TRADE MARKS REGISTRY

Room A2
Harmsworth House
13-15 Bouverie Street
London, EC4Y 8DP

Friday, 7th June 2002

Before:

MR. SIMON THORLEY QC
(Sitting as the Appointed Person)

In the Matter of the TRADE MARKS ACT 1994

and

In the Matter of Trade Mark No. 1272101 & 1229890
in the name of NICHOLAS DYNES GRACEY
Application for Revocation No. 12553 & 12554
thereto by HI-TEC SPORTS LIMITED

An appeal to the Appointed Person from the decision of
Mr. M. Knight acting on behalf of the Registrar,
dated 10th December 2001.

(Computer-aided Transcript of the Stenograph Notes of
Marten Walsh Cherer Ltd., Midway House,
27/29 Cursitor Street, London, EC4A 1LT.
Telephone No: 0207 405 5010. Fax No: 0207 405 5026.)

MR. N. D. GRACEY (Appellant/Registered Proprietor) appeared in person (via telephone link).

MR. TARRANT (of Messrs. DJ Freeman, London EC4) appeared on behalf of the Respondent/Applicant for Revocation.

TM REGISTRY did not appear and were not represented.

DECISION
and
RULING ON COSTS
(As approved by the Appointed Person)

D E C I S I O N

THE APPOINTED PERSON: This is an appeal to the Appointed Person from a decision of Mr. Knight, the Principal Hearing Officer acting on behalf of the Registrar, given on 10th December 2001. It was an interim decision given in two applications for revocation, both made on 6th June 2001.

The applications for revocation were made by Hi-Tec Sports plc and the trade marks, the subject of the applications, were numbers 1272101 and 1229890, both of which are registered in the name of Nicholas Dynes Gracey. The marks both consist of or comprise the word ADRENALIN. The application was made on the basis of no bona fide use for a period of five years pursuant to section 46 of the Trade Marks Act 1994.

The grounds were succinctly stated in four paragraphs: paragraph 1 pleaded that Mr. Gracey was the proprietor; paragraph 2 pleaded that investigations had been carried out which had revealed no use for a period of five years; paragraph 3 alleged that the registration offended against section 46(1)(a) and/or 46(1)(b) and paragraph 4 asked for an award of costs.

In accordance with the rules, Mr. Gracey filed form TM8 on 17th September 2001, which is the form of counterstatement to which must be attached a statement of grounds. This was done by way of a document entitled "Defence" which ran to

four pages and a counterstatement which ran to a further 17 pages. A large amount of information was contained in those documents, much of which did not take the nature of a pleading, but it is possible within the document to discern two points that were being made.

First, in paragraphs 2 and 3 it was alleged that these revocation proceedings were an abuse of process having regard to the fact that there were identical proceedings pending trial in the High Court. These proceedings were, on the face of this pleading, started by Mr. Gracey on 18th July 2001 with the defendants being Hi-Tec Sports plc, Hi-Tec Sports UK Limited and Hi-Tec Sports International Limited. It will be apparent from this that these proceedings were commenced after the applications for revocation had been made.

The second point that arises on the pleading is that Mr. Gracey is contending that there were proper reasons why there had been no use of the mark over the relevant period. In that respect, it is to be noted that section 46 provides that if a mark has not been used, the mark none the less may remain on the register if there are proper reasons for non-use.

As a result of that defence and counterstatement, there ensued a good deal of correspondence between the parties and the Registry as to the correct way for these proceedings to continue. I do not propose in this decision to go through

that correspondence. I think it is sufficient for present purposes to identify that at all times Mr. Gracey maintained that the correct procedure was for these proceedings to be stayed, having regard to the subsequent commencement of the High Court action. He relied on a decision of Laddie J in Chorion plc v Lane (Times Law Report, 7th April 1999).

This was opposed by DJ Freeman, solicitors acting on behalf of the Hi-Tec companies, on two bases. First, they contended that there was no valid defence to these proceedings having regard to an apparent failure by Mr. Gracey to comply with rule 31(2) of the Trade Mark Rules; and, secondly, they contended that the pleadings served by Mr. Gracey raised no arguable defence and thus that these pleadings should be struck out.

As to the first of these points, if there has been a failure to comply with the Rules, although I have not heard full argument on the point, I anticipate that the failure would amount to a procedural error of a nature that no court would lightly penalise the person in default if the result would be that the defence would fail in limine.

As to the second, this is a more substantial question. If there is no arguable defence, then plainly it would be wrong for the proceedings to continue and in the normal course of events it would be proper for this question to be decided at the outset. However, on 26th September 2001, a

Reply was served in one of the High Court actions. In paragraph 14 of that Reply there is an allegation that the two trade marks in issue in these proceedings should be declared invalid in the High Court proceedings under sections 46(1)(a) or 46(1)(b) on the ground that they have not been put to genuine use in the United Kingdom. In other words, it is now perfectly plain that in the High Court proceedings exactly the same allegation of non-use is being made as is being made in the present case.

In the High Court proceedings there has been a case management conference in front of Pumfrey J and no application was made by Hi-Tec for summary judgment on the question of non-use. As a result of this, on 29th November 2001 Mr. Pumfrey gave directions for a comprehensive order dealing with the future conduct of those proceedings. He consolidated three actions, including the action in which the Reply to which I have just referred is included. There was no order that Mr. Gracey be debarred from contesting the application for revocation nor were there directions for this issue to be heard as a preliminary issue. These directions were subsequently embodied in an order dated 28th March 2002 which was shown to me.

What Mr. Knight was faced with on 10th December were three separate issues: first, a procedural issue as to whether a letter dated 17th October 2001 from DJ Freeman

should be admitted into the proceedings. He decided that it should be and it appears to me from reading the transcript that Mr. Gracey did not seriously object - a very sensible course; secondly, he considered whether there should be any form of strike out and, thirdly, he was proposing to consider the question of a stay. In the event he decided that he needed further information in order properly to consider the question of the strike out. Therefore, he ordered Mr. Gracey to serve further evidence and in effect adjourned the question of the stay. It does not appear from the transcript that he was told of the substance of Pumfrey J's directions.

Section 46 of the Act provides in subsection (4) as follows: "An application for revocation may be made by any person, and may be made either to the registrar or to the court, except that - (a) if proceedings concerning the trade mark in question are pending in the court, the application must be made to the court; and (b) if in any other case the application is made to the registrar, he may at any stage of the proceedings refer the application to the court."

Mr. Gracey sought a stay but in their letter of 1st November 2001 to the Registrar DJ Freeman raised the alternative possibility that the proceedings be referred to the court.

On an appeal such as this (as is now set out in the recent decision of the Court of Appeal in Bessant & Others v South Cone Incorporated, Neutral Citation Number: [2002] EWCA

Civ 763, given on 28th May 2002) if there is a distinct or material error of principle, this tribunal is free to re-hear the matter and substitute its own judgment. However, in other circumstances an appellate tribunal should show a real reluctance but not the very highest degree of reluctance to interfere with the Registrar's decision.

In the present case, the Registrar's decision was in essence an exercise of discretion. He concluded that it would be in the interests of justice for Mr. Gracey to file further information before he, the hearing officer, reached the conclusion whether or not the counterstatement to the applications for revocation should be struck out with the result that the marks would be revoked. If the pleading was not struck out he would thereafter decide whether there should be a stay or a transfer.

I regret I have concluded that this was an improper exercise of discretion. The discretion was exercised, in my judgment, on the wrong grounds. I say this because had Mr. Knight been informed of the substance of Pumfrey J's directions which would have made it plain that there was going to be a full trial of the matters in dispute in the High Court proceedings, which encompassed precisely the same matters as were in dispute in these revocations, I cannot believe that he would have done other than defer to the High Court and allow the High Court to decide all matters in

issue.

Indeed, if Mr. Knight had reached the conclusion subsequently that the defences to these applications for revocation should be struck out, this would have prejudged the High Court action since the trade marks would have been revoked. This almost inevitably would have resulted in an appeal to the High Court where the matter would in all likelihood have come to be decided at the same time as the High Court proceedings. Common sense, fairness, speed and avoidance of expense must dictate in those circumstances that there is not a duplication of proceedings.

I have therefore reached the clear conclusion that Mr. Knight was in error, possibly through not having all the information before him, and it is therefore right that I should consider the exercise of discretion afresh.

The two alternatives seem to me to be to stay these proceedings or to refer them to the High Court under section 46(4)(b). In Chorion v Lane, Laddie J directed a stay of proceedings in the Employment Tribunal when the same issues arose in a High Court action. There the option of transferring the proceedings to the High Court was not available. Here it is and I have reached the conclusion that this is an appropriate case to refer these proceedings to the court so that all matters concerning these marks may be decided at one hearing. This is particularly so in case

there is any difference in relation to the question of use between the dates of these applications for revocation and the relevant dates regarding non-use in the High Court proceedings. The High Court, in my view, should be seized of all matters. It would be wrong to stay these proceedings with the possibility that they might be resurrected on different grounds once the High Court proceedings have been disposed of.

Accordingly, I direct that these proceedings be referred to the High Court and that Hi-Tec should make an application to the High Court for directions relating to the further conduct of the applications for revocation. I should make it plain that I do not understand that the effect of this will prevent either party making an application for a stay to the High Court if they believe that on the facts of this case that is appropriate. I believe it is right that the High Court should have control over all these proceedings in the hope that duplication and expense can be avoided.

In those circumstances, this appeal will be allowed to the extent that the applications for revocation will be referred to the High Court.

RULING ON COSTS

THE APPOINTED PERSON: So far as concerns the general costs of these applications, including the costs up to and including the hearing before Mr. Knight of 10th December 2001 a nd of any costs incurred in complying with Mr. Knight's order of 10th December 2001 relating to further evidence, I direct that all those costs be reserved to and dealt with in the High Court.

So far as concerns the costs of this appeal, Mr. Gracey has succeeded on this appeal and therefore is entitled to an award of costs in his favour. This deals only, however, with the expenses that he has incurred in preparing for this appeal. I do not doubt that it has taken him time and that some award of costs is appropriate.

Mr. Tarrant, who appears on behalf of Hi-Tec, has suggested that I should bear in mind the conventional scale and this I undoubtedly do. I also bear in mind the fact that Mr. Gracey is a litigant in person and therefore he should be only compensated for his directly incurred costs.

In these circumstances, I believe that an award of costs in his favour in the sum of 200 is appropriate and I direct that that be paid within 28 days of today.
