

O-285-05

TRADE MARKS ACT 1994

**IN THE MATTER OF AN INTERLOCUTORY HEARING
IN RELATION TO INTERNATIONAL TRADE MARK REGISTRATIONS
NOS. 739193 AND 746883 IN THE NAME OF VIRT-X EXCHANGE LTD
AND
APPLICATIONS FOR DECLARATIONS OF INVALIDITY THERETO
UNDER NOS. 16045 AND 16046 BY OXFORD VIRTUAL MARKETS LTD
AND ADVANCED TRANSACTION SYSTEMS LTD (JOINTLY)**

TRADE MARKS ACT 1994

**IN THE MATTER OF an
interlocutory hearing in relation
to international trade mark
registration Nos. 739193 and 746883
in the name of Virt-X Exchange Ltd
and applications for declarations of
invalidity under Nos. 16045 and 16046
thereto by Oxford Virtual Markets Ltd
and Advanced Transaction Systems Ltd (Jointly)**

Background

1. International registration Nos. 739193 and 746883 stand in the name of Virt-X Exchange Ltd. An application for a declaration of invalidity was filed against each of the registrations on behalf of Oxford Virtual Markets Ltd and Advanced Transaction Systems Ltd (jointly) through their representatives, J A Kemp.

2. The applications were forwarded to the registered proprietor and a period allowed for the filing of a defence. This was filed by Tillbrook & Co, representatives for the registered proprietor. There then followed an exchange of correspondence resulting in various amendments to the proceedings, the details of which I do not need to set out save to say that it resulted in the two sets of proceedings being consolidated and the period allowed for filing of the applicants' evidence being re-set to expire on 31 January 2005.

3. The applicants filed evidence within the period allowed. It consisted of various witness statements and accompanying exhibits. By way of a covering letter dated 31 January 2005, the applicants requested that exhibits KC1, CT1, JAF1, BS1 and BS2, which formed part of the evidence, be made subject to a confidentiality order.

4. In respect of exhibit BS1 the request was that it should not be open to public inspection. In respect of all other exhibits, the applicants consented to access by the registered proprietor's representatives but not to the registered proprietor itself nor any third party and not to the public.

5. The registrar sought comments on the request from the registered proprietor and, having received comments essentially resisting the request, issued a preliminary view by way of a letter, dated 1 March 2005. The letter stated:

“It is the preliminary view of the Registrar that confidentiality should be refused. It is considered that the evidence does not contain anything of a commercially sensitive nature and that the registered proprietor is entitled to see the extent of the evidence to enable them to assess the case against them.”

6. The applicants requested to be heard. Arrangements for the hearing were put in hand but before it took place, the registry wrote to J A Kemp returning exhibit JAF1

seeking its amendment and seeking further clarification. The letter, dated 3 May 2005, stated:

“This particular evidence consists of many pages which should be paginated. Confirmation is also sought as to which pages the confidentiality request relates to.”

7. I should point out that the exhibit consisted of well over five hundred unnumbered and unmarked pages which were not bound or otherwise secured.

8. By way of a letter dated 18 May 2005, the applicants wrote to the registrar in the following terms:

“Whilst we maintain the view that the information itself is plainly commercially sensitive, we do take on board the Registrar’s understandable concerns about the Registered Proprietor being able to assess properly the case against them. Accordingly, we wish to propose the alternative course that the Exhibits mentioned in our letter of 31 January 2005, be made subject to a “confidentiality club”, that is to say, an order under rule 51 of the Trade Marks Rules 2000 that the said exhibits be disclosed to the Proprietor’s counsel and trade mark attorneys as well as two representatives of the Registered Proprietor itself (to be named in advance), but not otherwise laid open for public inspection.”

The letter continued:

“All the relevant individuals, lay and professional, must be prepared to give formal confidentiality undertakings to the Applicant not to disclose the information to any third party and not to use the information for any purposes other than these proceedings. This will, in our view, allay the concerns about the proper giving and taking of instructions and enable the Registrar to conduct the substantive hearing conveniently in due course.

The evidence would then be able to be presented in the form already sent to the Registrar with the exception of JAF1, which our client would like to redact prior to re-submission to the confidentiality club.”

9. The registered proprietor responded by way of a letter dated 25 May 2005. The letter sought a postponement of the hearing which had been arranged for 1 June 2005, so as to allow consideration of the applicants’ proposal. The letter also pointed out that not having seen the content of the exhibits and therefore being unable to make an assessment of it, it would be inequitable to proceed with the hearing as planned.

10. Under cover of a letter also dated 25 May 2005, the applicants returned exhibit JAF1 with each page numbered although it was still unbound. The exhibit had been redacted “to remove references to the party with whom the Applicants were negotiating.” They also confirmed that the request for confidentiality was in respect of the entirety of the document.

11. A hearing was then re-appointed to take place on 7 July 2005. Shortly before that date, and by way of a letter dated 30 June 2005, the registered proprietor queried whether the evidence for which an order for confidentiality was sought was already in the public domain. The registrar wrote to the applicants on 1 July 2005 to seek clarification. The letter stated:

“Please see the attached copy of a letter received from Messrs Tillbrook & Co dated 30 June 2005.

The letter was sent following a telephone call from Messrs Tillbrook, my understanding of which was that there may be an issue as to whether the evidence for which confidentiality is sought in the above proceedings may be the same as that filed in earlier opposition proceedings, being opposition 70415, which is already in the public domain.

Your comments are sought and would be appreciated by return of fax.

The Hearing Officer is prepared to discuss this matter as a preliminary point at the Hearing on 7 July.”

12. The applicant replied on the same day confirming “that evidence previously adduced in Opposition No. 70415 is not comprised in evidence for which an Order of Confidentiality is requested in these proceedings”.

The Hearing

13. On 7 July 2005 an interlocutory hearing took place before me via videoconference. Mr Simon Malynicz of counsel appeared on behalf of the applicants, Miss Victoria Jones of counsel appeared for the registered proprietor. I heard submissions from both parties and also had the benefit of skeleton arguments from them both.

14. Mr Malynicz withdrew the request for confidentiality in respect of exhibit BS1 and I make no further comment about it. He went on to say that the remaining evidence for which confidentiality was sought was crucial to his clients’ case. Some of the exhibits contained customer lists. This is information that would be useful to a competitor especially in a small market involving financial products and high value customers.

15. Mr Malynicz indicated that as the named parties are subject to confidentiality agreements, the details of those parties is commercially sensitive. The exhibits also contained copies of confidentiality agreements which had been entered into between his clients and third parties. These agreements have a mutuality of obligation in them and just to disclose the material to the public could put his clients in difficulty with that obligation.

16. These documents had come into existence after much contact between the parties: the information within them could be useful to competitors and its disclosure would be damaging to the applicants’ business for two reasons. Firstly, because it details the

customer specification and requirements which form the business and secondly, because it shows how that business is carried out.

17. Ms Jones submitted that it was a fundamental principle of the judicial system that there is open public access to judgements and decisions and, in the registry, to the documents relied on by the parties. Allowing access to representatives of the registered proprietor was not sufficient to avoid potential prejudice to the registered proprietor.

18. Ms Jones submitted the request was excessive. She suggested that permission could be sought from the third parties to enable the applicants to rely on the evidence in these proceedings. She agreed that the proceedings were in respect of a very niche market and involved large amounts of money and lengthy periods of negotiation but submitted that this reduced the risk of damage.

19. Mr Malynicz replied that the registered proprietor was resisting the application for confidentiality because if an order was not granted the material would be withdrawn and this would impact adversely on the applicants' case. There was, he said, no compelling reason why this material should be open to public inspection. Neither should the material be available to the registered proprietor itself for the reasons already given.

20. At the conclusion of the hearing, I reserved my decision. Because of unforeseen circumstances I was unable to advise the parties of my decision as soon as I had intended however my decision was communicated to them on my behalf by way of a letter dated 22 July 2005. The letter stated:

“ The preliminary view had been in respect of 5 exhibits viz. BS1, BS2, KC1, CT1 and JAF1.

BS1

At the hearing, Mr Malynicz indicated that in relation to exhibit BS1, this material was not confidential and that as a consequence the request for confidentiality was withdrawn. As a result of the withdrawal of the request, I confirm that the exhibit should now be copied to the registered proprietor forthwith.

BS2

This exhibit takes the form of copies of confidentiality agreements entered into with third parties. I have decided that this exhibit should be subject to a confidentiality order, the terms of which should indicate that the material will be made available to the registered proprietor's legal representatives but not to the registered proprietor or the public.

KC1 and CT1

Exhibits KC1 and CT1 are identical and comprise a list of parties who have entered into confidentiality agreements with the applicant. Again, I have decided that these exhibits should be subject to a confidentiality order, the terms of which should indicate that the material will be made available to the

registered proprietor's legal representatives but not to the registered proprietor or the public.

JAF1

At the hearing, it was made clear that the request for confidentiality was in respect of a redacted version of this exhibit filed 25 May 2005. I am now in receipt of this redacted evidence. Mr Malynicz confirmed that the request for confidentiality was in respect of the whole of the exhibit. The exhibit consists of well over 500 pages, some of which are blank, e.g. pages 40-42, others of which are of uncertain purpose, e.g. pages 521 and 534 and some of which would appear to be already in the public domain, e.g. page 538. I am not prepared to make a blanket confidentiality order of this exhibit.

In so far as costs are concerned, I have decided that these should be held over for determination when the proceedings are concluded.

Finally, at the hearing it appeared that the parties may be considering the possibility of a Confidentiality Club. This was not an issue before me, and as such, I make no comment on it."

21. On 3 August 2005, Tillbrook & Co filed a Form TM5 requesting a written statement of the grounds of my decision. Following receipt of the request I wrote again to the parties. My letter, dated 9 August 2005 stated:

"I refer to your letter of 3 August 2005 filed along with a Form TM5 seeking a written statement of grounds of my decision following the interlocutory hearing which took place on 7 July 2005.

As you are aware, due to unforeseen circumstances which arose shortly after the hearing, I was unable to advise the parties of my decision as had been my intention. A letter was issued on my behalf dated 22 July but, through no fault of its writer, was not as detailed as it might have been. I apologise for this. Because of this deficiency, I am taking this opportunity of issuing a further letter giving more detail of my decision and its effect, in the hope that it will assist both parties. In view of this further letter, I am not, at this stage, going to action the Form TM5 by preparing a statement of grounds (but see below).

BS2, KC1, CT1

I found that these exhibits should be subject to a confidentiality order indicating that they will be made available to the registered proprietor's legal representatives but not to the registered proprietor themselves nor to the public. You query whether this would include your client's in-house legal team. I interpret the term "legal representatives" in its widest sense.

Subject to confirmation that no request for written grounds of my decision is being requested, I would expect you to provide an acceptably worded undertaking within 7 days of receipt of the confidentiality order from the registry. I would then expect copies of the confidential exhibits to be sent to

you by J A Kemp within 7 days of receipt of the acceptably worded undertaking.

JAF1

The request for an order for confidentiality of this (redacted) exhibit was made in respect of the whole exhibit. It seemed to me that this document was somewhat poorly prepared because, as has been indicated previously, some of the pages were blank, others contained little if any information and still others appeared already to be in the public domain. Because of this I was not prepared to make a order for confidentiality of that exhibit. That being the case, the question of a confidentiality club did not arise.

It is a matter for J A Kemp and the applicants to determine their next course of action in respect of this document. Subject to their right to appeal my decision, they have to determine whether or not they wish to withdraw the exhibit in its entirety. Alternatively, they may decide to review the exhibit and, having evaluated each page, request to further redact it and make a fresh request for confidentiality. Any such request would be dealt with afresh and be subject to your comments before the registry issued a preliminary view.

BS1

As the letter of 22 July indicated, the request for confidentiality in respect of this exhibit was withdrawn at the hearing. The exhibit should be copied to you by J A Kemp without delay, although I would expect them to have already done so.

I hope this letter better explains my decision. Even so, it does not contain a full statement of the reasons for my decision. It remains, of course, available to either party to request such a statement. I am therefore allowing a period of 28 days from the date of this letter for the applicant to file a Form TM5 and/or for you to confirm whether or not you wish to withdraw the Form TM5. Should you request to withdraw the form, I will arrange for a refund of the fee paid.”

22. By way of a letter dated 2 September 2005, Tillbrook & Co confirmed that the Form TM5 was to stand and requested the preparation of a written statement of grounds.

Grounds of decision

23. Rule 51 of the Trade Marks Rules 2000 (as amended) deals with the subject of the confidentiality of documents. It reads as follows:

“Confidential documents

51. –(1) Where a document other than a form required by the registrar and published in accordance with rule 3 above is filed at the Office and the person filing it requests, at the time of filing or within fourteen days of the filing, that it or a specified part of it be treated as confidential, giving his reasons, the

registrar may direct that it or part of it, as the case may be, be treated as confidential, and the document shall not be open to public inspection while the matter is being determined by the registrar.

(2) Where such direction has been given and not withdrawn, nothing in this rule shall be taken to authorise or require any person to be allowed to inspect the document or part of it to which the direction relates except by leave of the registrar.

(3) The registrar shall not withdraw any direction given under this rule without prior consultation with the person at whose request the direction was given, unless the registrar is satisfied that such prior consultation is not reasonably practical.

(4) The registrar may where she considers that any document issued by the Office should be treated as confidential so direct, and upon such direction that document shall not be open to public inspection except by leave of the registrar.

(5) Where a direction is given under this rule for a document to be treated as confidential a record of the fact shall be filed with the document.”

24. The Trade Marks Registry has issued a Practice Direction to advise how it will approach the issue of confidentiality of evidence filed in inter partes proceedings. It reads as follows:

“Confidentiality of evidence filed in inter partes proceedings

Under the Trade Marks Act 1938, evidence filed in inter partes proceedings was not and is not available for public inspection. Any request for evidence to be treated as confidential therefore relates to the withholding of documents from the other party or parties to the proceedings but, usually, not from their legal representatives. Rule 127 of the Trade Marks and Service Marks Rules 1986 applied.

Under the provisions of the Trade Marks Act 1994, all documents filed are available for public inspection. Any request for confidentiality will therefore, prima facie, be taken to be a request for a Direction to withhold the document from inspection by the public. If it is intended to seek to withhold the document from the other party or parties to the proceedings (or made available only to their legal representative), then the request that evidence be treated as confidential under the provisions of Rule 51 of the Trade Marks Rules 2000 must make it clear that not only is a Direction sought to withhold the documents from inspection by the public but that, in addition, access to the document is to be allowed only to a party’s representative.

Practitioners should therefore note carefully the difference in emphasis as between the respective statutes on the subject of confidentiality of documents and ensure that any request to the Registrar make clear precisely the order they seek.

Orders for confidentiality will not, however, be issued as a matter of course. Requests must continue to be supported by full and detailed reasons in each case.

In considering such requests the Registrar will bear in mind the comment of Upjohn LJ in *Re K (Infants)* [1963] Ch381; where he states:

“It seems to be fundamental to any judicial enquiry that a person or other properly interested party must have the right to see all the information put before the Judge, to comment on it, to challenge it and if needs be to combat it, and to try to establish by contrary evidence that it is wrong. It cannot be withheld from him in whole or in part. If it is so withheld and yet the Judge takes such information into account in reaching his conclusion without disclosure to those parties who are properly and naturally vitally concerned, the proceedings cannot be described as judicial.”

Also the comments of Mr Justice Whitford in *Diamond Shamrock Technologies SA* [1987] RPC 91; where he states:

“It is commonplace with a variety of proceedings, and patent proceedings are no exception, that the parties to the proceedings want material to be kept confidential. There are matters which they do not want to be disclosed to the public at large. What is said in these letters is that this, that or the other information contained in the declarations or exhibits should be kept confidential because “it contains sensitive commercial information”.

I think it is desirable that a more exact indication should be given as to the reasons why in truth the documents ought not to be disclosed because it is easy enough to talk about the material being of commercial interest and to talk of it being sensitive. That fact in itself does not necessarily mean that the material, which would otherwise become public property because it was included in the documents which are going to be open to public inspection, is to be excluded from public inspection.”

The Registrar takes the view therefore that any party to proceedings before him has the right to see all the evidence laid before the Registrar by the other side. Only in exceptional circumstances and for the most transparent and compelling of reasons will the Registrar issue a Direction which denies the other side the opportunity to counter evidence filed in support of the pleadings against him.”

25. Rule 51(1) of the Trade Marks Rules 2000 (as amended) indicates that in order for a request for confidentiality to be considered, it must be made either “at the time of filing” or “within fourteen days of the filing”. In these proceedings, the request was made in the covering letter under which the evidence was filed. In the circumstances,

I conclude that the request for confidentiality was properly made as it met the qualifying status defined in rule 51(1).

26. Having concluded that the request was properly made, I go on to consider the substance of the request taking into account the guidance provided by the Trade Marks Registry and the comments of Upjohn LJ and Mr Justice Whitford as set out above.

27. Exhibit JAF1 was withdrawn by the applicants following the issue of my decision. In the circumstances I propose to say no more about this exhibit. The remaining exhibits are BS2, KC1 and CT1. Exhibit BS2 consists of copies of confidentiality agreements entered into by the applicants with third parties. Exhibits KC1 and CT1 are identical to each other and consist of a list of the names of parties who have entered into confidentiality agreements with the applicants.

28. I accept that a party in adversarial proceedings should, as a general rule, have access to all the material put before the Tribunal by the other party(ies). But this, in my view, must be balanced against the need for parties to keep information confidential which is genuinely commercially sensitive. Exhibits BS2, KC1 and CT1 contain copies of confidentiality agreements and the names of parties subject to such agreements. The agreements are detailed and, in my opinion, commercially sensitive as they have the potential to damage a company's trading success if they were to be disclosed to a competitor.

29. I therefore determined that exhibits BS2, KC1 and CT1 should be subject to a confidentiality order. In these proceedings, the applicant is not seeking to deny access to these exhibits from the legal advisors acting for the applicants. I therefore determined that the confidentiality order would make it clear that whilst the exhibits were not open for public inspection or for inspection by the registered proprietor itself, they would be open to the registered proprietor's legal advisors. This of course is subject to the condition that they will not disclose the information to the registered proprietor or to any other person, This should not prejudice the registered proprietor, as its advisors will have access to the information and be able to identify any criticisms of its value as evidence.

30. As I indicated earlier in this decision, the applicants made an alternative suggestion that the parties enter into a confidentiality club with access being made available to the registered proprietor's counsel and trade mark attorneys as well as two named representatives of the registered proprietor itself (to be named in advance).

31. The registered proprietor rejected the idea of a confidentiality club. Ms Jones indicated that it was unreasonable for the registered proprietor's access to evidence to be limited in such a way, particularly so given that it was expected to identify two relevant individuals without first having seen the evidence. Given that not even the registered proprietor's legal representatives had had sight of the evidence, I have some sympathy with this point of view.

32. The registered proprietor has indicated that it might be willing to discuss the possibility of entering into a confidentiality club if an order for confidentiality was imposed. Having made such an order in respect of three exhibits indicating that the

evidence should be made available to the registered proprietor's legal advisors, it remains open for them to negotiate further with the applicant if, having examined that evidence, they consider it appropriate. Any resultant agreement would, of course, be subject to approval by the registrar in due course.

33. In respect of costs, I decided that these should be held over for determination when the proceedings are concluded.

Dated this 24th day of October 2005

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