

TRADE MARKS ACT 1994

**IN THE MATTER OF Application No 2007735
by Sareen Software Limited to register a trade mark
in Classes 9 & 16**

**AND IN THE MATTER OF Opposition thereto
under No 43245 by Digital Equipment Corporation**

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BACKGROUND

On 14 January 1995, Sareen Software PLC applied under the Trade Marks Act 1994 for the registration of the mark DESKTALK in respect of:

CLASS 09:

Computers; apparatus and instruments, all for use with computers; parts and fittings for all the aforesaid goods; computer software and computer programmes; all included in Class 9.

CLASS 16:

Printed matter, diaries, address books, printed publications and stationary; all included in Class 16.

On 12 October 1995, Digital Equipment Corporation filed notice of opposition. The grounds of opposition are:-

1. The trade mark which is the subject of the present application is confusingly similar to prior application No. 1553359 DECTALK in Class 09 which is in the course of being assigned to the opponents. Registration should therefore be refused under the provisions of Section 5 of the 1994 Trade Marks Act.
2. The opponents have used the trade mark DECTALK for a number of years in the United Kingdom in relation to computer software and hardware and have thereby acquired a significant reputation in this trade mark which is protectable by virtue of a Rule of Law. Registration should therefore be refused under the provisions of Section 5(4) of the 1994 Trade Marks Act.
3. The trade mark which is the subject of the present application does not satisfy the requirements of Section 3 of the Trade Marks Act 1994 and therefore registration should be refused on these grounds.
4. The proprietors of the present application are not the true proprietors of the trade mark and at the time of filing the application had no bona fide intention that it should be used and therefore registration should be refused under the provisions of Section 32 of the Trade Marks Act 1994.

5. The opponents request that the Registrar exercises his discretion and refuses registration of the trade mark in suite.

5 The applicants deny the grounds of opposition under Sections 5 and 32 of the Act. Both sides seek an award of costs.

10 The matter came to be heard on 6 April 1997 when the opponents were represented by Mr I Buchan of Eric Potter Clarkson, their Trade Mark Agents. The applicants decided not to be represented at the hearing.

OPPONENTS' EVIDENCE

15 The opponents' evidence takes the form of a Statutory Declaration dated 14 October 1996 by Arthur W Fisher, who is the Assistant General Counsel, Assistant Clerk and Assistant Secretary of the opponents. He states, inter alia, that:

20 "The trade mark DECTALK was first used by my company in the United Kingdom in about 1983 in relation to computer hardware and software and has been used by the Opponents continuously from said date until the present time.

25 Specifically, the DECTALK products include, without limitation, a battery powered hand held unit comprising computer hardware, computer software, as a computer board for installing on IBM PC's and as a software product which is available for running under Windows 95 and Digital Unique System.

30 The DECTALK products are also used by manufacturers, under Custom Licences, who incorporate my company's DECTALK technology including computer hardware and software into the architecture into their computer products. The DECTALK products are also incorporated into large systems. One example of this was a "voice response system" sold to Detroit Edison in about 1995 and that sale alone was worth US\$10M".

35 The manner in which the trade mark is used by the Opponents is exemplified by specimen brochures which are now produced to me and marked "Exhibit AWF2". It will be seen from these brochures that the DECTALK software is for use on desk top software".

40 Exhibit AWF2 consists of a copy of two promotional leaflets for DECTalk "text-to-speech synthesis technology", which "transforms ordinary text into natural sounding, highly intelligible speech". The leaflets indicate that the product is available as a PC bus card, capable of integration with PC's using the DOS or Windows operating systems, as an extended package ready to plug into any PC, and as a software package. The leaflets are dated 1995. The trade mark is shown with the letters DEC in upper case and 'talk' in lower case.

45 Mr Fisher provides approximate worldwide retail sales figures for the goods sold by the opponents under their trade mark during each of the years 1992, 1993, 1994 and 1995. Worldwide advertising expenditure for each of the years 1991-1995 is also provided.

The opponents sought and were given a Direction under Rule 45 of the Trade Mark Rules 1994, that this information should not be disclosed to the public (or to the applicants, except for their Trade Mark Agents).

I do not consider it necessary to include the specific figures in this decision. It is sufficient for me to note that all the figures provided are in very round terms indeed and are identical for all of the years in question.

5 There is no indication of what proportion, if any, of the worldwide advertising expenditure has been directed at the UK market. However, Mr Fisher does go on to explain that:

10 “Approximately £700,000 worth of these sales are made each year in the United Kingdom. The average selling price of the products sold under the DECTALK trade mark in the United Kingdom range from about £150 to £400 although, as indicated above, occasionally the trade mark is applied to substantial systems which retail at some millions of pounds”.

Mr Fisher does not provide any details of the persons to whom these goods have been sold, nor any details of the means by which the goods have been offered for sale in the UK.

15 Mr Fisher further states that:

20 “The Opponents are acquiring, by way of assignment, the rights to the UK trade mark application No. 1553359 DECTALK which presently stands in the name of Italtel Societa Italiana Telecomunicazioni SpA. I am now shown and recognise “Exhibit SWF3” which comprises details of this application and a copy of the assignment of this application to my company. It will be noted that my company has acquired all the rights including common law rights in the UK in connection with this trade mark.

25 Exhibit AWF3 to Mr Fisher’s declaration contains a copy of a filing receipt from the Trade Mark Registry. This shows that the application was filed on 11 November 1993. The trade mark consists of the word DECTALK in block capital letters. It was originally filed in the name of Italtel Societe Italiana Telecomunicazioni S.p.a. The specification filed was:

30 Electrical and electronic signalling, control and assistance apparatus and instruments; telephone and telecommunication apparatus and instruments; radio apparatus and instruments; cordless telephone sets; central and peripheral equipment for radio radiophone systems; central and peripheral cordless telephone equipment; parts and fittings for all the aforesaid goods; all included in Class 9.

35 Exhibit AWF3 also includes a draft assignment document transferring ownership of the trade mark to the opponents.

40 The opponents’ evidence also includes a Statutory Declaration dated 13 December 1996 by Simon Churchill, who is a Director of Toby Churchill Ltd. Mr Churchill explains that his company is engaged in the sale of communication aids, comprising software and hardware which are used by people who have communication difficulties through speech disorders.

The following extracts from Mr Churchill’s declaration are the key parts of his evidence.

45 “I advise that my company has sold the DECTalk product of Digital Equipment Corporation for a number of years in the UK and in particular we featured it in our newsletter of July 1994 which is mailed to 8,000 people around the UK comprising Speech Therapists, Special Needs Teachers, Educational Psychologists, communication aid users and other professionals involved in prescribing

or supporting communication aids. In this connection I am now shown and recognise Exhibit SC2 which comprises a copy of that newsletter and a copy of my company's brochure describing the products which we sell".

5 "....if I were offered a computer hardware or software product under the trade mark DESKTALK I might reasonably assume that it came from Digital Equipment Corporation because of the similarity to their trademark DECTalk."

10 Exhibit SC2 comprises a copy of a newsletter entitled 'Lightwriting'. It is dated July 1994. The newsletter features a 'New SL35 Lightwriter' with an 'internal DECTalk synthesiser option'. There is a column on the front page headed 'Internal DECTalk Speech Synthesiser' which describes the opponents' products and how they have been engineered to fit inside the SL35. The article also states that "DECTalk speech synthesis had previously only been available in fairly large external synthesisers".

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APPLICANTS' EVIDENCE

The applicants' evidence consists of a Statutory Declaration dated 14 February 1997 by Timothy R Lawes, who is the Managing Director of the applicants.

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Mr Lawes' evidence consists mainly of argument that the marks DESKTALK and DECTALK are not confusingly similar. He concedes that the opponents have used their mark in the UK, but he denies that they have a significant reputation.

25 Exhibit TRL1 consists of a copy of a search report which Mr Lawes says was carried out prior to the filing of his company's application. The report shows that there are a significant number of marks in Class 9 of the UK register which include the word DESK or TALK.

30 That concludes my review of the evidence. With all that in mind I now turn to the decision.

DECISION

35 The Registrar has no discretion under the Trade Marks Act 1994 to refuse an application that meets the requirements for registration. The opponents' request for the application to be refused in exercise of the Registrar's discretion does not therefore constitute an admissible ground of opposition.

40 Mr Buchan explained at the hearing, that the opposition under Section 3 of the Act was intended to cover Section 3(1) - lack of distinctiveness - Section 3(3)(b) - the applicant's mark was deceptive because of the resemblance between it and the mark used by the opponents - Section 3(4) - because use of the applicants' mark would be unlawful in the light of the opponents alleged common law rights - and Section 3(6) - because the application had been made in bad faith.

45 The last point is allied to the ground of opposition under Section 32(3) of the Act, that the applicants had no bona fide intention to use the mark applied for at the date of application. Mr Buchan pointed out that the applicants had not denied the ground of opposition under Section 3 of the Act.

In my judgement the opponents' ground of opposition under Section 3 of the Act lacks sufficient particularity (without further amplification) to constitute proper grounds of opposition under Sections 3(1), 3(3)(b) and 3(4) of the Act. Consequently, I find that the applicants failure to deny these grounds of opposition is not relevant.

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Insofar as the ground of opposition under Section 3 can be considered as allied to the ground of opposition under Section 32(3) of the Act, I find that it does constitute a proper ground of opposition.

10 In my view, Section 32(3) does no more than set out a requirement that the application must contain a statement that the mark is being used by the applicant or with his consent, or there is a bona fide intention that the mark will be so used. The application form in this case contains such a statement. It therefore satisfies the requirements of Section 32(3). Any challenge that this statement was not made in good faith falls to be considered under Section 3(6) of the Act.

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The applicants' counterstatement contains a denial of the ground of opposition under Section 32(3) of the Act. In view of the vagueness of the opponents' pleadings, I am prepared to accept that this denial extends to the challenge to the good faith of the statement on the form of application, as well as to the presence of such a statement.

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If I am right so far, the position is that the opponents have alleged that the applicants have no bona fide intention to use the mark applied for, and that their statement to the contrary on the application form was made in bad faith. The applicants have denied this.

25 There is nothing in either sides evidence which bears upon this ground of opposition. Before me Mr Buchan contended that the onus was on the applicants and their failure to file evidence to refute this ground of opposition should therefore be fatal to their case.

30 I am not persuaded that this is right. It was well established under the old law that the onus in an opposition was on the applicant. The position under the new law is less clear.

In EUROLAMB (1997 RPC P288) Geoffrey Hobbs Q.C., acting as The Appointed Person, decided that Section 37 of the Act was essentially neutral as concerns the position between the Registrar and an applicant. If that is so it is difficult to see why there should be a greater onus on the applicant in the event of a third party opposition.

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Section 38 of the Act provides the statutory basis for opposition proceedings. It is set out below:

40 **38** (1) When an application for registration has been accepted, the registrar shall cause the application to be published in the prescribed manner.

(2) Any person may, within the prescribed time from the date of the publication of the application, give notice to the registrar of opposition to the registration.

The notice shall be given in writing in the prescribed manner, and shall include a statement of the grounds of opposition.

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Section 40(1) of the Act is as follows:

40(1) Where an application has been accepted and -

- (a) no notice of opposition is given within the period referred to in section 38(2), or
 - (b) all opposition proceedings are withdrawn or decided in favour of the applicant,
- the registrar shall register the trade mark, unless it appears to him having regard to matters coming to his notice since he accepted the application that it was accepted in error.

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I find little assistance from these provisions in determining the question of onus. However, I see nothing in these provisions, or in Rule 13 of the Trade Mark Rule 1994, which could have the effect of placing an overall onus on the applicants.

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It appears to me that where the ground of opposition is under Section 3(6) of the Act, the onus must initially be on the opponent to make out a prima facie case. Once this is made out the opposition must succeed unless the case is answered. To that extent there must be an onus on the applicant.

15

In my view the opponents in this case have not explained in their pleadings or subsequently, why the applicants' statement under Section 32(3) of the Act appears to them to have been made in bad faith. Nor, as I have already stated, have they filed any evidence which casts doubt on the accuracy of the applicants' statement under Section 32(3). In the result, I find that they have not made out a prima facie case of bad faith and the opposition under Sections 3(6) & 32(3) of the Act consequently fails.

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I next turn to consider the ground of opposition under Section 5(2)(b) of the Act. Section 5(2) is as follows:

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5.(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,

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

Section 6 of the Act defines the term "earlier trade mark". Insofar as it is relevant, Section 6 is reproduced below.

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6(1) In this Act an "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.

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(2) References in this Act to an earlier trade mark include a trade mark in respect of which an application for registration has been made and which, if registered, would be an earlier trade mark by virtue of subsection(1)(a) or (b), subject to its being so registered.

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The opponents rely on application number 1553359 in Class 9. The filing date of this application is 11 November 1993, which makes it an "earlier trade mark" within the meaning of Section 6 of the Act. The opponents' evidence indicates that it is in the process of being assigned to them. However, Mr Buchan was unable to confirm to me at the hearing that this assignment had been

executed and/or filed with the Registrar. He submitted that this was irrelevant; an opponent could rely on an earlier trade mark for which he was not the registered proprietor. I think Mr Buchan is right about that. I can see nothing in Section 5(2) of the Act which limits the right to enforce an earlier trade mark to the registered proprietor of a trade mark.

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Mr Buchan was also unable to tell me whether the trade mark application in question had proceeded to registration. He contended that this was also irrelevant because the matter should be determined as at the date of application. I accept that the question of relative rights should be determined as at the date of the application. However, I do not accept that the outcome of the earlier filed application is therefore irrelevant. If that were so an earlier filed trade mark could provide a basis for the refusal of a later mark, even if the earlier mark is subsequently withdrawn, refused or limited so as to remove conflicting goods. That cannot be right. In fact Section 6(2) specifically provides that an earlier unregistered mark is only an “earlier trade mark”, “subject to its being so registered”.

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In the light of this provision I believe that I am entitled to be satisfied as to the status and outcome of application number 1553359. This is particularly appropriate where (as here) over four years have elapsed between the filing date of that application and the hearing of the opposition. In the absence of any up to date information about the outcome of application number 1553359 I am not satisfied that it constituted an earlier conflicting trade mark at the date this application was filed (which was over a year later), or at the date of the hearing. Consequently, I find that this ground of opposition is not made out.

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There remains the ground of opposition under Section 5(4) of the Act. Section 5(4) is as follows.

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(4) A trade mark shall not be registered it, or to the extent that, its use in the United Kingdom is liable to be prevented -

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- (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) by virtue of an earlier right other than those referred to in subsections (1) to (3) or paragraph (a) above, in particular by virtue of the law of copyright, design right or registered designs.

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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.

The only Rule of Law that has been drawn to my attention which could prevent the applicants from using their trade mark is the law of passing off.

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In determining whether the opponents were likely to have succeeded in a passing off action at the relevant date, Mr Buchan invited me to apply a test similar to that which applied under Section 11 of the old law. I do not think this is appropriate. In the BALI trade mark case before the House of Lords, (1969 RPC 496), Lord Upjohn stated:

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“It is not necessary in order to find that a mark offends against section 11 to prove that there is an actual probability of deception leading to a passing off or (I add) an infringement action.”

It appears clear from this and earlier cases, that the test under Section 11 of the old law was a lower one than that required to succeed in a passing off action. I do not therefore intend to rely upon any of the case law under Section 11 of the old law which was drawn to my attention at the hearing.

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Halsbury's Laws of England (4th Edition Vol. 48 (1995 reissue) at paragraph 165) provides the following guidance on the common law of passing off with reference to the speeches in the House of Lords in Reckitt & Colman Products Ltd -v- Borden Inc [1990] RPC 341 and Erven Warnink BV -v- J. Townend & Sons (Hull) Ltd [1979] AC 731.

10

“The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:

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(1) that the plaintiff's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;

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(2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the defendant are goods or services of the plaintiff; and

(3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant's misrepresentation.

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The restatement of the elements of passing off in the form of this classical trinity has been preferred as providing greater assistance in analysis and decision than the formulation of the elements of the action previously expressed by the House. This latest statement, like the House's previous statement, should not, however, be treated as akin to a statutory definition or as if the words used by the House constitute an exhaustive, literal definition of 'passing off', and in particular should not be used to exclude from the ambit of the tort recognised forms of the action for passing off which were not under consideration on the facts before the House.”

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Further helpful guidance is given in paragraphs 184 to 188 of the same volume with regard to establishing the likelihood of deception or confusion. In paragraph 184 it is noted that:

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“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:

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(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.

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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.

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

- 5 (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
- 10 (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.

15 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.”

Mr Fisher’s evidence indicates that their trade mark has been used and promoted on a substantial scale worldwide. However, the worldwide estimated figures for sales and advertising under the mark appear approximate in the extreme. Not only are the figures provided very round indeed, 20 they are the same for each year. In my view such evidence lacks credibility.

Mr Fisher goes on to state that approximately £700k of the sales claimed for each year between 1992-5, occurred within the UK. Mr Fisher provides no details of the persons or class of persons to whom these goods were sold. There are no details of individual sales. There are no details of 25 any promotion of the mark in the UK. There are no details of how the goods were offered for sale. I find it impossible to establish from Mr Fisher’s evidence whether the opponents’ mark had acquired a goodwill or reputation among a relevant class of persons at the relevant date.

The opponents’ position is to some extent saved by the evidence of Mr Churchill which makes 30 it clear that, by July 1994 (six months prior to the date of the application under opposition) his company were promoting communication aids on a significant scale featuring the opponents’ technology and their trade mark.

In the light of that evidence I think it likely that, by the relevant date, the opponents had acquired 35 some reputation under this mark, at least among speech therapists, special needs teachers, educational psychologists and other users of text-to-speech communication aids.

The applicants’ main contention appears to be that the marks are not similar enough to be 40 confused. They point out that there are a number of other marks registered for similar goods which include the words DESK or TALK.

In my view that is the wrong approach to comparing the marks. The marks should be compared 45 as wholes rather than section by section. This was well established under the old law. See for example, the ERECTIKO trade mark case (52 (1935) RPC p.136). I have no doubt that this remains the correct approach under the new law.

In the recent decision of the European Court of Justice in the case of SABEL v PUMA (C251/95), the Court found:

5 “That global appreciation of the visual, aural or conceptual similarity of the marks in question, must
be based on the overall impression given by the marks, bearing in mind, in particular, their
distinctive and dominant components. The wording of Article 4(1)(b) of the Directive - ‘..... there
exists a likelihood of confusion on the part of the public’ - shows that the perception of marks
in the mind of the average consumer of the type of goods or services in question plays a decisive role
10 in the global appreciation of the likelihood of confusion. The average consumer normally perceives
a mark as a whole and does not proceed to analyse its various details.”

15 In determining the similarity of the respective marks, I intend to compare the opponents’ mark
in the form in which it appears in the evidence (DECTalk), with all normal and fair use of the
applicants’ mark.

20 I bear in mind that the goods in respect of which the opponents have shown they enjoy a
reputation under the mark are not likely to be bought casually without careful consideration. Nor
are they likely to be ordered by word of mouth alone so the phonetic similarity is less important
here. I think it unlikely that a person with a clear impression of the opponents’ mark would
visually confuse the marks (although I say this with some hesitation).

25 However, I do believe there is a likelihood of confusion through imperfect recollection. I think
it is quite likely that a special needs teacher or a person with a speech disability, who has only an
imperfect recollection of the opponents’ mark, or is perhaps buying on recommendation (which
appears quite likely with these goods) could easily purchase text to voice technology under the
applicants’ mark in the belief that they were the opponents.

30 The likelihood of confusion would be further increased if the applicants used their mark on text
to voice technology for desk top applications. In these circumstances even persons who are
aware of the difference between the marks may be confused if they were led to the erroneous
belief that DESK TALK text-to-voice technology is an extension of the goods previously available
under the DECTalk mark, but adapted for desk top applications.

35 I also bear in mind that normal and fair use of the applicants’ mark would include use in upper or
lower case, and probably combinations thereof. Use of the applicants’ mark as DESKtalk would
be liable to increase the likelihood of direct visual confusion, and increase further the likelihood
of imperfect recollection.

40 I conclude that, at the relevant date, use of the applicants’ mark on communication aids for
persons with speech disorders or on text-to-voice synthesis hardware and software was liable to
have been prevented by a Rule of Law.

45 It follows that grounds for refusal exist in respect of such goods. The application covers a wider
range of goods.

 The applicants were not represented at the hearing and their evidence provides no clearer
indication of the range of goods of interest to them than can be gleaned from their specification.
It appears to me that they have been aware of the specific goods of interest to the opponents since

the end of 1996. From the nature of the applicants' mark it appears possible that they may have intended to use their mark on similar goods to those offered for sale under the opponents' mark. Whether that is so or not, the applicants have had ample opportunity to restrict their application or at least clarify specific goods of interest to them (if different from the opponents).

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In the absence of such information I do not think it proper or feasible for me to devise a more limited specification which might escape the reasons for refusal set out above. In these circumstances the application must be refused.

10 The opponents having succeeded are entitled to a contribution towards their costs. I order the applicants to pay the opponents the sum of £500.

15 Dated this 29th day of April 1998

ALLAN JAMES

For the Registrar

20 **The Comptroller General**