

**TRADE MARKS ACT 1994
IN THE MATTER OF UK TRADE MARK UK00003529661
SOCIAL WORK NEWS
IN THE NAME OF COMPASS COMMS LIMITED
AND APPLICATION FOR CANCELLATION NO. CA000506186
BY SANCTUARY PERSONNEL LIMITED**

DECISION

1. This is an appeal from an interim decision in cancellation proceedings in which the Hearing Officer, Catrin Williams, refused to strike out proceedings for cancellation on absolute grounds for abuse of process, by decision dated 13 September 2023.
2. As explained in more detail in the caselaw referred to below, this area of the law is bedevilled by terminology and debates about the precise classification of the “abuse” being alleged (e.g. *res judicata*, cause of action estoppel, issue estoppel, *Henderson v Henderson* abuse).
3. The principle underlying the argument in the present case is that there should be finality in litigation, and therefore if a party brings one set of proceedings it will be barred from bringing further proceedings pursuing different arguments if it could and should have made the relevant allegations the first time around. This has been referred to in the caselaw as cause of action estoppel or *Henderson v Henderson* abuse.
4. This decision is concerned with consecutive cancellation proceedings. Different considerations apply to allegations of abuse arising out of pre-grant opposition proceedings – see *Special Effects v L’Oreal SA* [2007] EWCA Civ 1.
5. The registered mark is SOCIAL WORK NEWS in classes 16, 35, 38 & 41 and the Proprietor/Appellant is Compass Comms Limited.
6. The Applicant for cancellation and Respondent is Sanctuary Personnel Limited.

7. The Applicant had previously brought a cancellation action under ss. 3(6) and 5(4) Trade Marks Act 1994 (“the Act”), which was dismissed by decision O/0473/23 dated 23 May 2023.
8. On 12 June 2023 the Applicant brought this new cancellation action under ss. 3(1)(a)-(c) of the Act.
9. The question is whether these new proceedings should be struck out because they “could and should” have been brought as part of the previous cancellation action. The Hearing Officer thought not, but a different Hearing Officer, Matthew Williams, granted the Proprietor permission to appeal on 6 October 2023 stating “*it would be helpful to have an appellate view on whether circumstances such as these should properly bar the attack on absolute grounds between these two parties.*”
10. I shall attempt to provide some guidance below which I hope will inform future cases.
11. Before me at a hearing which took place on 22 January 2024 the Proprietor was ably represented by Kieron Taylor of Swindell & Pearson LLP and the Applicant by Melanie Harvey of Birketts LLP. I am grateful to both of them for their submissions.

STANDARD OF APPEAL

12. There was no dispute before me as to the standard of appeal and I was referred to the decision of Mrs Justice Joanna Smith in *Axogen Corp -v- Aviv Scientific Ltd* [2022] EWHC 95 (Ch) at §§24-25.
13. To paraphrase, an appeal should only be allowed where the decision of the lower court was “wrong”. Absent an error of law, the appellate court would be justified in concluding that the decision of the lower court was wrong if the judge’s conclusion was “*outside the bounds within which reasonable disagreement is possible*”. In the case of a multifactorial assessment and in the absence of a distinct error of principle, the appeal court should show a real reluctance, but not the very highest degree of reluctance, to interfere.

THE LAW

14. By the time of the hearing there was no dispute as to the relevant caselaw. It is almost all to be found as explained by Lord Sumption in *Virgin Atlantic Airways v Zodiac Seats* [2013] UKSC 46, [2014] AC 160, [2013] RPC 29. In particular he discusses and explains a triumvirate of older cases from which the relevant principles can be derived.

15. The starting point is the well-known statement of principle of Wigram V-C in *Henderson v Henderson* (1843) 3 Hare 100, 115, as explained by Lord Sumption at [18]:

This was an action by the former business partner of a deceased for an account of sums due to him by the estate. There had previously been similar proceedings between the same parties in Newfoundland in which an account had been ordered and taken, and judgment given for sums found due to the estate. The personal representative and the next of kin applied for an injunction to restrain the proceedings, raising what would now be called cause of action estoppel. The issue was whether the partner could reopen the matter in England by proving transactions not before the Newfoundland court when it took its own account. The Vice-Chancellor said [in *Henderson v Henderson*]:

“In trying this question I believe I state the rule of the Court correctly when I say that, where a given matter becomes the subject of litigation in, and of adjudication by, a Court of competent jurisdiction, the Court requires the parties to that litigation to bring forward their whole case, and will not (except under special circumstances) permit the same parties to open the same subject of litigation in respect of matter which might have been brought forward as part of the subject in contest, but which was not brought forward, only because they have, from negligence, inadvertence, or even accident, omitted part of their case. The plea of res judicata applies, except in special cases, not only to points upon which the Court was actually required by the parties to form an opinion and pronounce a judgment, but to every point which properly belonged to the subject of litigation, and which the parties, exercising reasonable diligence, might have brought forward at the time... Now, undoubtedly the whole of the case made by this bill might have been adjudicated upon in the suit in Newfoundland, for it was of the very substance of the case there, and prima facie, therefore, the whole is settled. The question then is whether the special circumstances appearing upon the face of this bill are sufficient to take the case out of the operation of the general rule.”

16. Lord Sumption went on to say that this statement of the law is now justly celebrated (at [19]) and it therefore still applies.
17. Lord Sumption then turned to Lord Keith’s analysis in *Arnold v National Westminster Bank plc* [1991] 2 AC 93, and summarised it as follows at [22]:

22. *Arnold* is accordingly authority for the following propositions:

- (1) Cause of action estoppel is absolute in relation to all points which had to be and were decided in order to establish the existence or non-existence of a cause of action.
- (2) Cause of action estoppel also bars the raising in subsequent proceedings of points essential to the existence or non-existence of a cause of action which were not decided because they were not raised in the earlier proceedings, if they could with reasonable diligence and should in all the circumstances have been raised.
- (3) Except in special circumstances where this would cause injustice, issue estoppel bars the raising in subsequent proceedings of points which (i) were not raised in the earlier proceedings or (ii) were raised but unsuccessfully. If the relevant point was not raised, the bar will usually be absolute if it could with reasonable diligence and should in all the circumstances have been raised.

18. It is the second proposition which bites here.

19. Finally, there are the observations of Lord Bingham in *Johnson v Gore-Wood & Co* [2002] 2 AC 1 at 31 (approved by Lord Sumption in *Virgin* at [24]):

“*Henderson v Henderson* abuse of process, as now understood, although separate and distinct from cause of action estoppel and issue estoppel, has much in common with them. The underlying public interest is the same: that there should be finality in litigation and that a party should not be twice vexed in the same matter. This public interest is reinforced by the current emphasis on efficiency and economy in the conduct of litigation, in the interests of the parties and the public as a whole. The bringing of a claim or the raising of a defence in later proceedings may, without more, amount to abuse if the court is satisfied (the onus being on the party alleging abuse) that the claim or defence should have been raised in the earlier proceedings if it was to be raised at all. I would not accept that it is necessary, before abuse may be found, to identify any additional element such as a collateral attack on a previous decision or some dishonesty, but where those elements are present the later proceedings will be much more obviously abusive, and there will rarely be a finding of abuse unless the later proceeding involves what the court regards as unjust harassment of a party. It is, however, wrong to hold that because a matter could have been raised in earlier proceedings it should have been, so as to render the raising of it in later proceedings necessarily abusive. That is to adopt too dogmatic an approach to what should in my opinion be a broad, merits-based judgment which takes account of the public and private interests involved and also takes account of all the facts of the case, focusing attention on the crucial question whether, in all the circumstances, a party is misusing or abusing the process of the court by seeking to raise before it the issue which could have been raised before.”

20. To this should be added the observations of Lord Neuberger in *Virgin* at [62]:

Other matters

62. When seeking to justify a conclusion that, though it applies, *res judicata* does not preclude a point being taken, it can be dangerous to invoke the observation of Lord Keith in *Arnold* [1991] 2 AC 93, 109B, that estoppel is intended “to work justice between the parties”, because it is only too easy to fall back on it as an excuse for an unprincipled departure from, or an unprincipled exception to, the rule. However, in a case where the rule has been relied on, I consider that it is helpful for a court which is inclined to accept the argument that it does not prevent a point being taken, to consider whether that outcome would work justice between the parties. In this case, as in cases such as *Poulton*, it seems to me that it would be positively unjust, as between the parties, for a (former) patentee to recover damages for infringement of a patent after the patent has been irrevocably and retrospectively revoked (or, as in this case, relevantly amended). And I can see no public interest in such an outcome. There is no question of extra further litigation, as it is undeniable that the Patent has been revoked (or amended); indeed, further litigation will be avoided as the assessment need not proceed.
21. The reason I say “by the time of the hearing” in §12 above is because the Appellant/Proprietor had cited a case to me in its skeleton which has been overtaken by a subsequent change in the law. This is again apparent from *Virgin*.
22. In *Hormel Foods Corporation v Antilles Landscape Investments NV* [2005] EWHC 13 (Ch), [2005] R.P.C. 28 (SPAMBUSTER), Richard Arnold QC (as he then was) had to deal with the question of whether subsequent trademark invalidity proceedings were covered by cause of action estoppel. In the absence of any directly relevant precedent, he held that cause of action estoppel acted as an absolute bar (absent fraud or collusion), relying on parallels with the law of patents and the House of Lords decision in *Poulton v Adjustable Cover* (1908) 25 R.P.C. 661 and the majority of the Court of Appeal in *Coflexip SA v Stolt Offshore (No. 2)* [2004] EWCA Civ 213, [2004] FSR 34¹.
23. However, *Poulton* and *Coflexip* were subsequently overruled by the Supreme Court in *Virgin*². This means that *Hormel* no longer applies. There is no longer an absolute bar, and instead the principles derived from *Arnold* and *Johnson*, as explained in *Virgin*, apply.

¹ Albeit that he also noted the potential harshness of the rule at p.681 of the reported version.

² To be precise, Lord Sumption held at [35] that *Poulton* was no longer good law and that *Coflexip* was wrongly decided.

24. For a fuller discussion of the impact of *Virgin* on *Hormel*, see the decision of Martin Howe QC sitting as an Appointed Person for Designs in *System Products UK Ltd v Truscott Terrace Holdings LLC* Decision O-209-19 [2019] RPC 15 at [45]-[58]. See in particular his explanation of Lord Sumption’s recharacterization of *Arnold* at [52]:

52. It should be noted that [22] subparagraph (2) over-ruled the interpretation placed on *Arnold v Westminster Bank* by the Court of Appeal in *Coflexip*, on which Mr Arnold’s decision in *Hormel Foods* was based. Accordingly under the law as it stands after the *Virgin Atlantic* judgment, it is open to a party or its privies to challenge the validity of a registered right which it has previously attacked, provided that the new challenge is based on different grounds, unless they could with reasonable diligence, and should in all the circumstances, have been raised in the previous invalidity proceedings.

APPLICATION OF THE LAW TO TRADE MARK CANCELLATION PROCEEDINGS

25. Having said that there was no dispute as to the relevant caselaw, it is quite another matter to decide how to apply it. Plainly each case must turn on its own facts, but I think the following issues arise in the context of trade mark cancellation proceedings in the Registry.

26. The basic question is as per proposition 2 in *Arnold*: could the point have been raised in the earlier proceedings with reasonable diligence and should it, in all the circumstances, have been raised.

27. I bear in mind that the recent Jackson reforms to the Civil Procedure Rules emphasise efficiency and economy in the conduct of litigation, and if anything would suggest a more rigorous application of the doctrine of abuse. For example, the caselaw on relief from sanctions under the CPR makes clear that the interests of justice as between the individual parties is no longer the overriding factor in determining whether permission to remedy a failure to comply with an order or timetable should be allowed. It is equally important to maintain the efficiency of the overall litigation system and the interests of other litigants in it. See e.g. *Mitchell v News Group Newspapers Ltd (CA)* [2014] 1 WLR 795 at §§38-39 citing the speech of Lord Dyson MR at the 18th implementation lecture on the Jackson reforms.

28. However, in my judgment there are a number of factors which feed in to “all the circumstances” referred to in *Arnold* and the “special circumstances” referred to in *Henderson v Henderson* which have particular application in the Registry and support a more flexible approach. I have identified seven such factors below.

29. **First**, the fact that Registry proceedings are meant to be low-cost, quick and relatively informal. As I have recently observed, this does not excuse parties from an ignorance of the law. However, a balance needs to be achieved between applying the abuse principles so strictly that parties are tempted to tick every box in Form TM26(l) for a cancellation application “just in case” something emerges to support an additional ground of objection between the filing of the application and its determination. That could place an unreasonable and unnecessary burden on the Registry to process overly complex cases when resources are already stretched. I consider that this burden could be greater than the burden arising in those relatively few cases where successive cancellation actions are permitted to be pursued under a less strict application of the abuse doctrine.
30. **Second**, it is important to recall that there is a public interest in not allowing invalid marks to remain on the register, particularly where absolute grounds are in issue. It is right that the public interest point potentially applies to all intellectual property rights, including patents. However, there is a difference in nature between trade mark proceedings in the Registry and, for example, High Court patent proceedings, which are usually much more time consuming and complex (and so there is more reason to want to avoid double vexation). In my view the absolute nature of objections under e.g. s.3 of the Act combined with the relatively informal Registry procedure give the public interest point more weight in trade mark matters.
31. However, the public interest in not allowing invalid marks to remain registered cannot trump every other interest, otherwise it would always be the case that further proceedings should be allowed, which would not be consistent with *Virgin* or *Arnold*. Related to this, **third**, the tribunal needs to be satisfied before relying on the public interest that the objection to validity which is sought to be raised is at least arguable.
32. **Fourth**, the tribunal will normally want an explanation from the party bringing the second action as to why it was not brought before. The cogency of this explanation may depend on the delineation or overlap between grounds run in the first proceedings and grounds sought to be run in the second. For example, a tribunal is likely to take more persuading if s.3(1)(b) was run the first time but s.3(1)(c) is sought to be run subsequently.
33. **Fifth**, I also think it is relevant to consider the risk of other proceedings. If as an alternative to a further cancellation action there is the possibility of an infringement action being commenced instead, which a further cancellation action might avoid, then there may be no net saving in the public interest. In those circumstances Lord

Neuberger's desire to work justice between the parties would lend support to allowing the further validity objection to be run.

34. **Sixth**, there are other measures which can be taken to alleviate some of the effects of further proceedings in the Registry, such as an award of costs off the scale for the subsequent proceedings.
35. Finally, **seventh**, there may be special circumstances which are relevant to the determination of the issues in the particular case. This covers any other matters relevant to the desire to work justice between the parties referred to by Lord Neuberger at [62].
36. Accordingly, I am of the view that whilst the doctrine of abuse of process does apply to Registry proceedings, and in appropriate cases should be exercised to prevent successive cancellation proceedings, there are countervailing factors specific to this tribunal which need to be taken into account as part of the overall determination of whether they "should" have been brought the first time around.
37. I consider that all of this is consistent with the speech of Lord Bingham in *Johnson* referred to above. If it is clear that the repeated proceedings amount to unjust harassment of a party, then they should be prevented, but later proceedings are not necessarily abusive. Instead it is necessary to exercise "*a broad, merits-based judgment which takes account of the public and private interests involved and also takes account of all the facts of the case, focusing attention on the crucial question whether, in all the circumstances, a party is misusing or abusing the process of the court by seeking to raise before it the issue which could have been raised before*".
38. Although it was not cited to me by either party, I am fortified in my conclusions by the fact that the latest (17th) edition of *Kerly* contains commentary on the *Hormel* case at §§12-017 to -0020, also suggesting that a more nuanced approach may be appropriate in the Registry.

THE PRESENT CASE

39. I now turn to the specific circumstances of the present case.
40. As recorded above, the original cancellation action brought by the Applicant cited s.3(6) and s.5(4) and not s.3(1). The impetus to bring a s.3(1) objection arose in the following way. Subsequent to the bringing of the original cancellation action, the Applicant on 16 September 2022 sought to register its own SOCIAL WORK NEWS mark in classes 9, 16, 35, 41 & 42. This application was met with an objection for

some of the goods and services from the Registry on absolute grounds under ss. 3(1)(a)-(c) of the Act. This prompted the Applicant to decide to bring its own objection to the Proprietor's mark under the same grounds.

41. In her decision the Hearing Officer considered this and held as follows:

The cancellation applicant was notified of the registry's initial partial refusal of 3830328 on 29 September 2022. By that date cancellation action 504087 was nearing the end of its evidence rounds, the proprietor having filed its evidence on 26 September 2022. Whilst it would have been open to the cancellation applicant to request to add the additional section 3 grounds at this stage in cancellation action 504087, this would have resulted in the cancellation action being reverted to the pleadings stage, addressing entirely different grounds with different premises when the proceedings themselves were at an advanced stage.

While it might have been more efficient to seek to add the additional grounds to the earlier proceedings, I am not satisfied that failure to have done so, where those grounds are now pursued, amounts to an abuse of process. I also bear in mind that the section 3 claims are absolute and that claim under section 3(1) may in general be raised at any time by any other party.

42. I am satisfied that the Hearing Officer did not fall into error in holding that by 29 September 2022 it was too late practically to try to shoehorn the s.3(1) objections into the original cancellation – or at the very least that in circumstances where (as claimed) the point had first occurred to the Applicant then, it was not an abuse to issue a fresh cancellation action thereafter rather than applying to amend the original case.

43. Where I do agree with the Appellant/Proprietor on this appeal is that the Hearing Officer should not only have considered what was reasonable for the Applicant to have done in September 2022, but also what the Applicant should have done in August 2021 when it issued the first cancellation action. I think the Hearing Officer fell into error in not turning her mind to the position of the Applicant at this earlier time and whether it should have contemplated and brought the absolute grounds objection then. As a consequence, I am required to assess the factors I have set out above afresh.

44. It might well be said that a careful and properly advised litigant should have realised at the outset the potential strength of an argument of lack of distinctiveness for SOCIAL WORK NEWS in e.g. Class 16, Printed newsletters, Printed periodicals. This is the point that has troubled me most about the present case. However, it is

notable that when the Registry examined the Proprietor's mark in 2020 it did not raise any of the absolute grounds for objection which it later raised against the Applicant's mark and which are now the subject of the present cancellation proceedings.

45. This apparently inconsistent approach on the part of the Registry is, in my view, a decisive factor in the present case (falling within my seventh category above) which tips the circumstances in favour of the Applicant. A notional observer might well think that there was a potential injustice arising out of the Registry's apparently different approach to the registrability of the competing marks.
46. Although the Proprietor tried to submit that the Applicant must have realised there was a s.3(1) objection at the outset, but deliberately sought to suppress it for tactical reasons in favour of the s.5(4) case for fear of running conflicting arguments, there was no evidence to that effect and, having heard from the Applicant's representative, I can find no basis to infer it.
47. Indeed, given that the Registry did not raise the s.3(1) objections to the Proprietor's application, it is difficult to see how the Proprietor can criticise the Applicant's behaviour as abusive for not originally doing so.
48. Instead, it seems that the Applicant thought it was putting forward its best case (s.5(4)) first. There is always going to be a tension between the competing potential efficiencies inherent in litigants putting forward only their best case at the outset and putting forward their complete case at the outset, as the rule in *Henderson v Henderson* would appear to require.
49. As to the other relevant factors:
 - (a) I consider that given the relative informality, speed and cost of the proceedings it was not unreasonable for the Applicant to seek to run what it thought was its strongest case, under s.5(4), first. Clearly it *could* also have included the s.3(1) case – as it fairly accepted at the hearing before me – but the criticism that it *should* have done does not sit easily with the Registry's own apparent approach.
 - (b) This also feeds into the public interest point. There is a public interest here in not allowing either the Applicant or the Proprietor to monopolise a mark which is otherwise objectionable under absolute grounds. Having taken a preliminary objection to the Applicant's attempt to do so, parity of treatment of the parties also suggests that the Registry should look at the same issue

as applied to the Proprietor's mark, even if this means there will be a further set of proceedings.

- (c) Related to this point, given the Registry's own objection it is clearly arguable that some of the s.3(1) arguments might succeed.
- (d) I have referred to the explanation provided by the Applicant above. The view as to the strength of the s.5(4) case was wrong, but understandable. In this case there is a clear distinction between the case run in the first cancellation and that sought to be run now.
- (e) There is the possibility of infringement proceedings taking place as a result of the dismissal of the first cancellation action. There might be no need for these if the second cancellation action proceeds first. Alternatively, it is possible that the second cancellation action might fall away pursuant to a voluntary narrowing of the specification by the Proprietor.
- (f) Finally, if the second cancellation action is unsuccessful, it will be open to the Proprietor to seek costs off the scale in a situation where it has been successful twice.

50. In short, whilst I am satisfied that the point could have been raised in the earlier Registry cancellation action with reasonable diligence, in all the circumstances and for the reasons given above I am not satisfied that it should have been raised such that to do so now would amount to an abuse.

51. I therefore dismiss this appeal.

COSTS

52. As the appeal has failed I will make an order for scale costs against the Proprietor.

53. Although the Respondent appeared by its solicitor at the hearing, it did not provide a skeleton two days prior (as it should have done, being legally represented) and I will make no award in respect of that aspect of (non)-preparation.

54. For considering the appeal case (including the provision of an earlier "Respondent's Notice" which bore more similarity to a skeleton) and attending the hearing I will make an award of £500 which I order the Proprietor to pay to the Applicant within 21 days of the date of this decision, i.e. by 4pm on 15 February 2024.

55. The matter should now return to the Registry for the cancellation action to be resumed.

Thomas Mitcheson KC
The Appointed Person
25 January 2024