

BL O/0986/23

TRADE MARKS ACT 1994

IN THE MATTER OF

THE LATE FILING OF NOTICE OF DEFENCE FORM AND COUNTERSTATEMENT

IN RELATION TO:

TRADE MARK APPLICATION NO. 3635217

BY MERCURY SPIRITS LTD

TO REGISTER THE TRADE MARK:



IN CLASSES 32 AND 33

AND

THE OPPOSITION THERETO

UNDER NO. 428689

BY ASDA STORES LIMITED

This decision follows the hearing that took place before me via telephone conference, on Monday 9 October 2023 in order to consider the implications of the defence having been filed late in these proceedings.

Mr Mohammad Khan of Briffa appeared on behalf of the Applicant. Mr Daniel Bailey of Appleyard Lees IP LLP appeared on behalf of the Opponent.

BACKGROUND

1. On 30 April 2021, MERCURY SPIRITS LTD ('the Applicant') applied to register the trade mark shown on the cover page of this decision ("the contested mark") in the UK. The application was published for opposition purposes on 3 September 2021 in respect of goods in Classes 32 and 33.
2. On 2 December 2021, Asda Stores Limited ("the Opponent"), filed a notice of opposition. The opposition was brought under Sections 5(2)(b), 5(3), and 5(4)(a) of the Trade Marks Act 1994 ("the Act") and was directed at all the goods in the application.
3. On 10 January 2022, the Tribunal served the TM7 on the Applicant's representative, Briffa. The Applicant was given the deadline of 10 March 2022, by which to file its form TM8 notice of defence and counterstatement or alternatively a form TM9C (Request for a cooling off period).
4. On 7 March 2022, the Applicant filed a joint request for an initial cooling-off period via a form TM9C. Following this, the Tribunal wrote to the parties on 9 March 2022 and confirmed an extension of the deadline. Within this letter, the Tribunal wrote:

"The Registrar, may on request, extend the cooling off period for a further nine months where such request is filed on TM9E and with the agreement of both parties. Please note that the TM9E should be received on or before **10 October 2022.**

If no such request is made, the TM8 and counter-statement should be filed on or before 10 October 2022 or the application shall, unless the Registrar otherwise directs, be treated as abandoned in whole or part, in accordance with Rule 18(2) of the Trade Marks Rules 2008.”

5. On 5 October 2022, the Applicant filed a joint request for an extension to the cooling-off period via a form TM9E. The Tribunal wrote to the parties on 12 October 2022 confirming an extension of the deadline. Within this letter, the Tribunal wrote:

“The extension to the cooling off period is allowed. This period will now expire on **10 July 2023**.

Under Rule 18(5) of the Trade Marks Rules 2008 no further extension to the cooling off period is allowed. Therefore, the TM8 and counter-statement are due to be filed on or before **10 July 2023**.

If no TM8 and counter-statement are filed within this period allowed the application shall, unless the Registrar otherwise directs, be treated as abandoned in whole or part, in accordance with Rule 18(2) of the Trade Marks Rules 2008.”

6. On 10 July 2023, the Applicant’s representative filed an extension of time request stating that:

“It has come to our attention that the cooling-off period for this opposition matter, is due to expire today.

Unfortunately, due to an admin error, this deadline has been missed by us and we will therefore be unable to file a counterstatement within the allocated time. We understand the importance of filing within the allocated deadline and regret that this has not been possible on this occasion due to our admin error. However, our client wishes to defend the Opposition and we are in a position to file a counterstatement imminently. We would therefore be grateful if a short extension to this deadline

could be permitted on this occasion. We would be able to submit the TM8 and counterstatement by no later than 15 July 2023.”

7. The Tribunal wrote to the parties on 11 July 2023, refusing the extension of time request. Within this letter, the Tribunal wrote:

“Please note that as the deadline in which to file a TM8 is a statutory deadline an extension is not possible, please note the deadline for response below.

As no TM8 and counterstatement has been filed within the time period set, Rule 18(2) applies. Rule 18(2) states that the application:

“.....shall, unless the registrar otherwise directs, be treated as abandoned.”

The registry is minded to deem the application as abandoned as no defence has been filed within the prescribed period.

If you disagree with the preliminary view you must provide full written reasons and request a hearing on, or before, **4 August 2032**¹ [sic]. This must be accompanied by a Witness Statement setting out the reasons as to why the TM8 and counterstatement are being filed outside of the prescribed period.”

8. On 4 August 2023, the Applicant’s representative, Mohammad Khan, of Briffa, filed a witness statement. Within his witness statement, Mr Khan writes:

“During this cooling-off period, the Opponent’s representatives have been contacted by me and my colleague, representing the Applicant, on at least six occasions to understand the Opponent’s position in this matter. Unfortunately, to date, we have not received any substantial correspondence, other than to say that instructions are being sought, from the Opponent and remain unclear as to how the co-existence can be achieved, despite an understanding that both parties are willing to co-exist.

¹ This is a typographical error and should have read ‘4 August 2023’.

This has unfortunately meant that the cooling-off period has not been utilised in the manner that has been desired and to date, no substantial correspondence has been received to allow a clear understanding of the other party's position in this matter.

Failing to obtain any substantial correspondence but continuously being given an impression that co-existence between the parties is possible has led to this matter being of particular difficulty in manoeuvring to a logical conclusion.

Unfortunately, on 10 July 2023, it came to my attention that the deadline to file a response for this matter was imminent. I therefore called the UKIPO immediately to ascertain whether a short extension could be provided. It was my position that the Applicant has not proceeded with defence given the position of the Opponent that co-existence is likely and that the deadline has now fast approached and been missed by myself.

I was informed by the representative of the UKIPO to write by email explaining the situation and urgency in this matter which I did by writing. Unfortunately, I have now been requested to provide a witness statement explaining the reasoning for failing to file the TM8 and counterstatement.

The failure to file the TM8 and counterstatement arose not due to the Applicant's willingness to abandon the Application but instead due to the lack of progress during a protracted cooling off period and due to my own administrative error.

In light of the facts set out above, it is requested that a short extension be given to allow for the Applicant to file a defence, which has now been drafted and requires approval from the Applicant. By providing this short extension, the UKIPO will not negatively impact the Opponent who is yet to engage in this cooling off period. Alternatively, it is requested that a hearing is arranged to allow further reasoning to be submitted."

9. Following this, the Tribunal wrote to the parties on 29 August 2023, refusing the extension of time request. Within this letter, the Tribunal wrote:

“Having reviewed the proceedings, I must advise you as the Tribunal’s letter dated 17 October 2022² [sic] clearly explained the consequences in the event that a TM8 was not filed within the time set, it is the Registry’s preliminary view that the request to allow further time to file the defence is refused.

As requested, a procedural hearing will be arranged. However, before this can be arranged a TM8 must be filed. In light of this if you wish to proceed with a hearing, please file a TM8 within 14 days, that is on or before **12 September 2023**. A hearing will then be arranged upon receipt.

Parties should bear in mind that in the event that the hearing officer upholds the preliminary view, there may be costs implications arising from the hearing against the party who requested the hearing.”

10. A hearing was scheduled for 9 October 2023, the details of which were sent by the Tribunal to both parties in an official letter dated 21 September 2023. Furthermore, on 27 September 2023, Tribunal wrote to the parties to confirm that parallel opposition no. 428935 would also be discussed at the same hearing on the basis that both sets of proceedings concern the same issues and involve the same parties. However, as the proceedings have not been consolidated, following the hearing, the two decisions will be dealt with separately.

THE HEARING

Prior to the hearing, both parties filed detailed skeleton arguments.

11. At the hearing, Mr Khan explained that the parties had mutually agreed to enter into a cooling-off period with the intention of entering into a coexistence arrangement. Mr Khan accepted that the deadlines for filing the TM8’s were not complied with but submitted that this was due to an administrative error, which was brought to the UKIPO’s attention almost immediately after the expiry of the deadline for opposition no. 428935 and before the expiry of the other deadline for opposition no. 428689. On this basis, Mr Khan submitted that in his opinion the extent of the delay is minimal,

² This is a typographical error and should have read ‘12 October 2022’

especially when considered in the context of the length of time that the applications have been pending.

12. I asked Mr Khan if there were any extenuating circumstances or compelling reasons that caused the administrative error which resulted in the TM8's not being filed on or before the deadline dates. Mr Khan replied that the TM8's were not filed on time due to a basic administrative error, but added that once noticed, the matter was immediately brought to the UKIPO's attention.

13. On behalf of the opponent, Mr Bailey made the following submissions. The Registry letters of 12 October 2022 and 17 October 2022 made clear the consequences of not filing a Form TM8 and counterstatement within the prescribed period, namely that the applications will be treated as abandoned. He added that in its letters the Registry made it clear to the Applicant that the filing of a form TM8 cannot be extended, and whilst the Registry has discretion to accept a late filed form TM8 if there are extenuating circumstances and compelling reasons, it was made clear to the Applicant, an unspecified administrative error falls a long way short of the requirement to provide full reasons as to why the deadlines were missed. Mr Bailey added that it was important to note that not only were the deadlines missed but the Form TM8's were filed over two months after the initial deadline expired, which is more than double the original two-month deadline allowed for filing a TM8 form. Further, Mr Bailey submitted that Mr Khan has made no serious or legitimate attempt to comply with the deadline or the directions of the Registry, evidenced by the delay in filing the TM8's and the fact that an adequate explanation had not been provided as to why the deadlines were missed.

14. Mr Bailey also pointed out that Mr Khan confirms that he became aware of the deadlines on 10 July 2023, at which point the deadline in relation to UK application no. 3674947 (Opposition 428935) had already past, but the Applicant still had an opportunity to meet the Form TM8 deadline in relation to the opposition against UK application no. 3635217 (Opposition 428689). However, despite this, the Applicant's representative, Mr Khan, requested an extension of the non-extendable deadline on the deadline day, in full knowledge of the consequences for missing the deadline.

15. On the issue of costs, Mr Bailey submitted that given that the Applicant missed the TM8 deadlines in respect of both the oppositions at issue, and then requested extensions to their non-extendable deadlines resulting in a total delay of over two months to file the TM8's, this demonstrates the Applicant's total disregard for the structured formalities and timetable of these opposition proceedings and that given the Applicant's unreasonable behaviour, the Opponent has incurred significant additional costs in dealing with the oppositions including the cost for preparing for and attending the hearing. As such, Mr Bailey submitted that the Opponent requests an award for costs off the usual scale to compensate it for the additional expense.
16. At the conclusion of the hearing, I reserved my decision to give me an opportunity to properly reflect on the submissions put forward by the parties.

DECISION

17. The filing of a Form TM8 and counterstatement in opposition proceedings is governed by rule 18 of the Trade Marks Rules 2008 ("the Rules"). The relevant parts read as follows:

"18. (1) The applicant shall, within the relevant period, file a Form TM8, which shall include a counter-statement.

(2) Where the applicant fails to file a TM8 or counter-statement within the relevant period, the application for registration, insofar as it relates to the goods and services in respect of which the opposition is directed, shall, unless the registrar otherwise directs, be treated as abandoned.

(3) Unless either paragraph (4), (5) or (6) applies, the relevant period is the period of two months beginning immediately after the notification date."

18. The combined effect of rules 77(1), 77(5) and Schedule 1 of the Rules mean that the time limit in rule 18, which sets the period in which the defence must be filed, is non-extendable other than in the circumstances identified in rule 77(5) which states:

“A time limit listed in Schedule 1 (whether it has already expired or not) may be extended under paragraph (1) if, and only if—

(a) the irregularity or prospective irregularity is attributable, wholly or in part, to a default, omission or other error by the registrar, the Office or the International Bureau; and

(b) it appears to the registrar that the irregularity should be rectified.”

19. There is no suggestion that there has been any irregularity on the part of the Tribunal. Consequently, the only basis on which the Applicant may be allowed to defend the opposition proceedings is if I exercise in its favour the discretion afforded to me by the use of the words “unless the registrar otherwise directs” in Rule 18(2).

20. In approaching the exercise of discretion in these circumstances, I take into account the decisions of the Appointed Person in *Kickz AG v Wicked Vision Limited* (“Kickz”)³ and *Mark James Holland v Mercury Wealth Management Limited* (“Mercury”)⁴ i.e. I have to be satisfied that there are extenuating circumstances which justify the exercise of the discretion in the Applicant’s favour.

21. In *Music Choice Ltd’s Trade Mark* (“Music Choice”)⁵ the Court indicated that a consideration of the following factors (underlined below) is likely to be of assistance in reaching a conclusion as to whether or not discretion should be exercised in favour of a party in default. That is the approach I intend to adopt, referring to the parties’ submissions to the extent that I consider it necessary to do so.

The circumstances relating to the missing of the deadline including reasons why it was missed and the extent to which it was missed;

³ (BL O-035-11)

⁴ (BL O-050-12)

⁵ [2005] RPC 18

22. The Applicant's written explanation as to why the deadline was missed is summarised above, i.e. an administrative error. As noted above, the stipulated deadline for the filing of the Applicant's Form TM8 and counterstatement was **10 July 2023**. The Form TM8 and counterstatement was filed by the Applicant on **12 September 2023**. Therefore, the deadline was missed by 2 months and 2 days.

The nature of the Opponent's allegations in its statement of grounds;

23. Under section 5(2)(b) of the Act, the Opponent claims that the applied for mark is similar to the Opponent's mark "SEVEN HILLS" and that the applied for goods, include non-alcoholic beverages in Class 32 and alcoholic beverages (except beer) in Class 33, are similar to the goods under the Opponent's mark, namely *Alcoholic beverages; wine*, and that there is a likelihood of confusion.

24. Under section 5(3) of the Act, the Opponent claims its earlier mark has a reputation and that that use of the applied for mark would give unfair advantage to the Applicant and detriment to the distinctive character and/or reputation in the Opponent's mark.

25. As for its claim under section 5(4)(a), the Opponent claims to have used the sign SEVEN HILLS throughout the UK on the relevant goods from around April 2014, in respect of *Alcoholic beverages; wine*, and that use of the opposed mark would amount to passing off.

26. Whilst it is not for the present hearing to determine the merits of the case, there is nothing to suggest that the opposition is without merit.

The consequences of treating the Applicant as defending or not defending the opposition;

27. If the Applicant is allowed to defend the opposition, the proceedings will continue with the parties given an opportunity to file evidence and the matter will be determined on its merits. However, if the Applicant is not allowed to defend its mark, the application will be deemed as abandoned, and the Applicant will lose their filing date of

30 April 2021. During the hearing it was submitted that the Applicant has refiled its application, which may, in turn, be opposed again by the Opponent.

Any prejudice caused to the Opponent by the delay;

28. The Applicant submitted that he does not believe there to be any prejudice caused to the Opponent by the delay except that it will be deprived of the ability to benefit unfairly from an administrative error. As for the Opponent, it claims that costs incurred to them as a result of the delay, including costs for preparing skeleton arguments and subsequently attending the hearing, are not insignificant and therefore, there is clear prejudice to the Opponent should the Applicant be allowed to defend the opposition. Furthermore, the Opponent submitted that given that the Applicant has now re-filed the application, should the Opponent's elect to oppose the later filed application, there would be significant additional costs involved.

Any other relevant considerations such as the existence of related proceedings between the parties;

29. Whilst there are no other additional related proceedings, the Applicant submitted that these oppositions would serve both parties well given that they are using similar brand names. Additionally, the Applicant has already taken the precautionary step of filing an identical application. Therefore, the Applicant submits that the circumstances of this opposition will likely be repeated, which will lead to additional unnecessary time, cost and administrative burden for every party involved including the UKIPO, adding that this can be avoided if the UKIPO agrees to allow the late filings so that the parties can either litigate or settle the matter.

CONCLUSION

30. I bear in mind that the deadline for filing a TM8 is a statutory one, with the Applicant having been made fully aware of the consequences of failing to comply by way of numerous letters from the Tribunal. I recognise that if the discretion is not exercised in the Applicant's favour, the application will be treated as abandoned and the Applicant will lose its filing date for its mark. I also recognise that it may well be that the

Applicant's refiled application may again be opposed by the Opponent resulting in further opposition proceedings arising at some point in the future. However, as the loss of priority and possibility of further proceedings on much the same basis are often consequences of a failure to comply with the non-extendable deadline to file the Form TM8, these are not factors that are particularly compelling, nor do they constitute extenuating circumstances sufficient to permit the Register to exercise its discretion.

31. I bear in mind that although Mr Khan had indicated an intention to file by 15 July 2023 (5 days after the deadline), the Form TM8 and counterstatement was in fact filed on 12 September 2023 – over two months late. Although the counterstatement contained extracts from standard case law, the essential content of the response was simply a denial of each of the grounds. It would presumably have been perfectly possible to present those denials swiftly and briefly even on the date of the deadline. I cannot except a bare assertion of “administrative error”, without elaboration, as constituting extenuating circumstances or compelling reasons to enable me to exercise my discretion under Rule 18(2) to admit the late-filed TM8 and counterstatement into these proceedings.

OUTCOME: Accordingly, subject to appeal, the application is treated as abandoned.

COSTS

32. Given that the outcome of this decision has terminated the proceedings, the Opponent is entitled to a contribution towards its costs. The Opponent has requested costs off the scale published in Tribunal Practice Notice 2/2016 to compensate it for the additional expense. In support of its claim the Opponent states that as a result of the Applicant's unreasonable behaviour, the Opponent has incurred significant additional cost in dealing with this opposition, including the costs for preparing for and attending this hearing. Whilst the submissions are noted, I do not consider that the arguments given support an off-scale cost award. As a result, I consider it appropriate to award costs in accordance with the scale published in the aforementioned Tribunal Practice Notice.

33. In the circumstances, I award the Opponent the sum of £600 as a contribution towards the cost of the proceedings. The sum is calculated as follows:

Official fee for filing the Form TM7	£200
Preparing a notice of opposition	£200
Preparing skeleton arguments and attending the hearing ⁶	£200
Total	£600

34. I therefore order MERCURY SPIRITS LTD to pay Asda Stores Limited the sum of £600. This sum should be paid within twenty-one days of the expiry of the appeal period or, if there is an appeal, within twenty-one days of the conclusion of the appeal proceedings.

Dated this 23rd day of October 2023

Sam Congreve
For the Registrar

⁶ I am awarding the Opponent a total of £400 in respect of preparation of skeleton arguments and attending the hearing. However, as the hearing and skeleton arguments dealt with two separate oppositions, namely OP000428689 (this decision) and OP000428935, I have split the amount equally to £200 per decision, to take account of this.