

TRADE MARKS ACT 1994

**IN THE MATTER OF REGISTRATION No. 1234339
IN THE NAME OF CLIVE BRAMLEY NICHOLSON**

AND

**IN THE MATTER OF AN APPLICATION FOR REVOCATION
AND A DECLARATION OF INVALIDITY UNDER No. 10654
IN THE NAME OF FRONT CAPITAL SYSTEMS AB.**

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**IN THE MATTER OF Registration No. 1234339
in the name of Clive Bramley Nicholson**

and

**IN THE MATTER OF AN Application for Revocation
and a Declaration of Invalidity under No. 10654
in the name of Front Capital Systems AB.**

BACKGROUND

1. Trade mark registration No. 1234339 in respect of the trade mark ARENA, stands on the Trade Marks Register in the name of Clive Bramley Nicholson and is in respect of the following specification of goods:

Encoded programmes for computers, calculators and for electronic data processing apparatus and instruments; but not including any such goods relating to building structures.

2. On 24 March 1999 Front Capital Systems AB made an application under Sections 46(1)(a) and (b), 46(5), 47(1) and 47(5) of the Act to have the trade mark registration revoked or declared invalid. The grounds of the application in summary are:
 1. Under Section 46(1)(a) in that there has been no use of the mark as registered on computer software relating to financial trading or in relation to software having an identifiably similar application, but only in relation to accountancy and/or project job costings and there are no proper reasons for non-use.
 2. Under Section 46(1)(b) in that there has been no use of the registration for an uninterrupted period of five years and three months prior to the filing of the request for revocation, other than the use identified above, and there are no proper reasons for non-use.
 3. Under Section 46(5) in that the relief sought is the restriction of the specification of goods to read "encoded computer programmes for computers; all relating to accountancy and/or project job costings; but not including any such goods relating to building structures; and not including any such computer programmes relating to financial trading or any such computer programmes having a similar application thereto".

4. In the alternative the relief sought is the restriction of the specification of goods to read "encoded computer programmes for computers; all relating to accountancy and/or project job costings; but not including any such goods relating to building structures."
 5. As a further alternative the relief sought is the restriction of the specification to read "encoded computer programmes for computers; but not including any such goods relating to building structures; and not including any such computer programmes relating to financial trading or any such computer programmes having a similar application thereto."
 6. Under Section 47(1) in that the Applicant for Revocation seeks a Declaration of Invalidity under the provisions of Section 3(6) of the Act on the grounds that the proprietor did not have a genuine intention to use the mark in respect of all software other than that relating to accountancy and project costing and therefore filed the application in bad faith. It is contended that given the infinite number of types of software having vastly different uses, it is not feasible for one proprietor to claim a bona fide intention to use a mark in relation to all types of computer software and there was no bona fide intention to use the mark applied for, as would have been required under Section 17(1) of the Trade Marks Act, 1938, at the time of filing the application.
 7. Under Section 47(5) in that the relief sought is the restriction of the specification of goods to read "encoded computer programmes for computers; all relating to accountancy and/or project job costings; but not including any such goods relating to building structures; and not including any such computer programmes relating to financial trading or any such computer programmes having a similar application thereto".
 8. In the alternative the relief sought is the restriction of the specification of goods to read "encoded computer programmes for computers; all relating to accountancy and/or project job costings; but not including any such goods relating to building structures."
 9. As a further alternative the relief sought is the restriction of the specification of goods to read "encoded computer programmes for computers; but not including any such goods relating to building structures; and not including any such computer programmes relating to financial trading or any such computer programmes having a similar application thereto."
3. The Registered Proprietor filed a counterstatement denying the above grounds. Both sides ask for an award of costs in their favour.

4. Both sides filed evidence. The parties were asked whether they wished to be heard but no request for a hearing was received. Acting on behalf of the Registrar and after a careful study of the papers I give this decision.

Registered Proprietor's Evidence Rule 31(3)

5. This consists of a statutory declaration dated 29 June 1999 by Ms Sarah Nicholson, a director of Arena Software Limited, a company owned by herself and her husband who is the Registered Proprietor of the mark. Ms Nicholson says that the Registered Proprietor and herself have carried on business in the software field since prior to 1985 when the mark was registered. Ms Nicholson goes on to say they intended to use the mark on all software supplied by them including a wide variety of office management and administration systems and that the name was intended to illustrate the concept of a large pool of applications from which businesses could choose in the same way as in relation to an arena. The company was registered later in 1985 and has used the mark with the consent and licence of the Registered Proprietor in respect of software supplied by the company continuously throughout the period since that date.
6. The use is evidenced by documentation being Exhibit SN1. This contains a large number of letters, invoices, Annual Reports/Accounts, extracts from Directories and specialist magazines and newspapers covering the years 1985 to 1999. Ms Nicholson provides a "non-exhaustive list of the areas of use of the software supplied" under the Trade Mark as shown below in Ms Nicholson's own words:

Time-sheets
Job costing
Fees/Expenses
Accounting Systems
Financial Management
Marketing and contact management
Library and document retrieval systems
Resource management
Salary payroll systems
Commitment and order processing
Car drivers journeys and usage (sold from 1997 onwards) although the original specification for John Lewis Partnership included this)
Contract management
Document issue and management
Diary/appointment systems
Software support programs
Office management

7. Ms Nicholson goes on to say that they are asked by many companies to design bespoke software and supply many varieties. A study carried out by M B A students from the Judge Institute of Management Studies which forms part of Exhibit SN1 is referred to as illustrating its wide application. This is a study carried out in 1994 which describes Arena Software Ltd as "a small specialist software developer

company" and "..... which focuses on the Job Costing and Accounting Systems". It also says "Architects and engineers represent 70% of Arena's users and the rest is covered by accountants, local authorities and some financial institutions." Ms Nicholson also says the software "is supplied to carry out a wide variety of office management, administrative and associated applications."

8. Turnover of the company over the period 1992 to 1998, essentially all of which was in relation to software supplied under the Trade Mark, was about £950,000.

Applicants' Evidence Rule 13(4)

9. This consists of a statutory declaration dated 28 October 1999 by Mr James Maxwell Stacey. He explains that he is a partner in the firm Baron and Warren, Patent and Trade Mark Agents, and the contents of the declaration come either from his own research or from materials/information provided by Ms Anna Skjoderbrand of Front Capital systems AB, the Applicants for Revocation/Invalidity.
10. Mr Stacey says that the Applicants have two key software products, namely INTAS ARENA and OPTAS ARENA, used in the supply and support of financial trading products. The former focuses on fixed income and interest rate derivatives operations whilst the latter focuses on equity trading. Therefore, he says, the Applicants operate within a highly specialised area of software. The Applicants are also applicants for the registration of the above two marks - 2121310 (INTAS ARENA) and 2158606 (OPTAS ARENA). Exhibit JMS1 provides register details of these applications. Exhibit JMS2 provides details of the Applicants' website which contains information about the company, its products and indicates the Applicants' position as "leading supplier of software and support to financial institutions operating in the global capital markets."
11. Mr Stacey refers to the Applicants' unsuccessful approach to the Registered Proprietor to obtain consent to registration of their above applications and to investigations by Julian Hill Associates into the Registered Proprietor's use of his mark. Exhibit JMS3 provides details of these investigations. Mr Stacey goes on to say - "It will be noted from the Companies Registrar's website extract that Mr Clive Bramley Nicholson is identified as having a primary occupation of "architect" and is listed as a director of a number of companies including Arena Software Limited (ASL). It will also be noted that the materials obtained from ASL that it specialises in the area of project management, job costings, time-sheets, expense and fee monitoring and accountancy solutions. It is clear that the users of the software include a number of major companies including banking. However, the software requirements of a financial institution are manifold and the material fails to identify activity in the area of financial trading in the global financial markets. Front have never denied that the ARENA mark has been used in relation to certain software applications. It has, however, consistently denied that the ARENA trade mark, in the name of Mr Nicholson, has been used within its highly specialised area of interest, namely financial trading."

12. Mr Stacey then says that the Registered Proprietor places reliance on sales to financial institutions such as Lloyds TSB Bank and says that their business is "totally unrelated to financial trading namely trading on the global capital markets, etc."
13. Reference is also made by Mr Stacey to Paragraph 3 of Ms Nicholson 's statement - saying that ASL have used the mark since 1985 with the authority of and under licence from Mr Nicholson - and he says that he cannot identify in Exhibit SN1 any confirmation of such authority and/or licence.
14. With regard to bad faith Mr Stacey refers to the MERCURY COMMUNICATIONS LIMITED v MERCURY INTERACTIVE (UK) LIMITED decision, 1995 FSR 850. Exhibit JMS4 consists of headnotes and key passages from that decision which, Mr Stacey says, refers to "the unnatural monopoly granted by wide terms such as computer software." Exhibit JMS6 consists of extracts taken from the current catalogue of a major UK mail order company supplying direct to the public and business which, Mr Stacey says, demonstrates "the myriad applications of software available".
15. Mr Stacey notes the Registered Proprietor seeks to invoke the Registrar's discretion and says that as far as non-use is concerned the Registrar no longer has a discretion and says that in consequence "the eventual specification of goods must be restricted to the actual nature of the software in respect of which use of the Trade Mark ARENA has been made, namely project management, job costings, time-sheets, expense and fee monitoring and accountancy solutions." He says that the Registered Proprietor has failed to substantiate his claim as to use of the mark in respect of all the goods covered by the registration.

Registered Proprietor's Evidence Rule 13(6)

16. This consists of a second statutory declaration by Ms Nicholson, dated 28 January 2000. This firstly supplies details of a licence agreement (See Exhibit SN2/001) in response to the Applicants' comment that no proof of such an agreement had been provided.
17. Ms Nicholson argues that the Applicants' web site search extracts, provided in their Exhibit JMS2, provide no proof of any "leading" position by them or right to use the word ARENA. Ms Nicholson goes on to refer to the search conducted by Julian Hill Associates on behalf of the Applicants. This is criticised by Ms Nicholson as being irrelevant since it refers to Arena's activities as described at Companies House which, she says, is only a summary and not intended to cover all their activities. Furthermore the reference to the Registered Proprietor being a director of his architects company merely shows the training background and is irrelevant to the use of ARENA as a trade mark.
18. Turning to the specification restrictions offered by the Applicants to the Registered Proprietor in order for their own application for registration to proceed, Ms Nicholson

says that they firstly offered to limit their use to "financial matters" and then to "financial trading" which the Applicants claim to be a specialised area of interest. Ms Nicholson then refers to dictionary definitions of the individual words and concludes that "financial trading applies to all business where money is involved and that area of business is exactly where their own software is sold, used and marketed. Ms Nicholson says that while the Applicants say of the Registered Proprietor's use they "anticipate the application to be in the nature of an accountancy package or the like" the system is indeed "for producing all the invoices and recording receipts - trading in the financial arena".

19. Ms Nicholson noted the MERCURY decision referred to by the Applicants and says they do not seek to maintain an unsustainable monopoly on all software but believe they can protect the area in which they trade so there is no confusion - "finance". They have, she says, programs that manage software installation, lottery programs etc. (see Exhibit SN002/1). However, I can find no exhibits which support this.
20. Referring to the Applicants' Exhibit JMS5, Ms Nicholson notes that the magazine shows "a myriad of applications" but says that both parties' software relate to finance. Ms Nicholson goes on to say - "It could clearly be the case that any company could have one of our systems for time-keeping - indeed we had 2 sales to a part of Lloyds Run-off companies in 1994 - it would be very confusing to have both a "financial trading" system called Arena and a time-costing system called Arena - both systems could be on the desktop permanently and lead to confusion."
21. Ms Nicholson refers again to the MERCURY case and argues it strengthens their case. Reference is made to the Registrar's guidance in the Addendum to Chapter 6 of the Work Manual. The entry reads:

SOFTWARE

In the Mercury case the breadth of this term was criticised. Where two potentially conflicting marks cover software for use in distinct applications or as an operating system rather than an application, these may not be regarded as similar enough to cause confusion. However, there would need to be a very clear separation between the uses of the respective software before they would be considered dissimilar goods. The Registrar does not believe that she has any vires to object to the general term 'Software', which therefore remains acceptable for classification purposes."

22. Ms Nicholson comments that they believe "encoded programs" to be a perfectly valid description (in 1985) of software and concludes by saying:

"We are not trying to get a monopoly over the word Arena - when we trade marked it we wanted to protect our mark for the areas of business we used it for and intended it for. In the year 2000, 15 years later, it should still protect our mark for the areas of business we have used it for over the last 5 years and where we are currently using it - namely the financial arena.

I enclose web site searches for the word Financial and these show a wide variety of uses of the word. I maintain we are using the software for that use and to try to narrow it down to financial accounts and financial trading would be misleading. To narrow our registration to 'finance' does not cover our issue management systems or document/letter/library management systems. Any further narrowing would simply exclude Front".

23. That concludes my summary of the evidence.

DECISION

24. I firstly turn to consider the grounds of revocation. Section 46(1) of the Act, in so far as it is relied upon by the applicants, reads as follows:

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

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

Subsection (5) also provides that:

“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.”

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

“100. 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.”

25. The applicants do not ask for the registration to be revoked in its entirety and concede that there has been use of the mark since it was originally registered and propose various specification under Section 46(5) which in their view, properly reflect the use made of the mark since registration.

26. The registered proprietor, on the other hand, filed evidence which they say shows a wider range of applications for the mark at issue than those offered by the applicants. As stated by Ms Nicholson in her evidence, the software “is supposed to carry out a wide variety of office management, administrative and associated applications”.
27. I am satisfied that there has been use of the mark between the date of registration and the date of application for revocation. In relation to Section 46(1)(b), the applicants for revocation refer to a period of five years and three months prior to filing the request for revocation, which was on 24 March 1999. Therefore, the relevant period is 25 December 1993 to 24 December 1998. The onus rests on the registered proprietor to demonstrate use of the mark which will allow them to protect their mark for the software applications they were using it on during the relevant period.
28. Both sides refer to the MERCURY trade mark case (1995 FSR at page 850). However, several other cases have considered the issue of the extent to which specifications should be reduced in line with the use made of a mark. In particular, the TYPHOO/TYPHOON case (2000 FSR page 767) and the MINERVA trade mark case (2000 FSR page 734). I do not propose to look at each of them in turn but to go to the MINERVA case in which Mr Justice Jacob considered the two preceding cases.

Commenting on Neuberger J’s decision in the Typhoon trade mark case, Mr Justice Jacob said:

“Neuberger J’s attention was not drawn to the decision of Laddie J in the Mercury Communications Ltd v Mercury Interactive (UK) Ltd Laddie J was concerned with a very wide specification of goods: “computer programs”. In rejecting an application for summary judgement, he took the view that the wide specification could be cut down by a non use attack. In other words, that “computer programs” could be limited to computer programs of a particular part.

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

That is not to say the court will cut the registration right down to things like red tea caddies. But if non use in respect of a significant subset of a wide general description is established, then I see no reason why the court should not eliminate that subset from the registration. Thus here I think that, although

use in relation to printed stationery is established, stationery is a quite different sort of material from literary publications of the kind put out by Reed and the specification can be cut down.”

29. Therefore, the above case does not envisage a reduction to the precise goods for which use has been shown. In the MINERVA case, Jacob J indicated that where a specification contains a description which covers what are commercially the same goods, then use in relation to some (but not all) of the goods falling within that description would be sufficient to warrant the term remaining in the specification. Very wide descriptions covering different sorts of articles may be refined down to one which describes the subset of goods on which use has been shown.

30. From the evidence, I consider that the following specification is justified:

“Encoded programmes for computers; all for use for office management and administration, office accounting systems, payroll systems, project management systems, job-costings, library information systems, information on companies and personnel; but not including any such goods relating to building structures.”

31. In my view the broader headings above cover a definable sub set of computer programmes representing the areas of business demonstrated by the registered proprietors. The evidence does not demonstrate use by the registered proprietors in the whole of the “finance” area as defined and claimed by them. In particular, I can see no evidence of use in “fixed income and interest rate derivatives operations” or “equity trading” as referred to by the applicants in relation to their trade mark applications.

32. Turning to the declaration of invalidity, this is under the provisions of Section 47(1) and 47(5) of the Act, and under the provisions of Section 3(6) of the Act, on the grounds that the proprietor did not have a genuine intention to use the mark in respect of all software and therefore filed the application in bad faith. The relevant Sections of the Act read as follows:

“47(1) . The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of Section 3 or any of the provisions referred to in that Section (absolute grounds for refusal of registration).

“47(5). Where the grounds of invalidity exist in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.”

33. Section 3(6) reads as follows:

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

34. In asserting bad faith (given that registration is prima facie evidence of validity - Section 72 of the Act refers), the onus rests with the applicants to make a prima facie case. A claim of bad faith implies some deliberate action by the registered proprietor which a reasonable person would consider to be unacceptable behaviour, or as put by Lindsay J in the GROMAX trade mark case [1999] RPC 10:
- “includes some dealings which fall short of the standards of acceptable commercial behaviour.”
35. At the time the registered proprietors made their application the Registrar did not challenge the term “computer software” at large (or similar, such as "encoded programmes for computers" as in this case). The registered proprietors filed in 1985, well before the observations made in the previously mentioned MERCURY decision (1995). Revocation exists to correct generous or unjustified specifications. Therefore, I do not consider that the registered proprietors’ actions at that time constituted "dealings which fall short of the standards of acceptable commercial behaviour.” There was, at that time, no requirement to “state an intention to use” on the goods listed in an application and therefore this ground fails.
36. I am satisfied that the evidence shows that the registered proprietors have used ARENA as a badge of origin for their goods, although only in respect of “Encoded programmes for computers; all relating to office management and administration, office accounting systems, payroll systems, project management systems, job-costings, library information systems, information on companies and personnel; but not including any such goods relating to building structures”. As a consequence the specification for which the mark is registered should be limited accordingly and therefore find that the application for revocation is successful in part. Under the provisions of Section 46(5) I order that the registration be revoked in respect of all goods other than those listed above.
37. With regard to the date from which the revocation should take effect, no precise dates were indicated by the applicants, other than “five years and three months prior to the filing” of the application for revocation (which was on 24 March 1999) ie to 25 December 1993. However, given the intention of the applicants to apply under Section 46(1)(a), I take it that they were intending the earlier date to apply, ie five years after the registration procedure is complete (on 10 September 1986). Therefore, the date of revocation is to take effect from 10 September 1991 under the terms of Section 46(6)(b).
38. Although the application for invalidation was not successful it was not pursued to any great extent by the applicants. Furthermore, I consider that little additional time was needed by the registered proprietor to address this issue beyond that spent on the revocation action. The main issue pursued by the applicants was to seek a limit to the registered specification since they recognised that the mark at issue had been used by

the registered proprietors during the relevant period. The application for revocation was substantially successful and therefore, taking all these matters into account, the applicants are entitled to a contribution to their costs. I therefore order the registered proprietor to pay the applicants the sum of £635, being at the bottom end of the scale, within seven days of the expiry of the period allowed for filing an appeal or, in the event of an unsuccessful appeal, within seven days of this decision becoming final.

Dated this 15 Day of May 2001

R A JONES
For the Registrar
the Comptroller-General