

O-453-20

TRADE MARKS ACT 1994

**IN THE MATTER OF THE REGISTRAR OF TRADE MARK'S
PRELIMINARY VIEW TO IMPLEMENT THE
RECOMMENDATION OF THE INTELLECTUAL PROPERTY
REGULATION BOARD TO REFUSE TO RECOGNISE
DUNCAN WELCH UNDER
SECTION 88 OF THE TRADE MARK ACT 1994 AND RULE
61 OF THE TRADE MARK RULES 2008
AS AN AGENT IN RESPECT OF ANY BUSINESS**

Background

1. On 27 February 2020 the Intellectual Property Regulation Board (“IPReg”) Disciplinary Board issued a determination¹ in respect of proceedings it brought against two Registered Trade Mark Attorneys (“RTMAs”). These two RTMAs, Duncan Welch and Manish Joshi, set up the company Joshi & Welch Limited for their joint practice. As directors of the company, the IPReg’s Disciplinary Board, in its determination of 27 February 2020, found that Mr Welch and Mr Joshi were personally responsible for the actions and omissions of the company.

2. The following three allegations were proved against Mr Welch:

- (i) From first of June 2015 onwards, Mr Welch failed to take out or maintain a policy of professional indemnity insurance, commensurate with the risks at large arising from the extent and size of his practise, contrary to the rules of conduct for trademark attorneys, thereby placing clients at risk if they had a valid claim or claims against his company. In doing so, he failed to act with integrity and breached the Rules of Conduct for Patent Attorneys, Trade Mark Attorneys and Other Regulated Persons (“Rules of Conduct”);
- (ii) Mr Welch failed to account to a client for money paid to Mr Welch's company in relation to third party costs. A proportion of this money was paid in respect of the costs of an overseas agent but was retained by Joshi & Welch Limited. This breached the Rules of Conduct;
- (iii) Mr Welch failed to comply with the decision of the Legal Ombudsman and in so doing, failed to act with integrity in putting clients’ interests foremost. This was in breach of the Rules of Conduct.

3. Mr Welch had admitted to these allegations but did not admit that they amounted to a breach of the Rules of Conduct.

¹ <https://ipreg.org.uk/sites/default/files/JDB%20Final%20Determination%20-%20IPReg%20v%20Welch%20Joshi%20270220.pdf>

4. With effect from 17th of January 2020, the Disciplinary Board ordered the following sanctions:

- (i) Pursuant to the IPReg's Disciplinary Procedure Rules (DPR), that his entry be removed from the Register of Trademark Attorneys for a period of 8 months;
- (ii) Pursuant to the DPR, that notification of this decision be made to the IPO and the EUIPO together with the recommendation that his recognition or authorization be withdrawn for a period of 8 months;
- (iii) Pursuant to the DPR, that a recommendation be made to CITMA that his membership be suspended for a period of 8 months;
- (iv) Pursuant to the DPR that he be disqualified from being an employee and/or manager of a registered person pursuant to the DPR and that such disqualification shall remain in force for 8 months at which time it should be reviewed by the IPReg pursuant to the DPR.

5. The 8 month period of suspension from the Register of Trade Mark Attorneys commenced on 17 January 2020 and ended on 16 September 2020.

6. In line with the second of these sanctions, by letter of 28 January 2020, IPReg informed the IPO of the outcome of its Disciplinary Board proceedings and drawing the attention of the IPO to the sanctions. The decision that follows is in respect of Mr Welch and the Registrar's proposed implementation of this sanction. Mr Joshi is subject to separate proceedings before the IPO.

7. By letter of 30 April 2020, the IPO wrote to Mr Welch ("the first notification") to inform him that the Registrar intended to make use of his power under Rule 61(b) of the Trade Mark Rules 2008 ("the Rules") and refuse to recognise him as an agent in respect of any business under the Trade Marks Act 1994 ("the Act") for the same 8 month period, namely, from 17 January 2020 to 16 September 2020 ("the original preliminary view"). Mr Welch was also informed that, as a consequence, he would not be able to act as a representative in any trade mark matter before the IPO and that he would be removed as agent from existing trade marks or applications with the applicants or owners being informed.

8. By email, also of 30 April 2020, Mr Welch notified the IPO that he wished to exercise his right to be heard afforded to him under rule 63 of the Rules. Dates were set for Mr Welch to file any written submissions in support of his case and for the hearing, however, as a result of the COVID crisis, the IPO closed and entered a period of interrupted days (under Rule 75 of the Rules). As a consequence of this, all deadlines set by the IPO were extended to the first working day after the end of the period of interrupted days. The deadline for Mr Welch to file written submissions was, therefore, extended to 30 July 2020 and the hearing was re-scheduled for 27 August 2020.

9. A further consequence of the delays resulting from the period of interrupted days is that the proposed 8 month period of suspension was due to expire before, or around the time that the Registrar would take a final decision. This led the Registrar to write to Mr Welch on 8 July 2020 (“the second notification”) to inform him of his intention to vary the sanction so that the period of suspension would begin from the date of this decision (“the varied sanction”).

10. Mr Welch filed written submissions and, to the extent that I consider it necessary, I will refer to them in my decision.

11. A telephone hearing took place on 27 August 2020 where Mr Welch represented himself.

DECISION

12. The relevant part of Section 88 of the Act states:

“**88.** - (1) The Secretary of State may make rules authorising the registrar to refuse to recognise as agent in respect of any business under this Act-

(a) ...;

(b) an individual whose name has been erased from and not restored to, or who is suspended from, the register of trade mark [attorneys] on the ground of misconduct;

(c) ...;

(d) ...

(2) ...”

13. Rule 61 of the Rules states:

“61. The registrar may refuse to recognise as agent in respect of any business under the Act—

(a) ...;

(b) an individual whose name has been erased from and not restored to, or who is suspended from, the register of trade mark agents on the ground of misconduct;

(c) ...;

(d) ...”

Period of proposed ban

14. Mr Welch fully acknowledged his regulatory misconduct and takes no issue with the method of dealing with this misconduct, however, he submitted that the varied sanction as set out in the second notification significantly altered the position. He argued that the varied sanction is a significant increase on the restraint of his trade. He pointed out that the IPO’s “refuse to recognise” restriction would double the period imposed by IPReg if it was implemented from the time of this decision.

15. Mr Welch claims that to extend the period of a ban is against the spirit of the IPReg determination. To do so now would offend the doctrine of legitimate expectation. Mr Welch relied upon the privy council judgment in the appeal of *Paponette & ors v A-G of Trinidad and Tobago*². This is not on all fours with the facts of the current case. The judgment in *Paponette* was in respect of a government enticing a party to move its business under a particular set of assurances and then

² [2010] UKPC 32

after the move imposing a less favourable set of conditions than outlined in the original assurances. In the current case, the Registrar has amended a preliminary view that has a clear route for Mr Welch to challenge. This route has been utilised by Mr Welch and his submissions have been fully taken account of before the Registrar gives his decision on whether to confirm the preliminary view, amend it, or decide it is not appropriate. In the circumstances, the original preliminary view did not create a “legitimate expectation” of the kind discussed in *Paponette* but, rather, it set out the preliminary position of the Registrar on how he was minded to deal with IPReg’s recommendation and how to implement the recommended sanction. It was not an assurance of any kind. The preliminary view was varied even before Mr Welch had been heard and it did not impact upon his right to be heard. At the time of the hearing, the IPO had not imposed any sanction nor had it finally decided on what, if any sanction, should be applied. *Paponette* was considering the actions of a government body whereas, in the current case there is, at this stage, only a proposal to act. Therefore, there is no legitimate expectation of the kind created in the circumstances involved in *Paponette*. Consequently, I dismiss this argument.

16. Mr Welch also submitted that the original preliminary view was issued in full knowledge of the period of interrupted days (that had begun over a month earlier) and, therefore, it was not appropriate for the IPO to subsequently rely upon “the exceptional circumstances of the coronavirus pandemic”³ to vary the preliminary view in its second notification on 8 July 2020. It is also relevant that Mr Welch had availed himself (legitimately) to the option of not progressing the case until the period of interrupted days had come to an end. As I explained at the hearing, his choice to do so was not known at the time of the first notification. This was also the specific factor arising from the COVID pandemic that led the Registrar to reconsider the start date of the sanction. Therefore, I dismiss this argument.

17. Mr Welch also took issue with the language of both notifying letters (of 30 April and 8 July 2020) submitting that the statement that the Registrar was “minded to follow [IPReg’s] recommendation” suggested that the IPO had already decided the issue. The procedures subsequently put in place to ensure that Mr Welch had the

³ 2nd paragraph of the first notification

opportunity to fully challenge the Registrar's view illustrates that this was not the case or the intention. I dismiss this submission.

18. Whilst I have dismissed many of Mr Welch's submissions, the issue of the fairness of the varied sanction remains. Mr Welch submitted that the new period proposed was unfair and amounted to effectively doubling the length of the sanction issued by IPReg. Whilst rule 61(b) requires any period (of refusal to recognise an agent) to be terminated if an agent is restored to the register, there is no indication from Mr Welch that he has applied to be re-admitted. Nevertheless, he should not find himself at a disadvantage in these proceedings because of this. The relevant IPReg sanction set out in its Order accompanying the determination of its Joint Disciplinary Board was:

"With effect from 17 day of January 2020 the following action be taken be taken in relation to the Registration of Duncan Welch:

...

- Pursuant to Rule 16.1(f) of the Rules that notification of this decision be made to UKIPO [...] with a recommendation that [Mr Welch's] recognition or authorisation be withdrawn for a period of 8 months"

19. This does not explicitly state that the period for which Mr Welch is recommended to have his authorisation withdrawn be the same period imposed by IPReg regarding his suspension from the Register of Trade Mark Attorneys, but taken in context with the other sanctions that have effect from 17 January 2020, this is a reasonable assumption.

20. The COVID pandemic has created a highly unusual situation where the IPO has been unable to conclude these proceedings in its normal timely manner and has resulted in this decision being taken by the IPO to vary its proposed sanction period

so that it begins from when this decision is issued⁴. This has created the imbalance referred to by Mr Welch, namely, that the delays have resulted in this decision being issued at the end of the IPReg period of suspension and placing restrictions upon Mr Welch's ability to conduct business before the IPO for a period of 8 months that follows the 8 month period when he was suspended from the Register of Trade Mark Attorneys. This imbalance will create approximately consecutive 8 month periods rather than concurrent sanctions spanning 8 months. I am persuaded by Mr Welch that this would create an unfairness to him and that this was not likely to be the intention of IPReg when making its recommendation.

21. In summary, I find that it would not be correct to utilise the provisions of rule 61(b) to impose a period where the IPO refuses to recognise Mr Welch in trade mark matters and begins from the date of this decision,

22. Having made this determination, I must decide what is a fair period. Mr Welch took no issue with the sanction period as set out in the original preliminary view. This mirrors the time period of the sanction imposed by IPReg. In the circumstances, this is fair and would implement IPReg's recommendation. I conclude that it would be appropriate for the Registrar to refuse to deal with Mr Welch in all matters under the Trade Marks Act 1994 during the period 17 January 2020 to 16 September 2020.

23. However, because of the highly unusual circumstances created by the COVID pandemic and the resultant delays in concluding these proceedings, to implement this sanction now would potentially be unfair to trade mark owners and applicants represented by Mr Welch. Implementation of the sanction would result in any actions before the IPO undertaken by Mr Welch, during the sanction period, being nullified. In the circumstances, implementation of the sanction would create unfairness and uncertainty for trade mark owners/applicants regarding these actions and, reluctantly, the Registrar does not require the sanction to be implemented despite believing that it is, in all other respects, a fair and just sanction.

⁴ As set out in the second notification of 8 July 2020

Notification to trade mark owners and applicants

24. Mr Welch made an impassioned plea that even if the IPO was minded to maintain its view to refuse to deal with him for a period of 8 months, it should not individually notify the trade mark applicants and owners he represents. He made the following points:

- It is an additional sanction and not part of IPReg's recommendation;
- IPReg's sanction did not impact upon Mr Welch's "old" work but only impacted on work that he may undertake during the sanction period. The IPO's sanction should do the same;
- IPReg was likely to be unaware that its recommendation to the IPO may result in Mr Welch's clients being notified in this manner;
- To notify owners and applicants now is a further sanction not recommended by IPReg and to do so is unreasonable;
- It would further unnecessarily damage Mr Welch's reputation and fatally harm his business interests. His family and his administrator relies upon his business;
- The IPReg sanction was part designed to protect the public and its suspension relates to misconduct that occurred from June 2015. This was five years ago. No further complaints since that time and the risk of repetition of the misconduct is de minimis, not least because the failures identified by IPReg related to Joshi & Welch Limited that no longer operates;
- The function of protecting the public is adequately fulfilled by the original recommendations of IPReg (that did NOT include notifying applicants and owners that Mr Welch represents).

25. There is nothing in rule 61 that provides a specific power for the Registrar to issue such notifications but in circumstances where the Registrar has refused to deal with an agent it would be incumbent upon the IPO to notify applicants and owners that list the agent as their representative in order to allow the owners and applicants to make alternative plans for representation during the sanction period. Therefore, if the Registrar's proposed sanction had been finally determined in good time, such

action would have been prudent. However, the sanction has not been finally determined in good time because of the delays that have resulted from the circumstances created by the COVID pandemic. Consequently, the sanction period has ended and it can no longer be the case that the owners/applicants need to be individually informed in order to implement the sanction. This, combined with the absence of a specific power to issue such a notification of the sanction, leads me to conclude that the Registrar should not now individually inform trade mark owners or applicants that list Mr Welch as his representative.

26. In light of this, it is not necessary for me to comment on Mr Welch's specific submissions on the issue.

Conclusions

27. The Registrar finds that the varied sanction is unfair and declines to confirm it. He finds that the IPO's first preliminary view is appropriate and correct in respect of refusing to recognise Mr Welch as an agent in any business under the Trade Marks Act 1994 for the period 17 January 2020 to 16 September 2020. However, in order to protect the interests of trade mark owners/applicants represented by Mr Welch, he finds that this should not be retrospectively implemented.

28. The IPO will not individually notify trade mark owners and applicants represented by Mr Welch.

29. This decision will be posted on the IPO website in the normal way.

Dated this 17th day of September 2020

Mark Bryant

For the Registrar

The Comptroller-General