

O-111-19

TRADE MARKS ACT 1994

IN THE MATTER OF  
TRADE MARK APPLICATION NO 3177076  
IN THE NAME OF SHANGHAI SILK GROUP CO., LTD  
TO REGISTER

A stylized, cursive signature of the word 'Lily' in black ink. The letters are fluid and connected, with a small dot above the 'i'.

AS A TRADE MARK IN CLASSES 18 AND 25  
AND  
THE LATE FORM TM8 AND COUNTERSTATEMENT  
FILED IN DEFENCE OF THAT APPLICATION  
IN OPPOSITION PROCEEDINGS (UNDER NO. 409424)  
LAUNCHED BY LILLY A/S

## **BACKGROUND**

1. On 28 July 2016, Shanghai Silk Group., Ltd ('the applicant') applied to register the mark set out above on the title page in classes 18 and 25 for the following goods:

*18: Leather and imitations of leather; Animal skins, hides; Trunks and travelling bags; Umbrellas and parasols; Walking sticks; Whips, harness and saddlery; Purses; Backpacks; Briefcases; Valises; Vanity cases [not fitted]; Leather straps; Wallets [Pocket]; Key cases [leatherwear].*

*25: Clothing, headgear; waterproof clothing; Hats; Hosiery; Gloves [clothing]; Neckties; Scarves; Girdles; Children's clothing; Ready-made clothing; Ladies clothing; Blouses; Dresses; Skirts; Shorts; Belts [apparel]; Jackets; Shirts; Suits; Trousers; Overcoats; jump suits; Down garments.*

2. The application was published on 3 March 2017. A notice of opposition (form TM7) was subsequently filed on 2 June 2017 by Lilly A/S ('the opponent') on the basis of section 5(2)(b) of the Trade Marks Act 1994 ('the Act').

3. The form TM7 was served on the applicant on 13 June 2017 setting a deadline of 14 August 2017 for the filing of a defence (form TM8) and counterstatement or a form TM9C to request a cooling off period.

4. The applicant filed a form TM9C on 8 August 2017 and a deadline was set for 13 March 2018 for receipt of a form TM8 or a further extension of time form TM9E. A request for more time was submitted by the opponent via a form TM9E dated 19 February 2018 and the Tribunal set a further deadline of 13 December 2018 for receipt of the form TM8 and counterstatement.

5. No form TM8 and counterstatement was received on or before 13 December 2018. The Tribunal wrote to the applicant on 28 December 2018 in the following terms,

“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, **11 January 2019**. 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.

If no response is received the registry will proceed to deem the application abandoned”.

6. On 9 January 2019, the Tribunal received a witness statement from Paul Dyson of Bailey Walsh & Co LLP (‘Bailey Walsh’), the applicant’s legal representatives, setting out the reasons for the non-receipt of the form TM8 within the prescribed period. Mr Dyson stated that the Chinese associates, with whom he was dealing, believed they had sent an email on 15 November 2018 instructing Bailey Walsh to file a TM8 but that email had not been received. On 16 January 2019, Bailey Walsh filed the TM8 and counterstatement.

7. The Tribunal replied to Bailey Walsh on 25 January 2019 giving a preliminary view that the late TM8 should not be admitted into the proceedings. The applicant subsequently requested a hearing.

## **THE HEARING**

8. The hearing took place before me on 19 February 2019 by telephone conference. Mr Phil Stephenson of Bailey Walsh represented the applicant and Ms Rachel Wilkinson-Duffy of Baker & McKenzie LLP represented the opponent and had provided a skeleton argument in advance of the hearing.

9. Mr Stephenson outlined what had happened in the case beginning with correspondence Bailey Walsh sent to their Chinese associates dated 14 November 2018 stating that the deadline for filing the form TM8 was approaching and that any instructions to continue with proceedings should be given in good time and that in the absence of instructions the application would not be defended and would lapse. Bailey Walsh did not receive instructions so did not file the form TM8. They forwarded to their Chinese associates the Tribunal's notification of 28 December 2018, which explained that the application had lapsed for want of a defence. At that point they were informed that the Chinese associates believed that an instructing email to file the form TM8 was sent by them to Bailey Walsh on 15 November 2018. Bailey Walsh did not receive the email. Mr Stephenson further explained that they conduct a good deal of business with their Chinese associates and such an email failure has never occurred before. The error has been investigated and appeared to lie with the Chinese associates email systems. He also stated that Bailey Walsh would not usually send reminder emails or make telephone calls to chase progress.

10. Ms Wilkinson-Duffy began by stating that, in her view, the gap which had occurred between the deadline and the date the form TM8 was received was too great for the narrow discretion afforded to the Registrar to be exercised in the applicant's favour and felt it was inappropriate for the form TM8 to be admitted into the proceedings. While she was sympathetic to the failure which had occurred in the of communications systems, she contended that not enough care and attention had been paid by Bailey Walsh in this matter. Ms Wilkinson-Duffy also highlighted that filing a new application was not sufficient justification to have the form TM8 admitted, simply because it would avoid duplication of proceedings. In addition, she highlighted that the newly filed application did not have the same specifications as the contested mark.

11. Mr Stephenson replied that the specifications had been amended in line with discussions which had taken place between the parties in previous correspondence, and in fact were narrower in the new application.

## DECISION

12. With regard to the late filing of a form TM8, I must refer to Rule 18 of the Trade Marks Rules 2008 which states:

“(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 Form 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 shall begin on the notification date and end two months after that date.” (my emphasis)

13. The combined effect of Rules 77(1), 77(5) and Schedule 1 of the Rules means that the time limit in Rule 18, which sets the period in which the defence must be filed, is non-extensible other than in the circumstances identified in rules 77(5)(a) and (b) 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.”

14. As there has been no error on the part of the registrar or the office, rule 77(5) is not relevant. That leaves rule 18(2) to be considered. In *Kickz* (O-035-11), Mr Geoffrey Hobbs QC sitting as the Appointed Person held that the discretion conferred by rule 18(2) is a narrow one and can be exercised only if there are “extenuating circumstances”. In *Mercury* (O-050-12), Ms Amanda Michaels, also sitting as the Appointed Person, in considering the factors the Registrar should take into account in exercising the discretion under rule 18(2), held that there must be

“compelling reasons”. She also referred to the criteria established in *Music Choice Ltd’s Trade Mark* [2006] R.P.C. 13 (*‘Music Choice’*), which provides guidance, applicable by analogy, when exercising the discretion under rule 18(2). Such factors (adapted for an opposition case) are:

- (1) The circumstances relating to the missing of the deadline including reasons why it was missed and the extent to which it was missed;
- (2) The nature of the opponent’s allegations in its statement of grounds;
- (3) The consequences of treating the applicant as opposing or not opposing the opposition;
- (4) Any prejudice caused to the opponent by the delay;
- (5) Any other relevant considerations, such as the existence of related proceedings between the same parties.

15. Reviewing the first *Music Choice* factor, I note that the deadline was missed by 34 days and must bear in mind the circumstances which led to the delay. There has obviously been a breakdown in email communication between Bailey Walsh and their instructing Chinese associates. Mr Stephenson confirmed that Bailey Walsh did not send any further progress chasing emails after 14<sup>th</sup> November 2018 nor did it make any telephone contact with the instructing associates. The opponent submitted, in its skeleton argument, that,

“...the high standard of due care and attention on the part of both the applicant’s UK representative and its Chinese associates in these proceedings has not been met. The applicant confirmed that both were aware of the non-extendable deadline of 13 December 2018. Had the appropriate final checks been conducted immediately before the expiry of the non-extendable period, when it appeared that (a) no instruction had been received, on the part of the UK representative, and/or (b) no

acknowledgement of instructions had been received, on the part of the Chinese associate, the deadline need not have been missed.”

16. In terms of the second *Music Choice* factor, the grounds of opposition are based on section 5(2)(b) of the Act as the applied for mark is said to be confusingly similar to the opponent’s EU trade mark.

17. Regarding the third *Music Choice* factor, the consequences for the applicant if discretion is not exercised in its favour are that its trade mark application would be deemed abandoned for want of a defence. By contrast, if discretion is exercised in its favour, it would have the opportunity to defend the trade mark and a decision would be made on the merits of the case.

18. With regard to the fourth *Music Choice* factor, the opponent has incurred additional costs in preparing for and attending the hearing.

19. Regarding the fifth *Music Choice* factor, there are no other proceedings between these parties although the applicant is involved in other opposition proceedings for this contested mark with a different third party. I also note that the applicant has already made a new trade mark application for the same mark and in the same classes as the contested mark albeit for a narrower set of goods.

20. Having addressed each of the relevant factors in *Music Choice*, I must now decide whether there are sufficient extenuating circumstances or compelling reasons to enable me to exercise my discretion. I bear in mind the consequences for the applicant if I decide against it, i.e. it will lose its application. Additionally, I must keep in mind the prejudice the opponent believes it has suffered.

21. After careful consideration. I do not find that these are extenuating circumstances or compelling reasons which justify me exercising the discretion provided by rule 18(2) in the applicant’s favour. Whilst an email delivery failure is unfortunate, it is not uncommon. Given the non-extendable nature of the deadline to file the form TM8, it was, in my view, incumbent on the applicant’s legal representatives (in particular their Chinese associates who authored the email of 15 November 2018), to ensure

that their email had been safely received by Bailey Walsh and appropriate steps taken. That the Chinese associates did not take such steps, does not, in my view, amount to either an extenuating circumstance or compelling reason. The breakdown of email communication between Bailey Walsh and their Chinese associates is evidence that, in the words of Mr Hobbs in *Kickz*, there was a failure (at the very least on the part of the applicant's Chinese associates) to exercise the 'minimal degree of vigilance' required to meet the deadline.

**In view of my above conclusions, the form TM8 and counterstatement filed on 16 January 2018 will not be admitted into the proceedings and, subject to any successful appeal, the application will be treated as abandoned.**

## **COSTS**

22. As my decision terminates the proceedings, I must consider the matter of costs. Using the guidance set out in Tribunal Practice Notice 2/2016, I award the opponent costs on the following basis:

Official fee for the Notice of Opposition	£100
Preparing the Notice of Opposition	£200
Preparing for & Attending the hearing	£400
<b>Total</b>	<b>£700</b>

23. I order Shanghai Silk Group Co., Ltd to pay Lilly A/S the sum of £700. This sum is to be paid within fourteen days of the expiry of the appeal period or within fourteen days of the final determination of this case if any appeal against this decision is unsuccessful.

**Dated 22 February 2019**

**June Ralph  
For the Registrar,  
The Comptroller-General**