

TRADE MARKS ACT 1994

IN THE MATTER OF:

APPLICATIONS 83179 AND 83180

IN THE NAME OF STORM PRODUCTS INC.

FOR REVOCATION OF TRADE MARKS 1500089 AND 2116673

IN THE NAME OF SUN 99 LTD

D E C I S I O N

1. On 10 March 2008 Storm Products Inc. (*‘the Applicant’*) filed applications for revocation of trade marks 1500089 and 2116673 registered in the name of Sun 99 Ltd (*‘the Proprietor’*). Revocation was in each case requested on the ground of non-use under Sections 46(1)(a) and 46(1)(b) of the Trade Marks Act 1994.
2. On 20 March 2008 the Trade Marks Registry sent copies of the applications for revocation to the Proprietor in accordance with the provisions of Rule 31(2) of the Trade Marks Rules 2000 (as amended). The Proprietor then had a non-extendable period of 3 months expiring on 20 June 2008 within which to defend its registrations in accordance with the requirements of Rule 31(3):

The Proprietor shall, within three months of the date on which he was sent a copy of Form TM26(N) and the statement by the registrar, file a Form TM8, which shall include a counter-statement, and be accompanied by –

- (a) two copies of evidence of use of the mark; or
- (b) reasons for non-use of the mark;

otherwise the registrar may treat him as not opposing the application.

3. No defences were filed within the time allowed. The Registry therefore wrote to the Proprietor on 10 July 2008 informing it that the Registrar was minded to treat the applications for revocation as unopposed. The Proprietor was offered an opportunity to make representations as to why it contended (if it did) that it should still be permitted to defend the registrations in issue.

4. Thereafter the sequence of events was as follows:

- (1) the Proprietor's trade mark attorneys wrote to the Registry stating that the applications for revocation had not been received;
- (2) in response, the Registry provided proof of posting and receipt;
- (3) the Proprietor's attorneys subsequently confirmed receipt of the applications for revocation and requested a hearing at which to contest the Registrar's preliminary view that the applications should be treated as unopposed;
- (4) a hearing was set for 18 September 2008; on 15 September 2008 the Proprietor's attorneys sent a letter to the Registry asking for the hearing to be adjourned; on 17 September 2008 Mr. Paresh Jasani (the Proprietor's solicitor) sent a letter to the Registry asking for the hearing to be adjourned;
- (5) the Registrar's hearing officer (Mrs. Judi Pike) refused the requests for an adjournment; late in the evening on the same day (17 September 2008) the Proprietor's Managing Director, Mr. Steve Sun, emailed a counterstatement

(unaccompanied by a Form TM8) and 3 witness statements (with exhibits) to the Registry's hearings clerk and to the Applicant;

- (6) in order to prevent unfairness to the Applicant, the Hearing Officer adjourned the hearing on 18 September 2008; she made a compensatory order for costs against the Proprietor;
- (7) Mr. Jasani became the Proprietor's agent of record on 28 September 2008 and he filed a Form TM8 on behalf of the Proprietor on the same date;
- (8) the adjourned hearing took place on 13 November 2008, by which time a total of 7 witness statements with accompanying exhibits had been put before the Hearing Officer for her consideration;
- (9) in her post-hearing notification sent on 14 November 2008 the Hearing Officer informed the parties that she had decided to allow the Proprietor to defend its registrations in the exercise of the discretionary power conferred by Rule 31(3);
- (10) the Applicant filed a Form TM5 requesting a statement of reasons for the decision under Rule 69(2) of the Trade marks Rules 2008;
- (11) the Hearing Officer issued her statement of reasons under reference BL O-030-09 on 5 February 2009;
- (12) the Applicant sought permission to appeal on 18 February 2009; permission was given under Rule 70(2) of the Trade Marks Rules 2008 on 23 February 2009;

(13) the Applicant filed a Notice of Appeal and Grounds of Appeal on 23 March 2009; no Respondent's Notice was filed under Rules 71(4) to (6) of the Trade Marks Rules 2008.

5. In its Grounds of Appeal the Applicant contended that the Hearing Officer had misunderstood and misapplied the power conferred upon her by Rule 31(3) by:

- (1) following Practice Notice TPN1/2006 in the manner as appears from the Decision and so:
 - (a) treating her discretion as "wide" based on the decision of Mr. Geoffrey Vos Q.C. sitting as a Deputy Judge of the Chancery Division in *Music Choice Ltd's Trade Mark* [2006] RPC 13 (which itself at paragraphs [56] and [58] validly distinguishes the situation in that case from the situation in *LOWDEN TRADE MARK* [2005] RPC 18); and
 - (b) not treating herself as bound by the decision of the Honourable Mr. Justice Patten sitting as a Judge of the Chancery Division in *LOWDEN TRADE MARK* [2005] RPC 18 and so treating the discretion as "narrow";
- (2) failing to give a reason for preferring and adopting the *Music Choice* (wide) discretion over the *LOWDEN* (narrow) discretion;
- (3) exercising the wrong discretion and so:
 - (a) permitting Sun 99 to be treated as opposing Storm's applications and so to defend the applications; and
 - (b) admitting Sun 99's and any consequential evidence.

6. These contentions were developed in argument at the hearing before me. The Applicant accepted that in a case where the proprietor of the trade mark in issue did not

defend his registration in accordance with the requirements of Rule 31(3) within the non-extendable period of 3 months thereby prescribed, it remained open to the Registrar to determine that the pending application for revocation should be treated as opposed rather than unopposed under that Rule. The thrust of its argument on appeal was that the Registrar had no choice but to decide whether the application for revocation should be treated as opposed or unopposed on the footing that the proprietor of the trade mark in issue had irretrievably lost his right to file evidence, as envisaged by Patten J. in LOWDEN Trade Mark [2005] RPC 18.

7. The prevailing practice in the Registry as set out in Tribunal Practice Note (TPN 1/2006) was said to have wrongly departed from the reasoning in LOWDEN by turning the imperative requirements of Rule 31(3) into waivable requirements which could, if not fulfilled, be overwritten by directions for the filing of evidence subsequently given in the exercise of the Registrar's discretion. Since the Hearing Officer's decision in the present case was squarely based on the exercise of the discretion posited in Tribunal Practice Notice (TPN 1/2006) it was, according to the Applicant, founded upon a mistaken view of the scope of the power conferred by Rule 31(3).

8. At this point it is necessary to recall that LOWDEN was decided under Rule 31 of the Trade Marks Rules 2000 as they stood prior to amendment in 2004:

31. (1) An application to the registrar for revocation under section 46(1)(a) or (b) of the registration of a trade mark shall be made on Form TM26(N) together with a statement of the grounds on which the application is made; the registrar shall send a copy of the application and the statement to the proprietor.

(2) Within three months of the date on which a copy of the notice and statement is sent by the registrar to the proprietor, the proprietor may file a counter-statement, in conjunction with notice of the same on Form TM8 and either:

- (a) two copies of evidence of use made of the mark; or
- (b) reasons for non-use of the mark.

Where such a notice and counter-statement, and evidence of use of the mark or reasons for non-use of the mark, are filed within the prescribed period, the registrar shall send a copy of the Form TM8, and the counter-statement and the evidence of use of the mark or the reasons for non-use of the mark, to the application.

(3) Where a counter-statement, in conjunction with a notice of the same, on Form TM8, and evidence of use of the mark or reasons for non-use of the mark, are not filed by the proprietor within the period prescribed by paragraph (2), the registrar may treat his opposition to the application as having been withdrawn.

(4) Within three months of the date upon which a copy of the Form TM8 and counter-statement is sent by the registrar to the applicant, the applicant may file such evidence as he may consider necessary to adduce in support of the grounds stated in his application and shall send a copy thereof to the proprietor.

(5) If the applicant files no evidence under paragraph (4) above in support of his application, he shall, unless the registrar otherwise directs, be deemed to have withdrawn his application.

(6) If the applicant files evidence under paragraph (4) above or the registrar otherwise directs under paragraph (5) above, the proprietor who has filed a notice and counter-statement under paragraph (2) above may, within three months of the date on which either a copy of the evidence or a copy of the direction is sent to him, file such further evidence as he may consider necessary in support of the reasons stated in the counter-statement and shall send a copy thereof to the applicant.

(7) Within three months of the date upon which a copy of the proprietor's evidence is sent to him under

paragraph (6) above, the applicant may file evidence in reply which shall be confined to matters strictly in reply to the proprietor's evidence, and shall send a copy thereof to the proprietor.

(8) No further evidence may be filed, except that, in relation to any proceedings before her, the registrar may at any time if she thinks fit give leave to either party to file such evidence upon such terms as she may think fit.

(9) Upon completion of the evidence the registrar shall request the parties to state by notice to her in writing whether they wish to be heard; if any party requests to be heard the registrar shall send to the parties notice of a date for the hearing.

(10) When the registrar has made a decision on the application she shall send the parties to the proceedings written notice of it, stating the reasons for her decision; and for the purposes of any appeal against the registrar's decision the date when the notice of the decision is sent shall be taken to be the date of the decision.

9. On the face of it, the power to permit '*further evidence*' to be adduced under pre-amendment Rule 31(8) was exercisable for the purpose of enabling a party to provide the Registrar with evidence additional to that which had already been filed under the preceding provisions of Rule 31. By implication there was no power to permit the filing of further evidence under pre-amendment Rule 31(8) in circumstances where no evidence had been filed under the preceding provisions of Rule 31. That view of the matter was confirmed by the reasoning of Patten J. in LOWDEN [2005] RPC 18 at paragraphs 19, 24 and 25 and in ARGENTUM Trade Mark [2006] RPC 19 at paragraphs 17 and 18. However, the reasoning of those decisions raised doubts as to the correctness of the more flexible approach which Mr. Richard Arnold Q.C. had previously adopted in relation to pre-amendment Rules 31(4) to (8) in MOVIESTAR Trade Mark [2005] RPC 26 at paragraphs 53 to 55.

10. Fortunately, this divergence of approach became a matter of diminishing significance as a result of the amendments made to the Trade Mark Rules with effect from 5 May 2004. Under new Rules 13C(5), 31A(6), 32A(6) and 33A(6) the Registrar's power to admit evidence was exercisable where no evidence had yet been filed in the case at hand: see the judgment of Mr. Geoffrey Vos Q.C. sitting as a Deputy High Court Judge in Music Choice Ltd's Trade Mark [2006] RPC 13 at paragraphs 61 to 64.

11. After amendment of the Trade Marks Rules in 2004, an application for revocation on the ground of non-use was accorded an '*initiation date*' if it was filed and defended in accordance with the requirements of new Rule 31:

31. (1) An application to the registrar for revocation of a trade mark under section 46, on the grounds set out in section 46(1)(a) or (b), shall be made on Form TM26(N) and be accompanied by a statement of the grounds on which the application is made.

(2) The registrar shall send a copy of Form TM26(B) and the statement of the grounds on which the application is made to the proprietor.

(3) The proprietor shall, within three months of the date on which he was sent a copy of Form TM26(N) and the statement by the registrar, file a Form TM8, which shall include a counter-statement, and be accompanied by –

- (a) two copies of evidence of use of the mark; or
- (b) reasons for non-use of the mark;

otherwise the registrar may treat him as not opposing the application.

(4) The evidence of use of the mark shall –

- (a) cover the period of non-use alleged by the applicant on Form TM26(N), or

(b) where the proprietor intends to rely on section 46(3), show that use of the mark commenced or resumed after the end of that period but before the application for revocation was made.

(5) The reasons for non-use of the mark shall cover the period of non-use alleged by the applicant on Form TM26(N).

(6) The registrar shall send a copy of Form TM8 and any evidence of use, or reasons for non-use, filed by the proprietor to the applicant and the date upon which this is sent shall, for the purposes of rule 31A, be the 'initiation date'.

12. The timetable for filing evidence under new Rule 31A commenced on the '*initiation date*':

31A. (1) The applicant may, within three months of the initiation date, file any evidence he may consider necessary to adduce in support of the grounds on which the application was made.

(2) Where the applicant files no evidence under paragraph (1), the registrar shall notify the proprietor that no evidence was filed.

(3) The proprietor may, within the relevant period, file such evidence as he may consider necessary to adduce in support of his case.

(4) The relevant period –

(a) where the applicant files evidence under paragraph (1), is the period beginning on the date on which a copy of the evidence is filed and ending three months after that date; or

(b) where the applicant does not file evidence under paragraph (1), is the period beginning on the date on which the registrar sent the proprietor a notification under

paragraph (2) that no evidence was filed and ending three months after that date.

(5) Where the proprietor files evidence under paragraph (3), the applicant may, within three months of such evidence being filed, file any evidence in reply; such evidence shall be confined to matters strictly in reply to the proprietor's evidence.

(6) The registrar may, at any time if she thinks fit, give leave to either party to file evidence upon such terms as she thinks fit.

(7) Under this rule, evidence shall only be considered filed when –

- (a) it has been received by the registrar accompanied by Form TM54; and
- (b) it has been sent to all other parties to the revocation proceedings.

(8) Where the periods for filing evidence under paragraphs (1) and (3) and, if relevant, paragraph (5) have expired, the registrar shall request that the parties give written notice of whether they wish to be heard.

(9) Where any party requests to be heard, the registrar shall send to the parties notice of a date for the hearing.

13. It remained possible for an application for revocation on the ground of non-use to be filed and defended without being accorded an '*initiation date*' under new Rule 31. That would occur if the proprietor of the relevant trade mark had not filed a Form TM8 and Counterstatement within the non-extendable period of 3 months allowed by new Rule 31(3), but had nevertheless been permitted to defend the application for revocation in the exercise of the Registrar's discretion to allow the proceedings to continue under that Rule. In that event the timetable for filing evidence would not be set by the provisions of new Rules 31A(1) to (5), but by the Registrar in the exercise of the power conferred by new

Rule 31A(6). Which is precisely what happened in the context of the parallel provisions of new Rules 33(6) and 33A(6) in the Music Choice case: see [2006] RPC 13 at paragraphs 65 to 68 and 73 to 75.

14. New Rules 31(3) and 31A(6) enabled the Registrar to provide the proprietor of a trade mark with an opportunity to file evidence of use in defence of an application for revocation which would otherwise be treated as undefended. They only enabled the Registrar to make such an opportunity available if there were extenuating circumstances sufficient to justify the exercise of his discretion in favour of doing so. They did not enable him simply to extend the period of 3 months within which the proprietor was entitled to file a defence as of right in accordance with the provisions of new Rule 31(3).

15. The present applications for revocation were governed by the provisions of new Rules 31 and 31A of the Trade Marks Rules 2000. For the reasons I have given in paragraphs 6 to 14 above, I consider that the Registrar had the power to treat the applications for revocation as opposed under new Rule 31(3) in the exercise of the discretion conferred by that Rule and also had the power to give consequential directions for the filing of evidence (including evidence of use of the trade marks in issue) under new Rule 31A(6).

16. I do not think it is correct to assimilate the position under new Rules 31(3) and 31A(6) with the position that would or might have obtained in accordance with the judgment of Patten J. in the LOWDEN Trade Mark case under pre-amendment Rule 31. In ARGENTUM Trade Mark (above) at paragraph 17 Patten J. explained the approach he had adopted in LOWDEN in the following terms:

In that judgment I set out my understanding of the position under r.31 as it then stood. In [19] of my judgment I pointed out that the consequence of not filing a counterstatement and any evidence at all on time I (which was the position in that case) was that the timetable for further evidence contained in r.31(4) never came into effect. I went on to express the view that it was not open, therefore, to the registrar on an application to revoke for non-use, to in effect extend time in the way suggested by Mr. Knight in his decision in the *FIRETRACE* case. The discretion contained in r.31(2) as it then stood was, in my view, much narrower than that and depended on whether the application could continue to be opposed on grounds which did not involve admitting evidence about use. In that particular case it was indeed possible for that to be done.

Justification for departing from that reasoning was provided by the introduction of new Rules 13C(5), 31A(6), 32A(6) and 33A(6) in May 2004. These new Rules were broad enough to enable the Registrar to give directions for the filing of evidence in cases where it was considered appropriate for the discretionary power conferred by new Rules 13A(1), 31(3), 32(3) and 33(6) to be exercised so as to allow proceedings which would otherwise be treated as undefended to be defended. Thus, in relation to new Rules 33(6) and 33A(6) Mr. Geoffrey Vos Q.C. confirmed in Music Choice at paragraphs 57(4) and 61 that:

Rule 33A(6) allows the Registrar to give leave to either party to file evidence upon such terms as she thinks fit, so that, even though the formal evidence exchange envisaged by r.33A is never begun by the occurrence of the “initiation date”, if a TM8 is not filed in time, there is still a fall-back mechanism by which evidence can be required.

... If there is a discretion to treat the proprietor as “not opposing the application”, there must be a discretion to treat the proprietor as opposing the application. If that is exercised, it is open to the registrar to direct filing of a counter-statement, and of evidence by both sides, the first under r.33(6), and the second under r.33A(6).

17. This supervening justification for departing from the reasoning in LOWDEN was not fully articulated in Tribunal Practice Notice (TPN 1/2006). Even so, the guidance provided by the Tribunal Practice Notice was sufficient to point the Registrar's hearing officers in the right direction. The discretionary nature of the power available to the Registrar under the new Rules was correctly emphasised and appropriately explained by reference to quoted extracts from the judgment in Music Choice.

18. The consideration which ultimately controls the exercise of the Registrar's discretionary power to allow proceedings which would otherwise be treated as undefended to be defended, is whether that is what the justice of the case requires. It is not always easy to determine where the balance of justice lies. The matter is one in which the decision is bound to be fact sensitive and case specific.

19. In the present case the Hearing Officer recognised that *'As is frequently the case in proceedings before the Registrar, the consideration of whether the discretion is appropriate in these proceedings is not black and white, but is instead finely balanced'* (paragraph 32). Having carefully examined the evidence (paragraphs 16 to 25) and addressed the rival contentions of the parties (paragraphs 26, 27 and 32 to 36) she concluded, on assessment in accordance with the guidance provided by TPN 1/2006, that the balance of justice came down in favour of allowing rather than refusing to allow the Proprietor to defend the applications for revocation (paragraph 37).

20. I am satisfied that it was open to the Hearing Officer to reach the decision she did for the reasons she gave on the basis of the evidence and materials before her. I therefore dismiss the Applicant's appeal. The Hearing Officer decided that the costs of the present

aspect of the proceedings in the Registry ought to be dealt with as part of the final determination of the applications for revocation. Her decision to that effect has not been challenged on appeal. I will, in order to maintain symmetry in that regard, direct that the costs of the appeal be treated as costs incurred in the Registry proceedings and dealt with as part of the Registrar's final determination of the applications for revocation.

21. For completeness I record that the parties confirmed at the hearing before me that they wished me to proceed without referring the appeal to the Court under Section 76(3) of the 1994 Act.

Geoffrey Hobbs QC

14 January 2010

Dr. Peter Colley instructed by Maguire Boss appeared on behalf of the Applicant.

Mr. Jonathan Hill instructed by P.G. Jasani appeared on behalf of the Proprietor.

Mr. Allan James provided written observations on behalf of the Registrar.