allegations imply that there was no intention to use the marks. Further, the claim that Australia intends to appropriate London's goodwill is self-evidently flawed, since London has the prior rights and Australia could not have used the marks it applied for to prevent the use of London's marks/sign.

168. There can be no question that Australia knew by 8 August 2016 at the latest (the date on which London's lawyers responded to Australia's lawyers with details of the company) that London was a UK company with UK and overseas offices. However, I also bear in mind that the 170 mark and the Bondi Blue mark designated the UK after the Australian proceedings had been resolved in Australia's favour. It is, therefore, difficult to see how either of these marks could have been used as bargaining tools, or why it would be necessary. The fact that the proceedings were resolved in Australia's favour makes it less probable, though not impossible, that Australia would wish to retaliate.

169. I acknowledge that the filing of the "SapphireOne" mark on 17 August 2016 appears more than a coincidence. The timing certainly suggests that Australia was prompted by its discovery of London. It is not, however, clear to me that any of the marks was applied for exclusively for an improper motive, even in the absence of a clear explanation of Australia's motives in filing the applications. Australia has traded in the UK in the past and the evidence does not convince me that its intention to trade in the UK in the future can be dismissed. In my view, the evidence is insufficient to prove facts clearly consistent with

bad faith. Given that an allegation of bad faith must be distinctly proved, albeit on the balance of probabilities, the claim under this ground must be dismissed.

170. There was a faint suggestion at the hearing that Australia had not pleaded that it had a legitimate reason to apply for the marks. I do not think there is anything in this: Australia simply denied London's claims in its pleadings but Mr Adams provided in his first statement evidence of Australia's use (in the loosest sense) in the UK. London sought to cross-examine him on this use. There can be no doubt that London was aware that Australia was claiming to have used the mark in the UK prior to the relevant dates.

171. The grounds under s. 3(6) are dismissed.

Conclusion

172. The revocations have been partially successful. UK trade mark number 1455883 and UK trade mark number 2637754 will remain registered for the goods and services shown at paragraph 92 only.

173. London's oppositions and invalidations have succeeded. IR(UK) 1386170 is refused. IR(UK) 1378752 and UK 3180704 are deemed never to have been made.

Costs

174. London has had more success overall and is entitled to an award of costs, which are sought on the scale (TPN 2/2016 refers). A separate award is sought in respect of Adams 3. I reject this request. Not only was the evidence itself very brief but London's objection to Mr Adams's evidence was not made clear at the CMC. In fact, the point was only made clearly in one application for invalidity. Had London been clearer at the CMC or earlier, the need for additional evidence, or for an application to cross-examine, with the resulting CMC, could have been avoided. Mr Muir Wood did not raise the point but it is obvious that the application to cross-examine, abandoned at the hearing, increased Australia's

costs. Mr Muir Wood asked me to bear in mind the narrowing of the specifications relied upon. I accept that there has been some movement late in the day but, bearing in mind the partial defences in the revocations, I do not think that it warrants a specific award. Bearing all of the above in mind, and London's partial success, I make the following award:

Official fees (x3):	£600
Considering the applications and filing counterstatements:	£600
Filing evidence and considering the other party's evidence	£700
Preparing for and attending a hearing:	£700
Total:	£2,600

175. I order SapphireOne Pty Ltd to pay Sapphire Systems Ltd the sum of **£2,600**. This sum is to be paid within twenty-one days of the expiry of the appeal period or within twenty-one days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 2nd day of August 2020

Heather Harrison
For the Registrar
The Comptroller-General

ANNEXE

Opposition 413224 (IR(UK) 1386170)

Goods and services in respect of which London claims goodwill under the sign “Sapphire”

Magnetic data carriers, recording discs, data processing equipment, computers; computer software; computer hardware; computer software for business management purposes, namely budgeting and planning, document management, financial management, inventory and warehouse management, payroll solutions, procurement and spend control, and time and expense management; computer software for application and database integration; computer programmes and software for accessing, backing up, syncing, sharing and/or storing electronic data, documents, files, folders and multimedia, including such computer software for handheld devices, mobile phones, tablet computers, personal digital assistants and other internet enabled devices and wireless devices; computer programmes and software for data processing; computer programmes and software for searching, indexing, filtering and retrieval of data; computer software relating to automatic and scheduled data back up of electronic data, documents, files, folders and multimedia.

Machine readable data media provided with programs computer software; data processing programs for use in business management, business administration, IT systems and office functions.

Data processing programs in printed form including written accompanying material, namely manuals, catalogues, operation instruction/working instructions; data processing programs in printed form involved in business management, business administration, IT systems and office functions.

Selling and providing third party and own-brand business software products; providing implementation, configuration, maintenance, support and training services in relation to software products and software systems; consultancy services associated with computer software; rental of computer hardware; distribution and supply of computer hardware; cloud hosting services; managed infrastructure as a service; computer programmes.

Retail services provided in relation to the sale of data processing programs involved in business management, business administration, IT systems and office functions.

Training and related consultation in relation to data processing programs none of the aforementioned services being provided in the form of conferences or exhibitions.

Scientific and technological services and research and design relating thereto; industrial analysis and research services; design and development of computer hardware and software; provision of computer software for business management purposes, namely, budgeting and planning, document management, financial management, inventory and warehouse management, payroll solutions, procurement and spend control, and time and expense management; computer software integration; technical consultation services in the fields of computer programming and software integration.

Computer programming consultation provided in relation to data processing.

Invalidation 502349 (IR(UK) 1378752)

Goods and services in respect of which London claims goodwill under the signs

“SAPPHIRE”, “SAPPHIRE SYSTEMS” and 

Machine readable data of all types provided with programs; computer software of all types; data processing programs involved in business management, business administration, IT systems and office functions; computer programmes.

Data processing programs in printed form including written accompanying material, namely manuals, catalogues, operating instruction and working instructions; data processing programs in printed form involved in business management, business administration, IT systems and office functions.

Selling and providing third party and own-brand business software products; providing implementation, configuration, maintenance, support and training services in relation to software products and software systems; consultancy services associated with computer software; rental of computer hardware; distribution and supply of computer hardware; cloud hosting services; managed infrastructure as a service.

Sale of data processing programs involved in business management, business administration, IT systems and office functions.

Training and consulting using data processing programs.

Programming consultation using data processing.

Invalidation 501974 (UK3180704)

Goods and services in respect of which London claims goodwill under the signs

“SAPPHIRE” and sapphire

Computer programmes; magnetic data carriers, recording discs, data processing equipment, computers; computer software; computer hardware; computer software for business management purposes, namely, budgeting and planning, document management, financial management, inventory and warehouse management, payroll solutions, procurement and spend control, and time and expense management; computer software for application and database integration; computer programmes and software

for accessing, backing up, syncing, sharing and/or storing electronic data, documents and files, folders and multimedia, including such computer software for handheld devices, mobile phones, tablet computers, personal digital assistants and other internet enabled devices and wireless devices; computer programmes and software for data processing; computer programmes and software for searching, indexing, filtering and retrieval of data; computer software relating to automatic and scheduled data back up of electronic data, documents, files, folders and multimedia.

Selling and providing third party and own-brand business software products

Providing implementation, configuration, maintenance, support and training services in relation to software products and software systems

Consultancy services associated with computer software; rental of computer hardware; distribution and supply of computer hardware; cloud hosting services; managed infrastructure as a service; technological services and research and design relating thereto; industrial analysis and research services; design and development of computer hardware and software; provision of computer software for business management purposes, namely, budgeting and planning, document management, financial management, inventory and warehouse management, payroll solutions, procurement and spend control, and time and expense management; computer software integration; technical consultation services in the fields of computer programming and software integration.