

O-142-05

TRADE MARKS ACT 1994

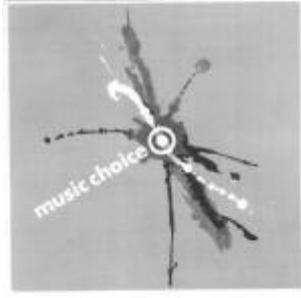
**IN THE MATTER OF AN INTERLOCUTORY HEARING HELD IN RELATION TO
INVALIDATION No: 81860 BY TARGET BRANDS INC TO REGISTRATION NO.
2250189 IN THE NAME OF MUSIC CHOICE LIMITED**

TRADE MARKS ACT 1994

**IN THE MATTER OF an interlocutory hearing
held in relation to Invalidation No: 81860
by Target Brands Inc to registration No. 2250189
in the name of Music Choice Limited**

BACKGROUND

1. Trade Mark No. 2250189 for the mark:



is registered in Classes 9, 38 and 41.

2. The mark was applied for on 25 October 2000 and the registration procedure was completed on 31 August 2001. The registration stands in the name of Music Choice Limited of Turner House, 16 Great Marlborough Street, London (hereafter referred to as Music Choice).

3. By application dated 14 September 2004, fj Cleveland on behalf of Target Brands Inc of Minneapolis, USA (hereafter referred to as Target), applied for this registration to be declared invalid. Target base their application on Section 47(1) in relation to Section 3(6) of the Act, and Sections 47(2)(a) and (b) in relation to Sections 5(2)(b), 5(3) and 5(4)(a) of the Act.

4. On 16 September 2004, the Trade Marks Registry served the Form TM26(I) on the Registered Proprietor, who was at that time represented by the firm of Gill Jennings & Every; they were allowed until 28 October 2004 in which to file a Form TM8 and counterstatement.

5. On 27 October 2004, Olswang on behalf of Music Choice, wrote to the Trade Marks Registry. They did so in the following terms:

“We act for the Registered Proprietor, Music Choice Limited in respect of the above matter. Please see enclosed a Form 33. Also enclosed by way of service is the Registered Proprietor’s Counter-Statement in response to Target Brands Inc. Grounds for Cancellation.”

6. On 29 October 2004, Olswang wrote again to the Trade Marks Registry. They did so in the following terms:

“We refer to the telephone call from you today. We are looking into why you did not receive a Form TM8 on 27 October 2004 when we filed the Registered Proprietor’s Counter-Statement in respect of the above action for invalidity. Please find attached a Form TM8 dated today.

We understand that under section 33(3) of Trade Marks Rules 2000, the Registrar may treat the Counter-Statement as valid and admissible. We would ask the Registrar to exercise his discretion to allow the Counter-Statement to stand. There is a clear intention on the part of the Registered Proprietor to defend its registration no. 2250289. Furthermore, the Form TM8 has been provided to you immediately. Clearly it is in the interests of justice and both parties that there is a full hearing of the action for invalidity on the merits.”

7. I note that in a further letter dated 1 November 2004, Olswang provide additional reasons why, in their view, the Trade Marks Registry’s discretion should be exercised in their client’s favour. In particular, I note that they refer to my decision in *Uniters S.p.A. v K.M.L. Invest AB* (BL O/090/03) in which I contrasted the use of the word “shall” appearing in rule 13(6) with the use of the word “may” appearing in rules 31(3) and 33(3), and the Hearing Officer’s decision in *Firetrace* [2002] RPC 15 in which the Registered Proprietor was allowed to defend their registration notwithstanding that no Form TM8 and counter-statement were filed within the prescribed period.

8. In an official letter dated 11 November 2004, the Trade Marks Registry responded to these letters. In a letter to the Applicant’s agents, they did so in the following terms:

“You will have noted that the registered proprietor did not submit the Form TM8 within the time prescribed under the provisions of Rule 33(6) of the Trade Marks Rules 2000, as amended. I can confirm that the registered proprietor did file the counter-statement within the provided deadline. Therefore, the registrar has considered the matter and it is his preliminary view that he should exercise his discretion under the provisions of Rule 66 and admit the above documents into the proceedings. In making this view the registrar considers the registered proprietor has shown a clear intention to defend the registration when they filed the counter-statement on the 27 October 2004.

Therefore, arrangements will be made for the documents to be admitted into the proceedings and the applicant will be invited to file evidence in support of the claims made in the statement of case.”

The letter allowed the Applicant until 25 November 2004 to request an interlocutory hearing.

9. In an official letter dated 23 November 2004, the Trade Marks Registry served the Form TM8 and counter-statement. The Applicant was, under the provisions of rule 33A(1)(a) of the Trade Marks Rules 2000 (as amended), allowed until 4 January 2005 to file evidence in support of the application.

10. In a letter dated 25 November 2004, the Applicant requested a hearing.

11. In an official letter dated 14 December 2004, the Trade Marks Registry noted the hearing request. In addition they commented:

“It should be noted that the period for the applicant to file evidence under the provisions of Rule 33A(1)(a) of the Trade Marks Rules 2000, as amended has been suspended pending the outcome of the interlocutory hearing.”

12. In letters dated 4 January 2005, the Applicant requested: (i) consolidation of these proceedings with co-pending Invalidation action No. 81859 (for the trade marks Music Choice and device in Classes 9, 38 and 41) and (ii) requested an extension of time of 6 weeks to complete the Applicant’s evidence in chief. To support their request for additional time, the Applicant provided copies of executed witness statements in the name of Toni Dembski-Brandl.

THE INTERLOCUTORY HEARING

13. On 20 January 2005, an interlocutory hearing took place before me to consider the preliminary view expressed in the official letter of 11 November 2004. At the hearing, Mr Philip Roberts of Counsel instructed by Olswang represented the Registered Proprietor; the Applicant for Invalidation was represented by Mr Ian Gruselle of fj Cleveland.

THE SKELETON ARGUMENTS

14. The main points which emerged from the parties’ skeleton arguments are summarised below:

The Registered Proprietor’s skeleton argument

- that rule 33(6) of the Trade Marks Rules 2000 (as amended) which includes the words “...the registrar may treat...”, grants the registrar a discretion which may be exercised to treat these proceedings as opposed or unopposed;
- that although the registrar suggested using rule 66 to admit the late filed TM8 into the proceedings, the use of rule 57 (as in *Firetrace*) or rule 33(A)(6) (by analogy with *Applied Technologies Manufacturing Limited*) are alternatives;
- that it would be just and equitable to allow the Registered Proprietor to defend its registration because: (i) the Applicant knew the registration would be defended, (ii) a comprehensive counter-statement was received by the Trade Marks Registry within the prescribed period, (iii) the TM8 was only one day late, (iv) the TM8 added nothing of substance to the counter-statement except a statement of truth and this omission was capable of correction and (v) there had been no prejudice to the Applicant;
- that the practice under rules 31(3), 32(3) and 33(3) of the Trade Marks Rules 2000 appeared well settled as per the Appointed Person’s decisions in *Applied Technologies Manufacturing Limited* and *OiOi*. Stemming from these decisions, if the discretion was exercised in the Registered Proprietor’s favour, the proceedings would continue with each party filing evidence;

- that in *Lowden v Lowden Guitar Co Ltd*, Mr Justice Patten considered the exercise of discretion under rule 31(3) of the Trade Marks Rules 2000 to treat the opposition as continuing;
- that in *Lowden*, the Judge criticised the interpretation of rules 32 and 33 of the Trade Marks Rules 2000, in the Hearing Officer's decision in *Firetrace*;
- that the *Lowden* approach to discretion under TMR 31(3) permits the Registered Proprietor to continue to oppose the application for revocation but not to rely on pleadings or evidence;
- that it appears that *Lowden* was decided without reference to decisions of the Appointed Person;
- that in *Applied Technologies Manufacturing Limited* the Appointed Person refers to Article 6 of the European Convention on Human Rights, commenting that it would be pointless to allow the Registered Proprietor to defend a registration without also allowing him to file evidence;
- that once the registrar's discretion is exercised to treat the proceedings as opposed, he must treat them as opposed for all purposes. To do otherwise would defeat the purpose of the discretion and would deprive the Registered Proprietor of his right to a fair hearing;
- that the decision in *Lowden* has no bearing on these proceedings because of the different nature of the proceedings and the differing burdens i.e. Section 100 of the Act in relation to non-use Revocation proceedings and Section 72 of the Act in relation to Invalidation proceedings;
- that if the decision in *Lowden* is misapplied to these proceedings, given the nature of the burden mentioned above, and the comments of the Judge regarding the initiation of the evidence rounds, the validity of the registration would have to take place without evidence being filed;
- that if the discretion is exercised in the Registered Proprietor's favour, consolidation of the proceedings would allow both applications to be heard on the merits and with the benefit of evidence.

The Applicant's skeleton argument

- that rule 33(6) requires the Registered Proprietor to file both a Form TM8 and counter-statement within 6 weeks; this they failed to do;
- that if one compares the wording of rules 33(2) and 33(3) of the Trade Marks Rules 2000 with the wording of rule 33(6) of the Trade Marks Rules 2000 (as amended), the wording has changed from "the proprietor may file a counter-statement" to "the proprietor shall file a counter-statement". This change has, in the Applicant's view, removed any discretion;

- that as rule 33(6) is included in rule 68(3) as a period that cannot be extended, and as rule 66 is subject to the operation of rule 68, the registrar has no discretion under rule 66;
- that the use of official forms is governed by Section 66 of the Act and rule 3(2) of the Trade Marks Rules. That the Registered Proprietor did not use the required Form TM8 by the deadline set and that there was no suggestion that the Registered Proprietor filed either a replica of the Form TM8 or a Form which was acceptable to the registrar and which contained all the necessary information. Specifically, there was no readily identifiable address for service or a statement of truth;
- that as no Form TM8 was filed by the deadline set, the document filed on 27 October 2004, is either a letter or observations. There is no procedure to accept an opposition to an application by letter or observations;
- that the approach adopted by the Hearing Officer in *Firetrace* was criticised by the Judge in paragraph 23 of his decision in *Lowden*.

THE DECISION TAKEN FOLLOWING THE INTERLOCUTORY HEARING

15. At the conclusion of the hearing held on 20 January 2005, I reserved my decision. In a letter to the parties dated 24 January 2005, I gave my decision in the proceedings. In that letter I concluded that:

- the Trade Marks Registry's Preliminary View to exercise the registrar's discretion under the provisions of rule 66 to admit the Registered Proprietor's Form TM8 and counterstatement was, given the provisions of rule 68 and in particular rule 68(3), inappropriate;
- in the absence of a properly filed Form TM8 and counterstatement within the prescribed time period defined in rule 33(6) of the Trade Marks Rules 2000 (as amended), the use of the word "may" appearing in that rule provides the registrar with a discretion to treat the proprietor as not opposing the application;
- the scope of the discretion under rule 33(6) should be exercised in accordance with the guidance provided by Mr Justice Patten in *Lowden*;
- in the absence of any identified defects in the Application for Invalidity, the discretion should not be exercised in the Registered Proprietor's favour;
- irrespective of the above, the Applicant must still discharge the statutory burden on it imposed by Section 72 of the Trade Marks Act;
- when, as in this case, the Registered Proprietor is not party to the proceedings, rule 33A(6) may be utilised to allow the Applicant to file such evidence as they see fit to make good the claims contained in their Statement of Grounds;
- the suspension of the period for the Applicant to file their evidence in these proceedings was terminated; a new period expiring on 14 February 2005 was set;

- the Registered Proprietor should pay to the Applicant the sum of £200 as a contribution towards their costs in respect of their preparation for and attendance at the hearing.

16. On 25 January 2005, Olswang, on behalf of the Registered Proprietor filed a Form TM5 requesting a written statement of the grounds of my decision. The issuing of this decision was delayed whilst the Trade Marks Registry dealt with other issues relating to these proceedings. As those issues have now been concluded, I give my decision in these proceedings below.

GROUNDINGS OF DECISION

17. Invalidation proceedings before the Trade Marks Registry launched after 4 May 2004 are governed by rules 33 and 33A of the Trade Marks Rules 2000 as amended under The Trade Marks (Amendment) Rules 2004 (SI 2004 No 947). For the purpose of this decision, the relevant extracts from these rules read as follows:

“33 Application for invalidation: filing of application and counter-statement; s 47 (Forms TM8 & TM26(I))

(1) An application to the registrar for a declaration of invalidity under section 47 shall be made on Form TM26(I) and be accompanied by a statement of the grounds on which the application is made.

(2).....

(3)

(4)...

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

(6) The proprietor shall, within six weeks of the date on which he was sent a copy of Form TM26(I) and the statement by the registrar, file a Form TM8, which shall include a counter-statement, otherwise the registrar may treat him as not opposing the application.

(7) The registrar shall send a copy of Form TM8 to the applicant and the date upon which this is sent shall, for the purposes of rule 33A, be the "initiation date".

33A Application for invalidation: evidence rounds (Form TM54)

(1) The applicant, within six weeks of the initiation date -

(a) shall file any evidence he may consider necessary to adduce in support of the grounds on which the application was made; and

(b) where -

- (i) the application is based on an earlier trade mark;
- (ii) neither section 47(2A)(a) nor (b) applies to the mark; and
- (iii) the truth of a matter set out in the statement of use is either denied or not admitted by the proprietor,

shall file evidence supporting the statement of use.

(2) Where the applicant files no evidence under paragraph (1), he shall, unless the registrar otherwise directs, be deemed to have withdrawn his application.

(3) The registrar shall notify the proprietor of any direction given under paragraph (2).

(4) The proprietor may file any evidence he may consider necessary to adduce in support of his case -

(a) within six weeks of the evidence being filed under paragraph (1); or

(b) within six weeks of the registrar sending him a notification that a direction has been given under paragraph (2).

(5) Where the proprietor files evidence under paragraph (4), the applicant may, within six weeks 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.”

18. Rule 68 relating to alteration of time periods and rule 66 relating to the correction of irregularities of procedure are also relevant. The relevant extracts from these rules read as follows:

“**68.** - (1) The time or periods-

(a) prescribed by these Rules, other than the times or periods prescribed by the rules mentioned in paragraph (3) below, or

(b) specified by the registrar for doing any act or taking any proceedings,

subject to paragraph (2) below, may, at the written request of the person or party concerned, or on the initiative of the registrar, be extended by the registrar as she thinks fit and upon such terms as she may direct.

(2)...

(3) The rules excepted from paragraph (1) above are rule 10(6) (failure to file address for service), rule 11 (deficiencies in application), rule 13(1) (time for filing opposition), rules 13(3) and 13(5) (time for filing counter-statement), rule 13(4)

(cooling off period) save as provided for in that rule, rule 23(4) (time for filing opposition), rule 25(3) (time for filing opposition), rule 29 (delayed renewal), rule 30 (restoration of registration), rule 31(2) (time for filing counter-statement), rule 32(2) (time for filing counter-statement), rule 33(2) (time for filing counter-statement), and rule 47 (time for filing opposition).”

Rule 66:

“Subject to rule 68 below, any irregularity in procedure in or before the Office or the registrar, may be rectified on such terms as the registrar may direct.”

In addition, item 19(3)(d) of the Trade Marks (Amendment) Rules 2004, which reads as follows:

“**19.** - (1) Rule 68 (alteration of time limits) shall be amended as follows.

(3) In paragraph (3) -

(d) for the words "rule 33(2)" there shall be substituted "rule 33(6),”

and which amended rule 68(3) in the manner indicated, is also relevant.

The exercise of discretion under rule 66

19. Under rule 33(6), the Registered Proprietor in an Invalidation action shall (if he wishes to oppose an application) and within six weeks of the date on which the registrar sends him a copy of the Form TM26(I) and the statement of case, file a Form TM8 and counter-statement. The period allowed for the Registered Proprietor to file these documents in these proceedings expired on 28 October 2004. There is no dispute that the counter-statement was received by the Trade Marks Registry on 27 October 2004 and the Form TM8 on 29 October 2004 i.e. one day after the prescribed period expired. It is also common ground that as a result of item 19(3)(d) of the Trade Marks (Amendment) Rules 2004, rule 33(6) appears in rule 68(3) as a period that is not extendable.

20. In the official letter of 11 November 2004, the registrar issued a Preliminary View indicating that he intended to exercise a discretion under the provisions of rule 66 to allow the counter-statement and the late filed Form TM8 into the proceedings. Rule 66 is subject to the operation of rule 68 and in this case importantly rule 68(3). Rule 68(3) specifically prohibits the granting of additional time for the filing of:

“...a Form TM8, which shall include a counter-statement...”.

21. In *Uniters SpA v KML Invest AB* (BL O-084-04), Mr Geoffrey Hobbs QC acting as the Appointed Person said in relation to the use of rule 66:

“The power conferred by this Rule is expressly subject to Rule 68 (which prevents extension of the period for filing a Form TM8 in defence of opposition proceedings). It is also interstitial: it cannot be used to thwart the intended effect of other provisions of the Act and the Rules: *E’s Application* [1983] RPC 231 (HL). It therefore cannot be used to provide the Applicant with relief or dispensation from the unequivocally expressed provisions of Rule 13(6).”

Similarly in *Applied Technologies Manufacturing Limited v Apple Projects Limited* (BL O-348-04), Mr Richard Arnold QC also acting as the Appointed Person said:

“...In circumstances falling outside rule 68(7), rule 66 does not give the Registrar jurisdiction to excuse a failure to observe this time limit on the ground that it is an irregularity in procedure.....”

22. In light of the above comments, I concluded that the registrar’s Preliminary View expressed in the official letter of 11 November 2004 to exercise a discretion in the Registered Proprietor’s favour and in so doing to allow into these proceedings the counter-statement and the late filed TM8, was incorrect. In addition, there was, as Mr Gruselle pointed out in his skeleton argument, no suggestion that the Registered Proprietor had used either a replica of the Form TM8 or a Form which was acceptable to the registrar and which contained all the necessary information; in this regard, see the comments of Mr Hobbs in relation to the use of Forms in the *Uniters* case mentioned above.

Does rule 33(6) provide the registrar with a discretion?

23. Having reached this conclusion, I went on to consider whether the registrar, in such circumstances, had a discretion to treat the application as opposed. Rule 33(6) of the Trade Marks Rules 2000 (as amended) reads as follows:

“The proprietor shall, within six weeks of the date on which he was sent a copy of Form TM26(I) and the statement by the registrar, file a Form TM8, which shall include a counter-statement, otherwise the registrar may treat him as not opposing the application.”

24. In *Firetrace* Trade Mark [2002] RPC 15, the Hearing Officer considered the use of the word “may” appearing in rules 32(3) and 33(3) of the Trade Marks Rules 2000. Both rules are cast in identical terms; as such, only rule 33(3) in relation to Invalidation proceedings is shown below. This rule reads:

“(3) Where a notice and counter-statement 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.”

In relation to rules 32(3) and 33(3), the Hearing Officer in *Firetrace* said at paragraph 20:

“..But the wording of rules 32(3) and 33(3) and the use of the word “may” in those rules, in my view, clearly confers on the registrar a discretion..”

At the hearing Mr Roberts argued:

“Sir, it is worth looking at 33(6) of the new rules, we say. They say that “The proprietor shall [and that is the “shall” my friend places emphasis on] within six weeks of the date which he was sent a copy of the Form TM26I and the statement by the Registrar, file a Form TM8 which shall include a counter-statement, otherwise the Registrar may treat it as not opposing the application.” That is the same “may” in effect which has survived from the original 33(3), which said “where a notice and counterstatement 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.” My submission is that those have an equivalent effect and that the discretion is still there.”

And:

“Maybe Lowden is possibly the best place to go to for this. Although considering the old rules, if I can draw your attention to paragraph 16 of the Lowden decision.

“TMR rule 31(3), which governed the situation once there was late filing of the Form TM8 and the counter-statement, provides that the Registrar may in such circumstances treat the proprietor's opposition to the application for revocation as having been withdrawn. The use of the word "may" is to be contrasted with the provisions (e.g.) of rule 31(5), which deem the revocation application to be withdrawn if no evidence is filed in support of it. Again, by way of contrast, rule 13(6) in relation to opposition proceedings deems the application for registration to be withdrawn if a Form TM8 and counter-statement are not filed in time. It seems to me that rule 31(3) does give the Registrar a discretion as to whether or not to treat the proprietor's opposition as withdrawn, and Mr Hill did not really oppose this construction of the rule.”

Sir, we say the same is applicable in relation to that. The word “may” is being used in an unchanged sense and it has the same effect. My submission is that there is a discretion under TMR, rule 33(6).”

25. As a result of the findings of the Hearing Officer in *Firetrace* (in relation to rule 33(3) of the Trade Marks Rules 2000) and bearing in mind the comments of Mr Justice Patten in *George Lowden v The Lowden Guitar Company Limited* [2004] EWHC 2531 (in relation to rule 31(3) of the Trade Marks Rules 2000), I concluded that the use of the word “may” appearing in rule 33(6) of the Trade Marks Rules 2000 (as amended) provides the registrar with a discretion as to whether or not to treat the Registered Proprietor as not opposing the application.

How should the discretion be exercised?

26. In *Lowden* in relation to the exercise of discretion under rule 31(3) of the Trade Marks Rules 2000, Mr Justice Patten said:

“21. There is no authority which binds me on this point, but the practice of the Registry (which was not followed in this case) is set out in a decision of the Hearing Officer (Mr Mike Knight) in *Firetrace Trade Mark* [2002] RPC 15. That was an application for revocation under s.46(1)(c) and (d), which was governed by TMR rule 32. This contains provisions which are materially indistinguishable from those of rule 31, except that the period allowed for the filing of the proprietor's counter-statement is six weeks rather than three months. As in this case, the proprietor's trade mark agents failed to file the Form TM8 and counter-statement within the prescribed period. They were filed a week late, with the request that they be accepted and that the proprietor be allowed to file evidence in opposition. The Hearing Officer decided that he had no discretion to extend time for the filing of the counter-statement, but did not consider that the registration could simply be revoked...”

Having considered the operation of Section 72 of the Trade Marks Act 1994 in relation to Invalidation proceedings and the approach adopted by the Hearing Officer in *Firetrace*, Mr Justice Patten said:

“23. I have considerable difficulties with the interpretation of the rules contained in paragraph 20 of Mr Knight's decision and I am not prepared to extend it to an application under TMR rule 31. The exclusion of the power to extend time is obviously capable of working injustice and ought to be reconsidered. But although one therefore has sympathies with the approach which the Hearing Officer took, it did in substance involve him in granting an extension of time for the service of the grounds of opposition. There is no procedure under the rules for the service of objections by way of letter, and although the Registrar clearly has a wide discretion as to how to conduct any hearings in the Registry, that does not entitle him, in my judgment, to adopt procedures which are in direct contradiction to the express provisions of the TMR. That was recognised by Pumfrey J in his decision in *Pharmedica GMBH's Trade Mark Application* [2000] RPC 536, in which, at page 541, the learned Judge says this:

"Notwithstanding the fact that the registrar is, like the county court, a tribunal which is established by statute, I have no doubt that the registrar has the power to regulate the procedure before her in such a way that she neither creates a substantive jurisdiction where none existed, nor exercises that power in a manner inconsistent with the express provisions conferring jurisdiction upon her."

24. Rule 31(2) requires the counter-statement and (unlike under rule 32(2)) any evidence to be filed within three months. There is no power to extend that period of time (at least in relation to the service of the counter-statement) and if the time limit is not complied with, then, as I interpret rule 31(2), there is no power for the Registrar to initiate the evidential process set out in rules 31(4) to (8). It seems to me that to adopt the procedure in *Firetrace* is to circumvent the express provisions of rule 68(3). Questions of whether the proprietor (rather than his agents) should be penalised in relation to a late filing of documents are classic questions for a tribunal to address, when being asked to grant an extension of time. In this case there is no power to extend time and it is not open to the Registrar to invent one.

25. I do not therefore accept that it was open to the Registrar to create some alternative procedure for use in this case which entitled him to consider whether he should allow the application to continue as an opposed application by admitting factual evidence. This is one of the directions which Mr Malynicz seeks from me, in the event that his appeal is successful. The discretion created under rule 31(3) has to be exercised on the basis that the proprietor is not entitled to defend the factual basis of the application. The Registrar must therefore consider whether the application is one which will not necessarily be granted, even if the alleged non-use is not challenged. For this purpose I think that the Registrar is entitled to look at the material filed out of time by the proprietor and to rely on it so far as it identifies reasons which could be pursued even in the light of non-use. In practice this is likely to limit any continued opposition in most cases to defects in the application which are apparent from the Statement of Grounds..."

27. As a result of the comments of Mr Justice Patten in *Lowden* as to how the discretion afforded by the use of the word "may" appearing in rule 31(3) of the Trade Marks Rules 2000

should be exercised, I concluded that the use of the word “may” appearing in rule 33(6) of the Trade Marks Rules 2000 (as amended) should be construed in the same manner, and that in the absence of any identified: “..defects in the application which are apparent from the Statement of Grounds” (of which none were drawn to my attention), I should not exercise my discretion in the Registered Proprietor’s favour to allow the application to be treated as opposed.

Does the Application automatically succeed?

28. In the *Firetrace* case, the Hearing Officer said:

“16. Both counsel also agreed that irrespective of my findings in relation to what (if any) further part the proprietors may play in these proceedings, the registration can not simply be revoked or declared invalid. The basis of this submission is the presumption of validity contained in section 72 of the Act. This section reads as follows:

"72. In all legal proceedings relating to a registered trade mark (including proceedings for rectification of the register) the registration of a person as proprietor of a trade mark shall be prima facie evidence of the validity of the original registration and of any subsequent assignment or other transmission of it."

17. In this respect I agree with counsel's view. It is not sufficient to simply allege that a registration offends either section 46 or 47 of the Act without doing more to prove that the allegation has substance. That said, when an application for revocation (other than non-use) or invalidation is made and the registered proprietors choose not to respond to such a request, I do not think that it is necessary for the applicants in those circumstances to have to fully substantiate their allegations beyond providing evidence which supports a prima facie case. In reaching this conclusion I am mindful of the decision in the Fontaine Converting Works Incorporated's Patent (Revocation) [1959] R.P.C. 72 (at page 73) where the Assistant Comptroller stated:

"in the case before me the patentee has made no response whatever to the case made by the applicants for revocation although he has been allowed very generous time in which to do so. He has not even asked the Comptroller to decide the case in his absence: I must read the agent's letter of 21 November as saying no more than that in the absence of instructions the agents can give no assistance in the prosecution of this case. In these circumstances I must hold that the Comptroller has no duty to consider the merits of the case. If he were to attempt to do so, he must give the applicants' for revocation an opportunity to develop their case, by the appointment of a hearing or otherwise. It is not reasonable that they should be put to this trouble and expense, and that official time should be wasted, on a case which the patentees have, in effect, allowed to go by default. And it would be intolerable that the interests of the applicants for revocation and the public in general should be prejudiced for an indefinite period by the refusal of the patentees to enter any defence in the action brought against them, whether the reason be that they can see no defence, or that they wish to delay a decision on the case as long as possible".

18. The position under the 1994 Trade Marks Act is somewhat different. As mentioned above section 72 of the Act does provide that registration of a trade mark is considered prima facie evidence of its validity. As such, even in revocation (other than non-use) and invalidation proceedings where the proprietor does not contest the application, there is in my view still an onus on the applicants to make out at least a prima facie case."

29. In his decision in *Lowden* Mr Justice Patten did not criticise this approach when he said in paragraph 22 of that decision:

"His decision in *Firetrace* was therefore premised on the basis that there had to be a judicial determination of the issue of validity, and it has to be considered in that light.."

30. In addition, in *Applied Technologies Manufacturing Limited v Apple Projects Limited*, Mr Richard Arnold QC acting as the Appointed Person said in paragraph 37 of that decision:

"Because rule 31 is concerned with applications for revocation for non-use under section 46(1)(a) and (b), that is to say, revocation on the basis of post-registration events, section 72 has no bearing on how that discretion should be exercised. The position is different if the application is for a declaration of invalidity under section 47 and rule 33: see *FIRETRACE* Trade Mark at [16] – [18]....."

31. From the above, it is palpably clear that in the event of a Registered Proprietor not filing a Form TM8 and counter-statement within the prescribed period, and given the presumption of validity contained in Section 72 of the Act, an Application for Invalidation will not automatically succeed. The Applicant will still be required to make out a prima facie case and to do this they may (as in these proceedings) need to file evidence. Bearing in mind the comments in *Lowden* regarding the applicability of the evidence rounds in the absence of a properly filed defence, and in particular the use of the words "further evidence" appearing in rule 31(8) of the Trade Marks Rules 2000, it appears to me that rule 33(A)(6) of the Trade Marks Rules 2000 (as amended) provides an appropriate mechanism under which the Applicant may file their evidence: This rule reads:

"(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."

32. In light of the comments of the Hearing Officer in *Firetrace*, those of Mr Justice Patten in *Lowden* and Mr Arnold in *Applied Technologies Manufacturing Limited*, I concluded that notwithstanding the Registered Proprietor's failure to file Form TM8 and counter-statement within the prescribed period, and notwithstanding that I was not prepared to exercise my discretion in the Registered Proprietor's favour to treat the Application as opposed, there remained a burden on the Applicant (imposed by Section 72 of the Act) to make out a prima facie case. When as in these proceedings evidence is required to substantiate a number of the claims, the provisions of rule 33(A)(6) of the Trade Marks Rules 2000 (as amended) may be utilised for this purpose.

33. In the official letter of 23 November 2004, the Applicant was allowed, under the provisions of rule 33(A)(1)(a) of the Trade Marks Rules 2000 (as amended), a period of six weeks until 4 January 2005 to file their evidence in these proceedings. In the Official letter of

14 December 2004, this period was suspended to await the outcome of the interlocutory hearing; at this point three weeks of the prescribed period had elapsed. Given my decision in these proceedings, in my letter to the parties of 24 January 2005, I terminated the suspension of the period for the filing of the Applicant's evidence and allowed them until 14 February 2005 (an additional three weeks and the balance of the six week period) to complete their evidence.

Costs

34. Finally I made an order as to costs. At the hearing Mr Roberts said:

“Sir, this is not a standard situation where it is obvious that costs should follow the event. I accept that and more significantly my instructing solicitors accept that. Certainly my instructing solicitors are prepared to abide/to undertake the sort of costs order that was made in *Firetrace* because my friend may say with some force that it is in effect the fault of the Registered Proprietor or its agents that we have to be here today.”

For his part Mr Gruselle said:

“We really have nothing to say. We are happy to abide by your decision on costs.”

35. I note that in *Firetrace* the Hearing Officer used the provisions of Section 82 of the Act which reads:

“Except as otherwise provided by rules, any act required or authorised by this Act to be done by or to a person in connection with the registration of a trade mark, or any procedure relating to a registered trade mark, may be done by or to an agent authorised by that person orally or in writing”,

to order the Registered Proprietor's Trade Mark Attorneys to pay costs in the amount of £500. However, in *Hi-Tec Sports UK Ltd v Nicholas Dynes Gracey* (BL O/397/02), Mr Hobbs acting as the Appointed Person said in relation to Section 68 of the Trade Marks Act 1994 and rule 60 of the Trade Mark Rules 2000:

“These provisions enable the Registrar to make orders for costs against and in favour of the parties to proceedings before her under the Act and the Rules. They do not enable her to make orders for costs against or in favour of non-parties. Legal or other representatives do not become parties simply by acting on behalf of their principals in the proceedings in which they have been engaged to act. It follows that the representatives themselves are not parties as against whom orders for costs can be made under Section 68 and Rule 60. This tallies with the observations of Lord Goff of Chievely in the principal speech in the House of Lords in *Aiden Shipping Co. Ltd v. Interbulk Ltd* [1986] 1 AC965 at pp. 979E to 980C.”

At the hearing I mentioned this case to Mr Roberts who said:

“...If that is the case, I have instructions to offer you an undertaking that any costs order you may make against the Registered Proprietor will in fact be met by my solicitors directly.”

36. Given the Applicant's success at the hearing, I ordered the Registered Proprietor to pay to the Applicant the sum of £200 as a contribution towards their costs in respect of their preparation for and attendance at the interlocutory hearing.

Conclusions

37. In summary, I have concluded that:

- **the registrar's Preliminary View expressed in the official letter of 11 November 2004, to exercise a discretion under rule 66 in the Registered Proprietor's favour, and in so doing to allow into these proceedings the counter-statement and the late filed Form TM8 was incorrect;**
- **there was no suggestion that the Registered Proprietor had used either a replica of the Form TM8 or a Form which was acceptable to the Registrar and which contained all the necessary information;**
- **the use of the word "may" appearing in rule 33(6) of the Trade Marks Rules 2000 (as amended) provided the registrar with a discretion as to whether or not to treat the Registered Proprietor as not opposing the application;**
- **the use of the word "may" appearing in rule 33(6) of the Trade Marks Rules 2000 (as amended) should be construed in the same manner as Mr Justice Patten construed rule 31(3) of the Trade Marks Rules 2000, and that in the absence of any identified: "...defects in the application which are apparent from the Statement of Grounds", I should not exercise my discretion in the Registered Proprietor's favour to allow the application to be treated as opposed:**
- **there remained a burden on the Applicant (imposed by Section 72 of the Act) to make out a prima facie case. When as in these proceedings evidence is required to substantiate a number of the claims, the provisions of rule 33(A)(6) of the Trade Marks Rules 2000 (as amended) may be utilised;**
- **the suspension of the period for the filing of the Applicant's evidence should be terminated; the Applicant was allowed the balance of the prescribed six week period to complete their evidence;**
- **the Registered Proprietor should pay to the Applicant the sum of £200 as a contribution towards their costs in respect of their preparation for and attendance at the interlocutory hearing.**

Dated this 20th Day of May 2005

**C J BOWEN
For the Registrar
The Comptroller-General**