

O-351-17

TRADE MARKS ACT 1994

IN THE MATTER OF REGISTRATION NO 2575959
IN THE NAME OF HELIUS FINANCIAL SOFTWARE (HOLDINGS) LIMITED
FOR THE FOLLOWING TRADE MARK IN CLASSES 9 AND 42:



AND AN APPLICATION TO REVOKE ON GROUNDS OF
NON-USE (NO 501405) BY PERCEIV LIMITED

BACKGROUND

1. Registration 2575959 is for the mark shown on the front cover of this decision and stands in the name of Helius Financial Software (Holdings) Limited (the proprietor). It has a filing date of 10 March 2011, was published on 20 May 2011 and was entered in the register on 29 July 2011. The goods and services for which the mark is registered are as follows:

Class 9

Financial computer software; downloadable financial computer software.

Class 42

Computer services relating to the development and maintenance of financial computer software; technical support and assistance relating to financial computer software.

2. Perceiv Limited, (the applicant) filed an application seeking to cancel the registration in its entirety. It does so under the provisions of section 46(1)(a) of the Trade Marks Act 1994 (“the Act”) in respect of the five year period following the date of the completion of the registration procedure, namely 30 July 2011 to 29 July 2016. It seeks revocation of the registration from 30 July 2016.

3. The proprietor filed a counterstatement in which it rejected the claim that the mark had not been used. It stated:

“Helius Financial Software (Holdings) Limited (‘Helius’) has been developing the i-4c software for five years and it is a web based cloud solution for financial modelling.

1) The combined investment in the i-4c project to date by the existing shareholders and their accountancy practice (Anderson Anderson & Brown LLP - MB) runs to circa £500k. £100k in third party cost and £400k equivalent of AAB professional time expended on the project.

2) *In July 2016 we presented an opportunity for Cloud 3D Limited ('C3D') to invest in the i-4c project. They liked what we presented to them and are very confident that i-4c will be a success when launched. They committed to invest £35k of development time to finish the project for a 15% equity stake in the business, which values the business at circa £230k.*

3) *The intellectual property that exists in the software, and the ownership of the i-4c trademark were fundamental in their decision to invest. Final diligence over this opportunity was completed through August and September and the investment from CSD is now secured.*

4) *Therefore, we would oppose revocation of the trade mark UK00002575959 as we have used it actively to further the product development and commercial aims of our project, and to take the trademark from us would significantly impact the value of the investment held by Helius and our co-owner C3D.*

5) *In summary: the i4c trademark was used extensively throughout the five years since registering the TM by branding it on to the software as it was being developed by us. In summer 2016, it became very near complete so we then presented the software - with its i4c branding to the third party Cloud 3D Limited. They liked what they saw and have become a JV Partner. Therefore we would reject the view that there has been non-use. The product was not 'to market' because it was not quite ready, but the i4c TM was being used in software development phase, and a third party was introduced to it - and has invested in it - during the 5 year window."*

4. Both sides filed evidence in these proceedings. Neither side filed written submissions or requested a hearing. Consequently, I make this decision following careful consideration of the material before me.

EVIDENCE

Proprietor's evidence of use

Witness statement by John Black and exhibits A1-A2

5. Mr Black is a Director of the proprietor. His witness statement is dated 22 December 2016.

6. Exhibit A1 to his statement is described as 'an Information Memorandum' that was presented to Cloud 3D Limited in July 2016 outlining the investment opportunity in the i4c software tool that the proprietor was developing.

7. The document is 20 pages in length and is headed 'Project Helius Information Memorandum'. It is not dated, though the first page includes a logo with the words, 'best company 2016' so it cannot have been created before that date. The registered mark is shown under the heading on the first page. The second page of the document is headed 'Transmittal letter' and states:

"This Information Memorandum ("IM") has been prepared by the Corporate Finance Division of Anderson Anderson & Brown LLP ("AAB CF") on behalf of the shareholders of Helius Financial Software (Holdings) Limited ("Helius") ("the Vendors") in connection with the proposed disposal of Helius ("the Proposed Transaction").

Please note, this IM has been furnished to you under the under the terms of your signed Confidentiality Agreement and subject to the conditions contained in the appendix to the Sales Process Letter."

8. Pages 4-7 of this document describe the 'i4C product' and its history. The relevant parts of the document are as follows:

"Software Overview

- *i-4C software is a web based cloud solution for financial modelling.*

- *i-4C enables users to compile fully consolidated financial models comprising core financial statements (profit & loss accounts, cash flow statements and balance sheets) as well as generating management reports to illustrate the projected financial information, utilising a selection of custom built reports.*

Investment to date

- *i4C has been developed in collaboration between Anderson Anderson & Brown LLP Chartered Accountants (“MB”) and specialist software developers, Cloud Software Systems Limited, to a pre-commercialisation stage.*
- *MB development team of 4 has over 50 years of combined experience in designing, building and reviewing financial models that have been used for forecasting business performance and corporate transactions.*
- *Total investment to date has been £500k.”*

History of i-4C

- *Helius began to develop the i-4C concept after it was identified that there was an opportunity to replace the existing excel spreadsheet based financial modelling package used by MB.*
- *Helius employed the services of Cloud Software Systems Limited to create the software and they have worked together to get the product to where it is now. The product has been developed into a fully integrated financial model capable of consolidation for an unlimited number of subsidiaries/divisions.*
- *The current i-4C prototype proves that there is a working concept, however the product still needs to be enhanced before it can be commercially viable.*

- *Once commercially ready, the product will require a sophisticated market approach, a strong business model, website development and software accreditation before it can then be put on the shelf.*

9. Exhibit A2 to Mr Black's statement is described as a copy letter from Cloud 3D Limited confirming their investment in the i4C product. The letter is dated 30 November 2016. It states as follows:

"INVESTMENT IN HELIUS FINANCIAL SOFTWARE (HOLDINGS) LIMITED ("HELIUS")

I write to confirm that following receipt of a detailed Sales Information Memorandum earlier this year, we have decided to invest in Helius in return for 15% equity. Our investment decision was made in September 2016 and it is agreed that Cloud3D Ltd will undertake work, anticipated to be approximately 35 days, to complete the financial modelling product. Our investment is based on the product potential as detailed in the Sales Information Memorandum which includes the value of the 14-c trademark held by Helius. Please do not hesitate to contact me should you require additional information in connection with our investment and ongoing development work."

Applicant's evidence

Witness statement of Hugh Fulljames and exhibits HF1-HF2

10. Mr Fulljames is a Director of the applicant. His witness statement is dated 3 March 2017.

11. Exhibit HF1 to his statement is a letter written on behalf of the applicant, by its solicitors, to the proprietor. The letter is dated 24 August 2016 and puts the proprietor on notice that the applicant intends to apply for revocation of the proprietor's mark on grounds of non-use. The letter invites the proprietor to surrender its mark.

12. Exhibit HF2 is a letter from the proprietor's representative, to the applicant. It is dated 1 September 2016 and includes the following:

"Although we [the proprietor] have not used the mark since first registration in 2011, the project is still very much alive for our company, and we are now reaching an important point in the development of our offering such that the 'i4c' branding will soon be utilised."

DECISION

13. Section 46(1) of the Act states that:

"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 no proper reasons for non-use;

(b) ...

(c) ...

(d) ...

(2) For the purpose of subsection (1) use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, and use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.

(3) The registration of a trade mark shall not be revoked on the ground mentioned in subsection (1)(a) or (b) if such use as is referred to in that paragraph is commenced or resumed after the expiry of the five year period and before the application for revocation is made: Provided that, any such commencement or resumption of use after the expiry of the five year period but within the period of three months before the making of the application shall be disregarded unless preparations for the commencement or resumption began before the proprietor became aware that the application might be made.

(4) An application for revocation may be made by any person, and may be made to the registrar or to the court, except that –

(a) if proceedings concerning the trade mark in question are pending in the court, the application must be made to the court; and

(b) if in any other case the application is made to the registrar, he may at any stage of the proceedings refer the application to the court.

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

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

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

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

14. In *The London Taxi Corporation Limited v Frazer-Nash Research Limited & Ecotive Limited*, [2016] EWHC 52, Arnold J. summarised the case law on genuine use of trade marks. He said:

“I would now summarise the principles for the assessment of whether there has been genuine use of a trade mark established by the case law of the Court of Justice, which also includes Case C-442/07 *Verein Radetsky-Order v Bunderversvereinigung Kamaradschaft 'Feldmarschall Radetsky'* [2008] ECR I-9223 and Case C-609/11 *Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG* [EU:C:2013:592], [2014] ETMR 7, as follows:

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

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

(3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end user by enabling him to distinguish the goods or services from others which have another origin: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Silberquelle* at [17]; *Centrotherm* at [71]; *Leno* at [29].

(4) Use of the mark must relate to goods or services which are already marketed or which are about to be marketed and for which preparations to secure customers are under way, particularly in the form of advertising campaigns: *Ansul* at [37]. Internal use by the proprietor does not suffice: *Ansul* at [37]; *Verein* at [14]. Nor does the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter: *Silberquelle* at [20]-[21]. But use by a non-profit making association can constitute genuine use: *Verein* at [16]-[23].

(5) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, that is to say, use in accordance with the commercial *raison d'être* of the mark, which is to

create or preserve an outlet for the goods or services that bear the mark: *Ansul* at [37]-[38]; *Verein* at [14]; *Silberquelle* at [18]; *Centrotherm* at [71].

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

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

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

15. Section 100 of the Act makes clear that the onus is on the proprietor to show use. It reads:

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

what use has been made of it.”

16. In *Plymouth Life Centre*, Mr Daniel Alexander Q.C. as the Appointed Person stated that:

“20. Providing evidence of use is not unduly difficult. If an undertaking is sitting on a registered trade mark, it is good practice in any event from time to time review the material that it has to prove use of it...

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

18. Recital 9 to Directive 2008/95/EC explains the purpose of articles 10 and 12 of the Directive, which are implemented in the UK through sections 46(1)(a) and (b) of the Act:

“In order to reduce the total number of trade marks registered and protected in the Community and, consequently, the number of conflicts which arise between them, it is essential to require that registered trade marks must actually be used or, if not used, be subject to revocation for non-use”.

19. It is clear from the evidence and pleadings that the proprietor does not claim to have used the mark in a commercial sense to create a market for the relevant goods

and services in classes 9 and 42 during the five year period following registration. The proprietor has not put forward any proper reasons for non-use. The crux of the proprietor's defence appears to be that investment had been secured within the five year period and that launch of the i4C product was imminent, in other words the goods and services were about to be marketed. The relevant paragraph reads:

“The product was not ‘to market’ because it was not quite ready, but the i4c TM was being used in software development phase, and a third party was introduced to it - and has invested in it - during the 5 year window.”

20. In making a finding on these points I bear in mind the decision of Daniel Alexander sitting as the Appointed Person in *The Baba House*.¹ The case concerned an appeal from a Registry decision in which the Hearing Officer had concluded that the requirement in *Ansul* for goods or services about to be marketed meant that those goods or services had to be in existence. Having outlined the case law (as I have done at paragraph 14), he referred to a number of decisions before the Registry and Appellate Tribunal.

“21...[In] *ROYAL SHAKESPEARE*...a proprietor had been trying to seek business partners for a new kind of beer and had produced mocks up of labelling which might be used on some beer to be produced by others. The Appointed Person, Ms Anni Carboni, rejected the suggestion that this amounted to genuine use...

22...In *JENSEN/INTERCEPTOR*,² the Hearing Officer, Mr Allan James, found that there had been non-use and revoked the marks, where an undertaking had advertised on a web-site and in a press release that a car which did not then exist was at least a year from being unveiled. The Hearing Officer in that case held that there was a requirement that the use be in relation to goods already marketed or to be marketed and that goods which did not exist did not qualify. However, the Hearing Officer recognised

¹ O-049-15

² O-488-12

that this might be taking too narrow a view of *Ansul* and gave as an example use of a mark for an aircraft which may take a lengthy period to develop. He held that the facts of the case before him could be distinguished from such a situation because neither the press release nor the web-site relied upon provided information about the goods which was sufficient for a customer to decide whether to register a serious interest in buying one and there was, in fact, no interest at all in the product.

27 [sic]. That decision was upheld by the High Court (Henry Carr QC sitting as a Deputy Judge)...³ The judge held that there had been no error of principle and that the Hearing Officer was “clearly correct” in his assessment of the evidence. The judge did not cast doubt on the aircraft example given by Mr James at first instance as being a situation in which a more generous view might be taken of the principles in *Ansul* on appropriate evidence. Like the Hearing Officer, he considered that the JENSEN/INTERCEPTOR case was nothing like that sort of situation and that the proprietor had done too little to be properly described as having sought to create or maintain a market in the goods. Neither the Hearing Officer’s decision in that case nor the judgment of the High Court held that the mere fact that no-one had ordered the products in question or that the products did not exist were themselves fatal to the continued registration of the mark.”

21. It is clear from these cases that where goods and/or services take a considerable time to develop or are bespoke goods and/or services of the type which are created once a contract or purchase has been made, then a more liberal view of the requirement in *Ansul* for goods ‘about to be marketed’ to be in existence may be taken.

22. In the present case, the five year period ended on 29 July 2016. The proprietor has provided two documents. The first, a document the proprietor sent to Cloud3D (the investor) in July 2016, was clearly subject to confidentiality and not for public consumption. It made clear that the i-4C product was some way from completion. The following paragraphs are taken from that document (my emphases added):

³ [2014] EWHC 24 (Pat)

“The current i-4C prototype proves that there is a working concept, however the product still needs to be enhanced before it can be commercially viable.”

Once commercially ready, the product will require a sophisticated market approach, a strong business model, website development and software accreditation before it can then be put on the shelf.”

23. The second document, a letter from Cloud3D in response, was sent on 30 November 2016 and was an agreement to provide investment and work on further development of the proprietor’s product.

24. It is clear from these exhibits that investment was not secured from Cloud3D until at least four months after the end of the five year period and it is also evident that considerable work was still needed before a viable product branded i-4C could be put on the market. The only document in evidence which describes the product is an internal document which has been supplied to a single potential investor, subject to a confidentiality clause.

25. The nature of the proprietor’s business is not one where bespoke software is purchased with the expectation that it would be created at a later date, nor is there any evidence that it is one where a long lead time would be required following the purchase. The proprietor’s internal document describes the product as an alternative to excel and talks of more work being needed before it can be ‘put on the shelf’. Evidently, the proprietor’s product is one which is bought ‘off the shelf’. Even if the proprietor’s goods and services are commissioned rather than purchased ‘off the shelf’ there should be some evidence that the proprietor has attempted to create a market for its goods and services.

26. The proprietor’s services in class 42 cover development, maintenance and technical support. Clearly without a product having been put to market and with no customers, there can have been no requirement for maintenance or technical support in respect of the software. With regard to development services, the only document in

evidence which relates to the product is an internal document made available to a prospective investor which was subject to confidentiality. Any development which has taken place is internal development and not development directed to or initiated by customers.

27. Whilst I note that the proprietor states that considerable investment has been made in the i4C product prior to its arrangement with Cloud 3D, the evidence does not show any details of that investment. There are no press releases, advertisements, brochures or websites in operation to show that the goods and/or services are about to be made available. There are clearly no customers at present and there have been no opportunities for any potential customers to see the i4C product or even express an interest in it. The proprietor has not shown evidence of a product or service which either existed in the relevant five year period or was likely to exist shortly after that period.

28. Taking into account all the circumstances of the case, the proprietor has not shown that there has been genuine use of the mark (or proper reasons for non-use) within the section 46(1)(a) period.

Conclusion

29. In accordance with section 46(6)(a) of the Act, trade mark registration 2575959 is revoked with effect from 30 July 2016.

COSTS

30. Perceiv Limited has been successful and is entitled to a contribution its costs on the basis of the published scale (Tribunal Practice Notice 2/2016):

Preparing the application for revocation	£200
Official filing fee	£200

Considering the proprietor's evidence and filing evidence £500

Total £900

31. I order Helius Financial Software (Holdings) Limited to pay Perceiv Limited the sum of £900 which, in the absence of an appeal, should be paid within fourteen days of the expiry of the appeal period.

Dated this 25th day of July 2017

**Al Skilton
For the Registrar,
The Comptroller-General**