

O-160-03

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO. 2217085
BY APPLE COMPUTER, INC. TO REGISTER A
TRADE MARK IN CLASS 9**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER
NO. 52694 THERETO BY TKS-TEKNOSOFT SA**

BACKGROUND

1. On 13 December 1999, Apple Computer, Inc (the applicant) applied to register the trade mark QUARTZ. The application is numbered 2217085 and claims a priority date of 14 June 1999.

2. The application was published for opposition purposes with the following specification:

“A feature of computer software for use in windowing and graphic applications; but not including any such goods for use in banking”.

3. On 14 June 2001, TKS-Teknosoft SA (the opponent) filed notice of opposition. There were originally more, but the remaining grounds of opposition are under sub-sections (1) & (2) of section 5 of the Act. In this connection, the opponent relies on two earlier trade marks, details of which are set out below.

CTM 368324



Class 9: Packets of programs for banking

Class 16: Paper tapes and cards for the recording of computer programs for banking

Class 42: Computer programming, computer data processing, computer software development, assistance and consulting services in the computer field, electronic data processing, computer software design and development, licensing of computer software and computer applications; all these services being linked to banking.

UK Registration No.2003283



Class 9: Software and software packages for banking purposes; non recorded computer programs for banking purposes; all included in Class 9.

4. The applicant filed a counterstatement essentially denying the grounds of opposition.

5. Both parties made a request for costs. The matter came to be heard before me on 13 February 2003 when the applicant was represented by Mr Jones of Baker & McKenzie and the opponent by Mr Brandreth of counsel, instructed by Edward, Evans, Barker.

6. Both parties filed evidence. The opponent filed statutory declarations by Michael Arthur Lynd dated 31 December 2001 and 12 July 2002, both with accompanying exhibits. The applicant filed a single witness statement by Victoria Walls dated 2 April 2002 with exhibits.

DECISION

7. At the hearing, Mr Brandreth accepted that if the opponent could not win on the basis of CTM 368324, it was unlikely to be in any stronger position in relation to the other registration referred to in the statement of grounds. I believe Mr Brandreth was correct to adopt this position. Consequently, in practice, I need only consider the Community mark.

The Law

8. The relevant statutory provisions read:

“5.-(1) A trade mark shall not be registered if it is identical with an earlier trade mark and the goods or services for which the trade mark is applied for are identical with the goods or services for which the earlier trade mark is protected.

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

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

(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.”

9. The term “earlier trade mark” is defined in Section 6 of the Act as follows:

“6.- (1) In this Act and “earlier trade mark” means-

(a) a registered trade mark, international trade mark (UK) or Community trade mark which has a date of application for

registration earlier than that of the trade mark in question, taking account (where appropriate) of the priorities claimed in respect of the trade marks,”

10. It is not disputed that the opponent’s trade marks are earlier marks within the meaning of Section 6 of the Act.

11. I remind myself of the guidance given by the European Court of Justice in the now well known cases of *Sabel BV v. Puma AG, Rudolf Dassler Sport* [1998] RPC 199, *Canon v MGM* [1999] RPC 117, and *Lloyd Schuhfabrik Meyer & Co. v. Klijsen Handel BV* [2000] FSR 77. It is apparent from these cases that the likelihood of confusion must be appreciated globally, taking account of all the relevant factors. Confusion for this purpose, includes association of the type that leads consumers to wrongly assume that the respective marks are used by the same undertaking, or by undertakings with an economic connection.

12. In this connection, it has been noted that a lesser degree of similarity between the respective goods may be offset by a greater degree of similarity between the respective marks, but the goods must share similarities in order to fall within the scope of section 5(2).

13. Furthermore, there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character, either *per se* or because of the use that has been made of it.

The Marks

14. I first consider whether the opponent’s mark is identical to that of the applicant. The issue was considered by Advocate General Jacobs in his Opinion in the case of *SA Societe LTJ Diffusion v SA SADAS* Case C-291/100, where he concluded that:

“The concept of identity between mark and sign in Article 5(1)(a) of Council Directive 89/104/EEC covers identical reproduction without any addition, omission or modification other than those which are either minute or wholly insignificant”.

15. I am aware that the Court of Justice has since issued a judgement in this case in which it follows a similar approach to that proposed by the Advocate General.

16. The applicant’s mark is the word QUARTZ, in plain, block capitals. The opponent’s mark is also the word QUARTZ in capital letters, but in a different font. There is some underlining of the last five letters, but in my view, this is insignificant. The only other modification is the replacement of the crossbar of the letter A with a downward pointing triangle. Even with this modification, the letter will be clearly seen as a letter A, and I have no doubt that both marks would clearly be seen as the word QUARTZ. Visually, the differences between the marks are wholly insignificant. Their presence or absence would,

I believe, be easily overlooked by an average consumer of the goods and services in question. Conceptually and aurally, the marks are identical. I therefore find that the mark applied for is identical to that of the opponent.

17. If I had come to the opposite view about this, I would have found that the marks are as closely similar as it is possible to be without being identical. I therefore doubt whether, in practice, much turns on whether the respective marks are strictly identical.

18. The word QUARTZ is not descriptive of any of the goods or services concerned. It is not an invented word, which are generally regarded as the most distinctive category of word marks, but it is nevertheless a mark towards the upper end of the spectrum of distinctiveness for the goods/services at issue.

19. The opponent cannot claim that its mark had acquired an enhanced level of distinctiveness as a result of the use made of it in the United Kingdom prior to the relevant date in these proceedings, i.e. 14 June 1999.

The Goods

20. I next consider the similarity of the goods and services. For ease of reference, I set out below the goods and services of the respective marks:

Applicant's specification

Class 9: A feature of computer software for use in windowing and graphics applications; but not including any such goods for use in banking

Opponent's specification

Class 9: Packets of programs for banking

Class 16: Paper tapes and cards for the recording of computer programs for banking

Class 42: Computer programming, computer data processing, computer software development, assistance and consulting services in the computer field, electronic data processing, computer software design and development, licensing of computer software and computer applications; all these services being linked to banking

21. The opponent's Community trade mark is registered in respect of a specification in Class 9 which, in English, reads as "packets of programs for banking". The word "packets" is probably the result of a literal translation of a word originally written in another language. In the context in which it appears in the opponent's specification, I understand the word to mean a package or suite of computer programs.

22. Mr Brandreth stated that whilst the opponent's specification is limited to "for banking" the limitation is not particularly significant. It was his contention that the limitation did not mean that each of the individual computer programs making up the package would be restricted to financial software, but rather that the package as a whole was intended for banking. He went on to say that the package could include, for example, graphics and windowing software, and that the kind of programs needed to make up a package for banking purposes would also be the kind of programs that could be easily utilised outside banking purposes, for example an e-mail program or graphic design program.

23. Mr Brandreth referred me to Mr Lynd's evidence on behalf of the opponent. He gives evidence about the results of some research he did on the internet. He found that several companies offer banking software that has functionality of an ancillary nature. For example, he found that the ARM Group markets "investment banking software" with modules for "monitoring client contacts", "sending messages and administration". He found that another company offered a "banking application" with a graphical user interface.

24. Mr Jones, who appeared for the applicant, submitted that the limitation was significant. He referred me to the case of *Mercury Communications Ltd v Mercury Interactive (UK) Ltd* [1999] F.S.R. 850 where Laddie J said:

"In my view the defining characteristic of a piece of computer software is not the medium on which it is recorded, nor the fact that it controls a computer, nor the trade channels through which it passes, but the function it performs."

25. I do not accept that the limitation set out in the opponent's specification should be treated as having no or negligible effect. On a fair reading of the opponent's specification in Class 9, I believe that it covers a product sold as a package of computer programs adapted for banking purposes. This may go wider than simply software used in banks, in that it may also cover, for example, programs used to offer users of banking services access to their accounts. It is, of course, the case that software for any purpose may have functions and features that are to be found in many other types of software, such as messaging functions or a graphical user interface. But that does not mean that the opponent's specification should be taken to cover software the function of which is messaging or to provide a graphical user interface. The specification of the opponent's earlier trade mark requires me to assume that it sells a package of programs the overall function of which is limited to banking.

26. Mr Brandreth submitted that the limitation applied to the applicant's specification "...but not including any such goods for use in banking" was meaningless because a) banking software contained windowing and graphics features, and b) the type of application that the applicant's software was used with was dependent only upon the choice of the user. I believe that there is some force in these points. The limitation applied to the applicant's specification is an artificial one.

27. Ms Walls gives evidence about the nature of the applicant's goods. She says that they are "part of the technology that comes bundled on the operating system software" of the applicant's computers. She exhibits at Annex C to her witness statement a number of documents about the applicant's product which provide fuller details. I note, in particular, a document published by the applicant in something called the "Apple Developer Connection Direct". The document contains an article (see pages 16-18 of Annex C) entitled "Beyond QuickDraw: Quartz. A Brief Introduction to Mac OS X's New Imaging Model", the summary of which states:

"Quartz is a powerful new graphics system that performs two vital roles in Mac OS X. The Quartz Compositor provides windowing services to all of Mac OS X. The Quartz 2D engine is responsible for creating visually rich graphic content on-screen and ensuring high-fidelity output to all classes of printers. Of primary interest to developers is the Core Graphics API. This API offers developers exciting opportunities to create new and powerful graphic applications by leveraging the Quartz 2D engine's PostScript-style drawing, color management, and PDF file support."

28. The applicant's specification therefore appears to accurately characterise its goods as a feature of computer software for use in windowing and graphics applications. These are not identical to the goods in respect of which the opponent's mark is registered.

29. Having analysed the goods at issue and found that they are not identical, I go on to compare them in order to assess their similarity. In *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] E.T.M.R.1, the ECJ stated, at paragraph 23 of its judgement, that:

"23. 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 end users and their method of use and whether they are in competition with each other or are complementary."

30. The opponent's primary case turns on the identity or similarity of the software of the respective parties. I find that the respective goods have basically the same nature, both being computer software. The most that can be said of the differences in their nature is that the applicant's goods comprise a feature of software for use with other

applications, whereas the opponent's specification covers a package of application software.

31. The type of software covered by the application is likely to be purchased by businesses and home customers to run with other windowing and graphics applications. It will also be bought by firms who wish to develop application software to run with the QUARTZ product. Software for banking purposes is likely to be bought first and foremost by banks and other similar financial institutions such as building societies. Mr Brandreth submitted that banking software could also be obtained by any business or individual carrying out company or personal banking procedures. It seems plausible that businesses may have to purchase certain software themselves in order to engage in secure on-line business banking. Private users would be more likely to use the bank's own software, probably via the internet. I find that the applicant's goods will be used by software developers, ordinary business and personal users. The last two groups are also potentially users of software that facilitates business and home banking.

32. Mr Lynd gives evidence that the applicant's website features a software application called FirstEdge, which is described by its maker as an "accounting and business management solution." The evidence indicates that the package is designed for use with the Mac OS X operating system. The package is aimed at small businesses and includes a facility for importing, storing and updating information on the user's bank account. I think it likely that this package would most naturally be described as an accounting package rather than as software for banking, but I accept that it may be possible to describe it in more than one way. It is undoubtedly a similar product to software for banking. The product is marketed through the applicant's web site, although it is the product of a third party and carries the branding of that undertaking (MYOB FirstEdge). It is a complementary product to the applicant's operating system, which includes the windowing and graphics feature of that system known as QUARTZ.

33. There is little other evidence that assists me in evaluating the extent to which the channels of trade overlap. I would expect that software for banking purposes would normally be obtained from a specialist supplier. The description "a feature of computer software for use in windowing and graphics applications" is wide enough to cover both software sold through High Street stores and more specialist software sold through specialist suppliers.

34. The applicant's goods are plainly not in competition with software for banking purposes. The particular feature of software for which the applicant seeks protection is intended to be used with windowing and graphics applications. As Mr Lynd pointed out in his first statutory declaration, it is not unusual for financial and other banking information to be presented in the form of e.g. graphs and pie charts. Ms Walls filed details of the opponent's QUARTZ banking software, which she obtained from the opponent's web site. This is exhibited at Annex A to her witness statement. I note that on page 6 of this document it is indicated that the application creates graphs and charts and supports graphics facilities. Consequently, the applicant's goods may be considered as complementary to the goods for which the opponent's mark is protected.

35. I find that the respective Class 9 goods are similar, albeit not closely similar goods.

36. The opponent's specification in Class 42 also covers, *inter alia*, "computer software development" related to banking. I consider that there is also some similarity between these services and the applicant's goods, although I do not believe that this adds significantly to the opponent's case.

Likelihood of Confusion

37. The judge in the *Mercury* case pointed out that:

"It is thoroughly undesirable that a trader who is interested in one limited area of computer software should, by registration, obtain a statutory monopoly of indefinite duration covering all types of software, including those which are far removed from his own area of trading interest".

38. Nevertheless, where two identical (or near identical) trade marks are to be used by unrelated undertakings in respect of different software products, it is plainly necessary for there to be clear blue water between the respective goods if the likelihood of confusion is to be avoided, including the likelihood of association. The necessary distance may be achieved in circumstances where both products have quite specific and unrelated functions. In this case the opponent's goods have a specific function, but the applicant's specification covers software which could (despite the applicant's limitation) be used by third parties to complement any software application with windowing and graphics functions.

39. The applicant currently markets its QUARTZ product as a component of its Mac OS X operating system. However, it would be open to the applicant to use the mark in respect of any other software that fell within the specification of its proposed registration. Further, it would also be open to the applicant to assign its mark to a third party. It cannot therefore be assumed that the mark will always be used in conjunction with the operating system known as Mac OS X.

40. Further, as I have already observed, QUARTZ is a strong mark. In these circumstances, I find that the degree of similarity between the respective goods is sufficient to give rise to a likelihood of confusion. The opposition therefore succeeds under Section 5(2)(a).

COSTS

41. As the opponent has been successful, I order the applicant to pay the opponent the sum of £2000 as a contribution towards its costs. This sum is to be paid within 35 days of the date of this decision or, in the event of an appeal, within seven days of the final determination of this case if the appeal is unsuccessful.

Dated this 16TH Day of June 2003

**Allan James
For the Registrar**