

## **TRADE MARKS ACT 1994**

**IN THE MATTER OF Trade Mark Registration  
N<sup>o</sup>: 2027044 in the name of Checkpoint Security Services Limited**

5

**and**

**An Application under N<sup>o</sup>: 9798 for a declaration  
of invalidity by BACS Limited.**

10

### **BACKGROUND**

WINBACS, the mark at issue, was applied for on 14<sup>th</sup> July 1995 for ‘Computer Software’ in Class 9. It stands on the register in the name of Checkpoint Security Services Limited, Chatham Street, Reading RG1 7JX (the RPs).

15

On 12<sup>th</sup> May 1998, Bacs Limited an application for a declaration of invalidity of the RPs’ mark. They base their grounds on ss 5(2)(b), 5(4)(a) and 3(6) of the Act. They also plead s 60 of the Act, in that the mark has been registered in the name of the agent or representative of the applicants.

20

The RPs deny the grounds, and both parties ask for their costs.

Only the applicants filed evidence in these proceedings and the matter came to be heard on 18<sup>th</sup> October 2000, when the applicants were represented by Mr Malynicz of Counsel, instructed by Clifford Chance, their trade mark agents. The RPs were not represented.

25

### **APPLICANTS’ EVIDENCE**

This is extensive - it determines to show the nature and extent of the applicants’ use, and the goodwill and reputation they have, in their marks. (The applicants also own a number of registrations, which I have placed in the Annex to this decision).

30

I am not going to dwell on the detail of the evidence. In their one Statutory Declaration, the Company Secretary of BACS Limited, Mr Colin Cunningham states:

35

‘My Company’s predecessor, The Electronics Sub-Committee, was formed in the late 1950s and was originally concerned with the automation of cheque clearing. In 1965 it set up a New Services Working Party to examine, amongst other things, a means of exchanging data between banks without using paper. This led to the creation of Inter-bank Computer Bureau (“ICB”), one of whose major tasks was to set up a computer facility to carry out control, problem solving, liaison between participants, developments and systems evolution and enhancements. The purpose of the organisation was to enable the exchange of standing order credits in automated form. During its early stages and early months of operation ICB was part of Bankers Clearing House under the control of the Committee of London Clearing Bankers, Systems and Development Committee. Later on, a managing Committee was set up, dedicated to the development of the new organisation. One of the decisions the

40

45

Committee made was to form a separate limited company. Accordingly, Bankers Automated Clearing Services Limited was registered as a company on 10 September 1971. Bankers Automated Clearing Services Limited adopted the acronym BACS as a trade mark for distinguishing their services on 1 December 1971. Bankers Automated Clearing Services Limited changed its name to BACS Limited on 20 March 1986.’

He adds that ‘..[t]he trade mark BACS is used, and has been used since 1971, for distinguishing my Company’s goods and/or services ... from those of other undertakings’. There is material evidence showing this from well before the 1995 application date in the exhibits enclosed. I was careful to distinguish the use of BACS as descriptive of a service, and as an indicator of the source of services. It is clearly the latter (see Exhibit CC2), and it is equally clear that the applicants enjoyed a very considerable reputation in the name BACS, well before the RPs applied for their mark. Mr Cunningham says:

‘My Company processes some 40 million transactions every week and is used by over 35,000 organisations. My Company deals with approximately:

12 million salaries every month

8 million pensions a month

5 million wages a week

1700 million direct debts each year

230 million standing orders each year.’

The approximate turnover of the applicants’ company, in the five years leading up to the registration of the mark, was £324,511,000, with £27.3M being spent on promotion during the same period. There is also considerable evidence of use of the mark BACSTEL - the applicants’ ‘on-line’ telecommunications link. Mention in the 1990 Annual Statement is typical of references elsewhere in Exhibit CC2: ‘Growth in the use of the BACSTEL system has been particularly vigorous’ and the mark is the subject of many mentions in Exhibit CC3; the document ‘The Asynchronous Link’ is specifically about this service (it is undated, but displays the pre 01- phone number format. This would place the document at least before April 16<sup>th</sup> 1995). The mark BACSAFE is also mentioned, in ‘BACSTEL A Brief Guide to Submission Requirements’ (also in Exhibit CC3), and contains the following statement:

‘Users, or their bureau will be issued with a BACSAFE which is a device used for generating passwords. Each holder of a BACSAFE is separately issued with a PIN sent in a secure PIN Mailer. This PIN must be entered into the BACSAFE in order to generate a password. Before the BACSAFE can be used for live transmissions, the user must acknowledge receipt of the device and the PIN by correctly generating several passwords and sending confirmation to BACS. This process must be satisfactorily completed before the user can commence live transmissions to BACS. The BACSAFE is loaded with specific software codes when issued by BACS so that the BACSTEL system will associate the password with a particular user and validate it accordingly.’

At the hearing, Mr Malynicz also referred to use of BACSMAIL in the evidence, (apparently as 'e-mail access system'). Though I was unable to find a reference to this mark, I do not think it affects my conclusion that the applicants enjoy a reputation in BACS, and various marks including BACS as a prefix, all associated with electronic financial transfers and clearing services.

## THE DECISION

The request for the declaration of invalidity is made under ss 47(1) and 47(2)(a) of the Act. These state:

'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).

(2) The registration of a trade mark may be declared invalid on the ground-

(a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or,

(b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied.'

S 72 of the Act provides a RP with a presumption of validity; the onus is thus on the applicants to make their case. As indicated above, they base their grounds on the following sections of the Act:

Ss 5(2)(b) and 5(4)(a) of the Act state:

'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.'

'5(4) 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..'

S 3(6) states:

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

It is the bad faith point, I will deal with first. In *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367, Lindsay J stated at page 379:

5 'I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances.'

15 Thus bad faith can be exercised where there is no actual dishonesty, as such. Have the RPs fallen short of the standards of acceptable commercial behaviour, however? This is a matter which requires proof, and lays a significant burden on the applicants to provide such before a finding of bad faith can be given - the moral condemnation intimated by such a finding rather demands this. Mr Cunningham, for the applicants, states:

20 'My Company has for many years had various arrangements with third parties who use the BACS system, of whom Checkpoint Security Services Limited was one. The application for the Trade Mark was filed without my Company's permission or knowledge.

25 Checkpoint Security Services Limited requested my Company's consent to the registration of Application No. 2027045 BACS BOX/BAXPAC in Class 9 for "computer software and hardware, data transmission and reception apparatus; modems; all being adapted for use in financial transactions" and Application No. 2027043 CHECKBACS for "computer software". Consent was refused as my Company consider that to grant consent to the registration of these marks would dilute their rights in their trade marks.

30 My Company offered to prosecute the applications through to registration and licence the proprietors to use the marks, in consideration of their assigning Registration No. 2027044 WINBACS to them. We also offered to then extend the licence to WINBACS. These proposals were refused.'

35 No information on these other marks has been filed. If they were applied for on the same date as the application in suit, its possible that the circumstances of their filing could have a bearing on this matter. From the statement by Mr Cunningham it might be inferred that the RPs recognised the rights the applicants enjoy in the name BACS, and applied for registration of WINBACS inspite of this; if so, this suggests bad faith. But, I feel I would need material evidence from the applicants to buttress such a finding (copies of the correspondence relating to the requests for consent etc). With some hesitation, I must resile from that result here. This ground fails.

45 I now wish to consider the ground under s 5(2)(b). The applicants are the owners of an earlier mark under the Act, by virtue of their registrations in the ANNEX, and s 6(1)(a). At the Hearing, Mr Malynicz said:

‘There are quite a few registrations that Mr Cunningham has exhibited. I will not take you to all of them, but most importantly you should see .. [the] .. Class 9 registration for BACS .. number .. 1514034.’

5 This mark is registered for ‘software’ - identical to the RPs’ specification - and probably represents the applicants’ best case under s 5(2)(b), their other marks being registered for different goods and/or consisting of additional syllables.

10 I was referred to the guidance provided by the European Court of Justice (ECJ) in *Sabel BV v Puma AG* [1998] RPC 199, which I reproduce from page 223, line 52:

15 ‘Article 4(1)(b) of the directive does not apply where there is no likelihood of confusion on the part of the public. In that respect, it is clear from the tenth recital in the preamble to the Directive that the appreciation of the likelihood of confusion “depends on numerous elements and, in particular, on the recognition of the trade mark on the market, of the association which can be made with the used or registered sign, of the degree of similarity between the trade mark and the sign and between the goods or services identified”. The likelihood of confusion must therefore be appreciated globally, taking into account all factors relevant to the circumstances of the case.

20 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 the marks in the mind of the average consumer of the type of goods or services in question plays a decisive role 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.

30 In that perspective, the more distinctive the earlier mark, the greater will be the likelihood of confusion. It is therefore not impossible that the conceptual similarity resulting from the fact that two marks use images with analogous semantic content may give rise to a likelihood of confusion where the earlier mark has a particularly distinctive character, either *per se* or because of the reputation it enjoys with the public.’

35 Mr Malynicz was of the view that the letter WIN were indicative of WINDOWS for software, and thus will be taken as a reference to it. He then said:

40 ‘There are two ways of looking at this registration. Either you have WINBACS meaning this is something to be used to access BACS on a Windows platform - that is the first view, that is what we say people will think - or, we say, the prefix WIN is like the prefix E or the prefix EURO or the prefix CYBER or any number of non-distinctive and basically ignored elements of marks that are not taken into account’.

45 Both these proposed reactions of the average consumer assume that WIN will be taken as an abbreviation for WINDOWS. Mr Malynicz suggested that this use was notorious and that it was acceptable for me ‘.. to take judicial notice of certain things .. things that everybody knows to be true. To that extent, I would ask you to take judicial notice of the fact that WIN

is a very common prefix for proprietary software for the Windows platform.’ Additionally, I was directed to Mr Cunningham’s statement that ‘[t]he trade marks WINBACS and BACS are in my view confusingly similar, especially since WIN is commonly used as an abbreviation for the descriptive word WINDOWS.’

5

I was also referred to the following passage in *Lloyd Schufabrik Meyer & Co GmbH v Klijsen Handel BV* [2000] FSR 77, paragraph 28 on page 84:

10

‘In order to assess the degree of similarity between the marks concerned, the national court must determine the degree of visual, aural or conceptual similarity between them and, where appropriate, evaluate the importance to be attached to those different elements, taking account of the category of goods or services in question and the circumstances in which they are marketed.’

15

Mr Malynicz suggested that this passage spoke to his submission on the meaning of WIN, that it will be taken on the market place as WINDOWS and ‘..consumers are going to think that WINBACS means BACS software for Windows’.

20

Finally, I was also referred to a decision of the Appointed Person, the *Kango Trade Mark* case (unreported, but dated 6<sup>th</sup> June 2000, N<sup>o</sup>: 0/338/00). At page 10, this states:

25

‘There can be no objection under Section 5(2) where it does not appear that the public could believe that the goods or services supplied under the marks in contention come from the same undertaking or, as the case may be, from economically-linked undertakings ... A belief in the existence of a licensing or joint venture arrangement would seem to satisfy this requirement..’

30

Mr Malynicz said: ‘If consumers are going to think that WINBACS means BACS for WINDOWS, they are going to assume there is some sort of licensing arrangement in place or joint venture or at least some consent [between the parties].’

I think I can make the following comments.

35

First, *Sabel*: says ‘.. the conceptual similarity resulting from the fact that two marks use images with analogous semantic content may give rise to a likelihood of confusion where the earlier mark has a particularly distinctive character .... because of the reputation it enjoys with the public..’. Early in the hearing, Mr Malynicz referred to the applicants’ registrations, and said:

40

‘..there is EBACS dated 1993. BACSMAIL is there a couple of pages back. What that shows, sir, is that we are also educating consumers and traders that anything connected with financial services that has BACS in it - that is spelt that specific way - means us and us alone or somebody connected with us, somebody licensed by us, ultimately somebody referable to us.’

45

I disagree with this specific point. Registrations educate nobody. Use does, and it is this I must consider. The applicants have demonstrated massive use of the mark BACS, very significant use of BACSTEL, and some use of BACSAFE. This is enough, in my view, to

5 give them a considerable reputation in the BACS mark and, beyond that, in variations  
incorporating the mark, establishing a practice at the relevant date of using this name in a  
variety of ways. However, I do not think I can take account of this under s 5(2)(b). The  
applicants' reputation relates to automated transfer of funds and clearing services. Not to  
10 computer software. Obviously, the applicants use software - as do all businesses - but that it  
not where their reputation lies. This leaves me with only the *prima facie* case to consider, and  
I base this on the principals established in the case law, in particular the ‘..[g]lobal appreciation  
of the visual, aural or conceptual similarity of the mark..’ and their effect on the ‘average  
consumer’ who ‘..normally perceives a mark as a whole and does not proceed to analyse its  
15 various details.’

20 Second, it seems to me critical to the applicants' success under this ground that I accept their  
submissions on the nature of the prefix WIN, i.e. that it refers to WINDOWS. There is no  
material evidence to support this view. I think I am able to take judicial note of the ubiquity of  
WINDOWS applications these days - and do not consider the situation was very different in  
1995 - but I do not believe I can extend this to a recognition of WIN as a common  
abbreviation of WINDOWS. However, Mr Cunningham's states, as I noted above, that this  
is, in fact, the case. Mr Cunningham also states that he is the ‘..Company Secretary of BACS  
Limited..’ a position he has held since 1994..’ and has ‘..been in the employ of [his] Company  
since 1989.’ He adds ‘By virtue of my position I have full access to all relevant records and  
information pertaining to the use of the trade mark BACS and all matters deposed to herein  
are from within my own knowledge except where otherwise stated and I believe the same to  
be true and accurate.’ Against the background of this experience, I am content to accept his  
assessment of the use of WIN as a shorthand for WINDOWS. I note that this assertion is  
25 made in the absence of any dissent by the RPs, who did not provide any evidence in reply, and  
did not deny this assertion, either at the hearing which they did not attend, or otherwise.

30 Having come to this view, I think I must agree with Mr Malynicz when he says that, though  
the marks are aurally and visually different, the average consumer will look past the WIN  
prefix, because he or she will take it as a reference to WINDOWS, and will focus on the  
BACS suffix in the mark. From this conclusion, a likelihood of confusion follows, and the s  
5(2)(b) ground succeeds.

35 I note in their Counterstatement that the RPs, in denying this ground, state: ‘..the mark  
WINBACS is in use, and no confusion has been found to occur between the mark and any  
mark owned by the Applicants for Invalidation.’ At the hearing, Mr Malynicz said:

40 ‘We say, first of all, we are not required to show actual confusion. The language of the Act  
is “likelihood of confusion”. ... Secondly, it is a very well-established principle of trade  
marks law and I have given you the reference in my skeleton to the case of *The European v  
The Economist* [1988] FSR 283 at 291: “The absence of evidence of actual confusion is  
rarely significant, especially in a trade mark case where it may be due to differences  
extraneous to the plaintiff's registered mark.” ’

45 I have been told nothing of how the RPs market their product, and I can conclude nothing  
about the lack of confusion they cite.

In view of my finding under s 5(2)(b), I do not need to consider the other grounds, and decline to do so. The applicants are successful. Under s 47(1) I consider registration of trade mark N<sup>o</sup> 2024168 invalid on the ground that it was registered in breach of section 5(2)(b).

5 Accordingly I direct that registration N<sup>o</sup> 2024168 be declared invalid and removed from the Register and, in accordance with Section 47(6), shall be deemed never to have been made.

The applicants are also entitled to an award of costs. I order the RPs to pay them the sum of £1000. This sum is to be paid within seven days the expiry of the appeal period or within  
10 seven days of the final determination of this case if any appeal against this decision is unsuccessful.

**Dated this Day 6<sup>th</sup> of November 2000.**

15

20

**Dr W J Trott  
Principal Hearing Officer  
For the Registrar, the Comptroller General**



ANNEX

5

Mark	Number	Date	Goods
BACSMAIL	1328571	02.12.1987	Information services all relating to the automated transfer of funds and to the automated payment of accounts; all included in Class 36.
BACSNET	1329398	11.12.1987	Electronic communication services for the transmission of data, included in Class 38.
BACS	1328570	02.12.1987	Automated funds transfer services; automated payment of accounts; information services relating to all of the aforesaid services; all included in Class 36.
BACSTEL	1328569	02.12.1987	Automated funds transfer services; automated payment of accounts; all included in Class 36.
BACSAFE	1337962	09.03.1988	Services for the automated transfer of funds and for automated payments; information services relating to all of the foregoing; all included in Class 36.
BACSPAY	1352350	27.07.1988	Automated funds transfer services; automated payment of accounts; information services, all relating to the aforesaid; all included in Class 36.
BACS	1514036	23.09.1992	Financial management; financial appraisals; fund investment; electronic funds-transfer and payment services; banking services; foreign exchange and currency services; clearing services; insurance brokerage; pension services; unit trust services; financial research; preparation of financial reports; advisory and consultancy services for all the aforesaid; all included in Class 36.
	1514034	23.09.1992	Apparatus for input, output, processing, transmission and display of data; computers; telecommunication apparatus; parts and fittings for all the aforesaid goods; software; recorded data; computer programs; all for use in connection with the provision of financial services; all included in Class 9
	1514035	23.09.1992	Paper tapes and cards, all for the recordal of computer programmes; stationery; printed matter, books, printed publications, cards, manuals; instructional and teaching materials; all for use in connection with the provision of financial services; all included in Class 16.
	1514037	23.09.1992	Telephone and telecommunications services; facsimile and telex services; message collection, transmission and display services; services for the transmission of data and of information by electronic, computer, cable, radio, teleprinter, teletype, electronic mail, television, microwave, laser beam or communications satellite means; preparation of reports, advisory and consultancy services for all the aforesaid services; all included in Class 38.
Mark	Number	Date	Goods

10

EBACS	1535476	13.05.1993	Financial management and appraisal services; fund investment services; funds transfer and payment services; banking services; foreign exchange and currency services; clearing services; insurance services; brokerage services; pension services; fund management and unit trust services; financial research; preparation of reports, advisory and consultancy services, all relating to the aforesaid services; all included in Class 36.
-------	---------	------------	--

(A registration certificate for the mark BACS LIMITED was enclosed with the evidence, with the same number as BACSNET (1329398). I have been unable find a registration for the mark BACS LIMITED. Nothing turns on this in the decision).

5