

0-033-06

TRADE MARKS ACT 1994

**IN THE MATTER OF AN INTERLOCUTORY HEARING IN RESPECT OF
APPLICATION NO. 2378974 IN THE NAME OF THE GILLETTE
COMPANY**

AND

OPPOSITION NO. 93388 THERETO BY KELEMATA S.P.A.

TRADE MARKS ACT 1994

**IN THE MATTER OF
an interlocutory hearing
in respect of application
No. 2378974 in the name of
The Gillette Company and
Opposition No. 93388 thereto
by Kelemata S.p.A**

Background

1. Application No. 2378974 stands in the name of The Gillette Company (“the applicant”). Registration is sought in class 3 for the trade mark GILLETTE VENUS in respect of “*shave preparations, namely, shaving foams; anti-perspirants and deodorants*”.
2. Following publication of the application, Lloyd Wise, on behalf of Kelemata S.p.A. filed a notice of opposition on 4 May 2005. The grounds of opposition were based on Sections 3(6) and 5(2)(b) of the Act.
3. The notice of opposition was served on the applicant and on 17 May 2005 it filed a Form TM8 and counterstatement. By way of an accompanying letter, the applicant, now represented by Bristows, requested that the proceedings be transferred to the High Court. The registrar’s preliminary view was to refuse the request and the opponent was allowed until 20 August 2005 to file evidence in support of the opposition.
4. The applicant requested to be heard on the refusal to transfer proceedings to the High Court and an interlocutory hearing was held on 20 July 2005. The Hearing Officer, Mr Bowen, reserved his decision. In a letter dated 22 July 2005, he advised the parties that his decision was that the proceedings would not be transferred to the Court but would continue to be dealt with in the Trade Marks Registry. The opponent was reminded that its evidence was due to be filed by 20 August.
5. On 3 August 2005, the applicant filed a Form TM5 seeking a full statement of the grounds of the decision. Before it could be prepared, the opponent wrote to the Trade Marks Registry. In its letter, dated 11 August 2005, the opponent requested suspension of the proceedings pending resolution of the request to transfer them to the Court. The opponent also brought to the registrar’s attention an action ongoing in the Italian Courts and requested suspension of the proceedings pending the outcome of that action. The action sought an interpretation of the terms of an agreement entered into between the parties in 2002 relating to use of the trade mark VENUS.
6. In a letter dated 15 August 2005, the applicant objected to the suspension of the proceedings pending the decision of the Italian Courts. The letter also indicated that the applicant had not decided whether it wished to appeal the registrar’s decision made following the interlocutory hearing held before Mr Bowen and requested that the proceedings continue with the opponent’s filing of evidence.

7. On 22 August 2005, the registrar wrote to the parties. The letter advised the parties of the preliminary view to refuse the request to suspend the proceedings pending the outcome of the action in the Italian Courts but to grant the suspension until the resolution of any potential appeal against the decision made following the earlier interlocutory hearing. The letter also indicated that once the proceedings were brought out of suspension, the opponent's period for filing evidence would restart with the remaining seventeen days being allowed.

8. The opponent requested a hearing in relation to the refusal to suspend pending the outcome of the Italian Court action. The hearing was arranged to take place before me on 1 December 2005.

9. Before that hearing took place, there was a further exchange of correspondence which led to some confusion as to the intentions of the parties and the actual state of play of the proceedings. This culminated in a letter from the registrar dated 18 November 2005 which stated:

“ The registrar has noted that in your letter dated 5 October 2005, the applicant stated that they would not appeal the Interlocutory Hearing decision provided the opponent filed their evidence. Please accept my apologies that the registrar did not respond on this point sooner.

In the official letter of 22 August 2005, the registrar informed the parties of his preliminary view that the proceedings be suspended pending the outcome of any potential appeal. The applicant has not informed the registrar that they wish to withdraw the Form TM5 filed on 3 August 2005, therefore the proceedings are currently suspended to await the outcome of any appeal.

In the circumstances the applicant is requested to clarify their position regarding the Form TM5. Is the form being withdrawn in its totality or is it the applicants intention not to appeal the statement of grounds of decision when issued.”

10. The applicant responded on 21 November 2005. They reiterated their intention not to appeal Mr Bowen's interlocutory decision but advised that they were taking instructions as to whether they still wished to have prepared a full statement of the reasons for his decision. The letter submitted that this state of affairs was no reason to suspend the proceedings and delay the filing of the opponent's evidence.

11. No further correspondence followed and the interlocutory hearing took place before me on 1 December 2005. The applicant was represented by Mr Ayrton of Bristows, the opponent by Ms Szell of Lloyd Wise. I reserved my decision but advised the parties of it in a letter dated 8 December 2005. My letter stated:

“Preliminary Issue

Before the hearing itself commenced, I raised a preliminary issue. Following a decision taken as a result of an earlier interlocutory hearing in these proceedings, the applicant had filed a Form TM5 seeking a statement of the reasons for that decision in order to appeal it. Before any preparations had

been taken to write that statement, the applicant notified the Trade Marks Registry that it no longer wished to appeal the decision but did not specifically withdraw the Form TM5 and had not therefore indicated whether it still wished to receive a statement of reasons.

In answer to my enquiry, Mr Ayrton confirmed that in addition to not wishing to appeal, the applicant no longer wished to proceed with its request for a statement of reasons. (I acknowledge receipt of a letter from Bristows and dated 2 December 2005 which provides written confirmation of the withdrawal). The request having been withdrawn, I indicated that I would arrange for the award of costs, ordered following that earlier hearing, to be issued. I also indicated, given that the Form TM5 had effectively been withdrawn before any action to prepare a statement of reasons had been undertaken, that I would arrange for a refund of the fee to be made. Both the order for the award of costs and the refund of fees will follow in due course.

For clarification, I should point out that the proceedings had been suspended pending the resolution of the issues surrounding the Form TM5 and, as clarification of the applicant's intention was only made clear at the hearing which took place before me, remained in suspension pending my decision.

The hearing

The issue before me was the registrar's preliminary view to refuse the opponent's request to further suspend the proceedings pending the outcome of an action currently before the Italian Courts. I reserved my decision.

I received skeleton arguments from both parties. Having considered all the relevant material and the submissions made by both parties my decision is to overturn the preliminary view and thus further suspend the proceedings.

The opposition is based on objections under sections 3(6) and 5(2) of the Act. In response to the applicant's comments that the opponent was unable to support the latter ground, Ms Szell confirmed that the opponent's strongest ground was that under section 3(6). In answer to my question however, she indicated that the objection under section 5(2) was not being withdrawn at this stage.

The basis for the objection under section 3(6) is that in applying for registration of the trade mark the subject of these proceedings, the applicant broke an agreement entered into by the parties and therefore acted in bad faith. There were lengthy submissions as to the precise meaning and construction of the agreement, with each party taking what amounts essentially to contrary views. There was no dispute between the parties that the agreement was entered into under the provisions of the Italian Civil Code; that any disputes resulting from or relating to it, shall be governed and construed in accordance with Italian law without reference to or application of its conflict of laws principles; and that the Court of Milan has exclusive jurisdiction.

The Civil Court action launched before the Court of Milan and which is said to be "ongoing", seeks an interpretation of the agreement and its geographical

coverage. The action was initiated by the applicant in these proceedings despite its submissions to the Trade Marks Registry that the terms of the agreement and its geographical coverage are clear. The applicant provided no submissions to explain this apparent dichotomy.

It seems to me that there is a substantial overlap between the Milan action and these proceedings and that the decision of the Court of Milan will assist in the resolution of these proceedings. Despite the probability of delay, my decision therefore is to overturn the preliminary view of the registrar and thus suspend these proceedings pending resolution of action No. R.G.N.R. 84148/04 of the Civil Court of Milan. Whilst the suspension will be subject to regular reviews by the Trade Marks Registry, the parties are asked to notify the Registrar of any progress in that action.

This letter does not contain a full statement of reasons for this decision. If either party wishes to appeal the decision, they should file a Form TM5 together with the required fee (£100) requesting a statement of reasons within one month of the date of this decision.”

12. The applicant filed a Form TM5 on 16 December 2005, seeking a full statement of the reasons for my request. This I now provide.

Submissions

13. Ms Szell said that a number of facts were agreed between the parties. This was an opposition based principally on an objection under Section 3(6) of the Act itself based on the agreement previously entered into by the parties. Both parties agreed that the agreement has a profound effect on the opposition but disputed what that effect was.

14. Ms Szell submitted that suspension of the proceedings was appropriate. She referred me to Article 14 of the agreement which she said was a termination provision. There is a question mark over whether the agreement ever had force in the United Kingdom given that a registration in the UK wasn't held by both parties when the agreement was signed. There was doubt as to the actual geographical coverage of the agreement.

15. Ms Szell referred me to the Trade Marks Registry work manual, chapter 15 at paragraph 8.7 which sets out the registrar's position on suspension of proceedings. This, she said, indicated that the question to consider was whether there was a substantial overlap between the opposition proceedings and the action before the Italian Courts. As the agreement was the basis of the objection under Section 3(6), it was highly relevant to the opposition proceedings and there was a substantial overlap between these proceedings and the action in the Italian Courts. Because of that substantial overlap, Ms Szell submitted that the opposition proceedings should be suspended.

16. Mr Ayrton explained that the opposition was based on two grounds. The first, based on an earlier right, was, he said, extremely weak. The second, based on bad faith, relied on the construction of the agreement between the parties. But, he argued, the opponent's request to suspend these proceedings was a strategic ploy designed to

cause delay. The application to suspend should have been made at an earlier stage and should have been dealt with as part of the first interlocutory hearing.

17. Mr Ayrton agreed that the registrar has the discretion to grant suspension but submitted that this was not an appropriate case in which to exercise that discretion. Strong, compelling reasons were needed to justify a suspension and the reasons had to be more complex than those suggested by Ms Szell.

18. Mr Ayrton submitted that consideration should be given to the impact the Italian Court action would have on these proceedings. Account should be taken of the length of the stay and the prejudice to the parties. Consideration should be given to any savings in time and costs. There was also the public interest to consider.

19. Mr Ayrton submitted that the agreement was an English language agreement. It was, he said, subject to Italian law, although there was nothing to suggest that the Italian Court would interpret the agreement any differently from anywhere else. He referred me to Dicey and Morris on The Conflict of Laws Vol 1 Sweet & Maxwell 2000 ed. at p221 submitting that despite the ongoing action in the Italian Courts, the Trade Marks Registry was able to put its own interpretation on the agreement.

20. Referring me to Article 14, Mr Ayrton said its meaning was clear. He rejected the opponent's apparent claim that the article was superfluous and said that any article which sought to restrict trade would be in breach of European Competition Law. Mr Ayrton referred me to Article 2.2 of the agreement and said this indicated the circumstances in which the agreement would apply.

21. As to the length of the suspension, Mr Ayrton submitted that Italian Court proceedings were not renowned for their swiftness. Decisions were likely to take several years. Delay would cause prejudice to the applicant as it could not enforce its rights. And the public interest suggested that the outcome of the proceedings should be known as soon as possible. It was improbable that there would be any cost savings by allowing the suspension.

22. In reply, Ms Szell accepted that the opponent's strongest case was that raised under the provisions of Section 3(6), although the opponent intended to continue with the claim made under section 5(2). She denied that the request to suspend had been made purely for tactical reasons. Whilst a prompt resolution was desirable, she said, speed should not overpower the need to deal with matters justly. The agreement was subject to Italian law and it was appropriate for the Italian Courts to interpret it. If the Trade Marks Registry interpreted the agreement itself it could come to a different view on its meaning and that would be peculiar in the extreme.

23. Ms Szell accepted that it was not possible to say how long it would take the Italian Court to reach a decision. It was true that whilst opposition proceedings remain suspended there will be uncertainty but there would be uncertainty anyway until the Italian action had been resolved. And it was important to note that the action before the Italian Court had been filed by the applicant itself. The agreement was subject to Italian law and the Italian Court's decision on the meaning of the agreement would effectively decide the opposition proceedings. Suspending the opposition proceedings pending the Court's decision would mean there would be practically no further costs.

Statement of grounds

24. There was no dispute that the registrar has the discretion to suspend proceedings. The issue for me to address was whether the discretion should be exercised in the current proceedings.

25. Guidance on the exercise of the discretion to suspend proceedings is given in the Trade Marks Registry Work Manual Chapter 15. It states:

“8.7 Stay of proceedings

The Registrar has a discretion to stay proceedings. Application has to be made and comments will be invited from the other side if they have not already indicated their opposition or consent. A decision to stay will not automatically follow if there is consent as all relevant circumstances, including any public interest, will have to be considered.

A useful case on the question of a stay is *Sears v Sears Roebuck* [1993] RPC 395. Most commonly, a stay will be granted where there is a multiplicity of proceedings and the decision on the “leading” case will determine the outcome of the others. The fact that the parties may be different, or that there is not a “complete identity” between the proceedings, i.e. that the questions asked in one set of proceedings will inevitably answer those in the other, are **not** essential prerequisites for a stay to be granted. A common-sense approach will be taken whereby the whole purpose of a stay is to avoid multiplicity of proceedings, and therefore added and unnecessary expense for the parties; “substantial overlap” of proceedings may be sufficient to found a case for a stay. It is not uncommon for registry proceedings to be dependent in some way on co-pending proceedings before OHIM. A stay of the registry proceedings is not automatic in these circumstances and will depend on the extent and nature of “overlap”. If a stay is not granted, if the registry proceedings are concluded before the OHIM ones the Hearing Officer may give a provisional decision followed by a supplementary decision taking into account the final OHIM outcome.

There are a number of factors to consider before the Registrar grants a stay including the balance of convenience. If, for example, a higher authority such as the Court, has before it questions which substantially overlap those before the Registrar it is likely that a stay in the Registrar’s proceedings will follow. This is because final determination is closer if the Court is involved. Whilst resolution before the Registrar may, of itself, be less expensive or quicker than the court, one should also consider potential costs of successive appeal from a decision of the Registrar.

A stay is a matter of discretion and the Registrar may impose conditions in connection with granting a stay and will, in any event, if she has granted a stay require that the parties keep her notified of the progress of any other proceedings.”

26. These proceedings are, as I indicated above, based on objections under section 3(6) and 5(2) of the Act, with primary focus on the former objection. This objection is said to arise because in applying for registration of the trade mark the subject of these proceedings, the applicant broke an agreement entered into by the parties and therefore the applicant acted in bad faith. The parties do not dispute that the agreement is subject to Italian Law. Article 11 of the agreement reads:

“This agreement and any dispute resulting therefrom or relating thereto shall be governed and construed in accordance with the Italian Law without reference to or application of its conflict of laws principles, and the Milan Courts shall have exclusive jurisdiction.”

27. The parties disagree, however, on the interpretation and geographical coverage of the agreement. Despite the applicant submitting before me that the terms of the agreement are clear, it is that same party which has launched the proceedings before the Italian Courts seeking an interpretation of it. I was not provided with any explanation for this apparently conflicting position.

28. The writ of summons filed at the Italian Courts was provided to me. The questions asked of the Court are:

“1) As a main claim, to ascertain and declare that the agreement undersigned *inter partes* on January 21, 2002 has a territorial extension limited to the sole countries where both parties are owners of trademark applications/registrations for VENUS; and therefore

2) to ascertain and declare that the filing made by the plaintiff, The Gillette Company, of the trademark applications for VENUS in the United States, United Kingdom, Ireland, Poland and Greece, and the use of the above mentioned marks in the countries covered thereby, also in relation to cosmetic products included in class 3, does not constitute a breach of the agreement undersigned *inter partes* on January 21, 2002;

3) as a subordinate claim, should the agreement signed on January 21, 2002 be considered worldwide extended, without exceptions, to declare the partial invalidity of the cited agreement in relation to all those countries, where one or both parties are not owners of any trademark applications/registrations for VENUS;

4) as a subordinate claim, should the agreement signed on January 21, 2002 be considered extended all over the world without exceptions, and valid in all countries, to declare that the duration of this agreement, in relation to all those countries where one, or both parties of the agreement were not owners of trademark registrations/ applications for VENUS, at the time the agreement was signed, is of 5 years, starting from the date of the signature of the same.”

29. Clearly the interpretation of the terms of the agreement is fundamental to the question of whether the agreement has been breached. Whether the application in suit has been made in breach of the agreement and therefore in bad faith requires certainty as to the interpretation of the agreement. The interpretation of the agreement is a

substantive matter and not one for me to undertake at this stage in the proceedings. The meaning of the terms of the agreement therefore remains in dispute. The Italian Courts have been asked to provide an interpretation, in accordance with Article 11 of the agreement.

30. Although I had no direct evidence on the point, Mr Ayrton submitted that it could take years for the Court to reach its conclusions. Whilst it is desirable that proceedings before the Trade Marks Registry are not allowed to drag on unnecessarily, all relevant circumstances have to be taken into account. And whilst there is a public interest in proceedings being concluded promptly, this is essentially a dispute between two parties of which the action currently before the Italian Courts is likely to be determinative. That action was launched in 2004, some two weeks or so before the filing of the application in suit. Given the time that has already elapsed one would hope that the Court was that much nearer issuing its decision.

31. It would, of course, be possible for the Trade Marks Registry to interpret the meaning of the agreement itself. However the agreement is subject to Italian law and the Italian Courts have been asked, by the applicant, to interpret that agreement. Given the substantial overlap between the action before the Italian Court and these proceedings, it seemed to me appropriate that despite the probability of a delay, these proceedings should be suspended to await the outcome of that action. I do not believe this would lead to any increase in costs, indeed it could even reduce them as the decision from the Italian Courts could better define what, if any, evidence the parties need to file in these proceedings, if indeed the proceedings continue at all.

32. In agreeing to the suspension, I indicated that it would be subject to regular reviews by the Trade Marks Registry but asked the parties to notify the Registrar of any progress in the action before the Italian Courts. This request was made under the provisions of Rule 57 and for clarification I should add that it would include requiring the parties to advise the Registrar if the action is withdrawn or otherwise disposed of or to provide a copy of any decision issued by the Italian Court, translated into English as appropriate, within fourteen days of its issue.

33. I made no order as to costs.

Dated this 30 day of January 2006

**Ann Corbett
For the Registrar
The Comptroller-General**