

O-616-18

TRADE MARKS ACT 1994

**IN THE MATTER OF A JOINT HEARING HELD IN RELATION TO
INTERNATIONAL REGISTRATION NO. 1374609
IN THE NAME OF ASAS JAPAN INC.**

AND

**OPPOSITION THERETO UNDER NO. 412067
LAUNCHED BY BEIJING SMASHING E-COMMERCE CO. LTD**

BACKGROUND

1. ASAS Japan Inc. (“ASAS”) is the registered proprietor of International Registration



(“IR”) No. 1374609 for the mark . The mark covers *clothing; belts for clothing; footwear; masquerade costumes; special footwear for sports; clothes for sports* in class 25. It has an international registration date of 09 August 2017 and claims a priority date of 08 March 2017 (from Japan).

2. Following the holder’s request to seek protection in the UK, the designation of the IR was published for opposition purposes on 12 January 2018.

3. On 26 March 2018, Beijing Smashing E-commerce Co. Ltd (“BSE”) opposed the conferring of protection and filed a notice of opposition on a Form TM7. The opposition was based upon Section 5(2)(b) of the Trade Marks Act 1994 (“the Act”) and was directed against all the goods included in the IR. BSE relied on its European Union (EU) registration no. 15270549, for the mark LAPASA HOMME, which has a filing date of 23 March 2016 and was registered on 19 July 2016. The mark is registered for *clothing; shirts; knitwear [clothing]; tee-shirt; boxer shorts; underclothing; underpants; underwear; pajamas; bath robes; waistcoats; vests; bathing trunks; bathing suits; swimming suits; shoes; socks; clothes for children; leisurewear* in class 25.

4. On 9 April 2018, the Registry wrote to the parties and served the Form TM7 directly on ASAS. The Form TM7, accompanied by an official letter, was sent to an address in Japan, which was recorded on the Register as ASAS’s address for service. It was sent by recorded delivery post (no. RS764369225). The letter to ASAS contained the following statement:

“Please find enclosed a copy of the Form TM7, notice of opposition, filed against your international registration. Copies of these documents have been sent to the World Intellectual Property Organisation (WIPO) informing them of this opposition.

If you wish to continue with your international registration, you must in accordance with rule 18(1) and 18(3) of the Trade Mark Rules 2008, complete a Form TM8 and counterstatement (please see Glossary) and return it to this office within two months from the date of this letter.

If the parties wish to seek a negotiated settlement and avoid the cost of preparing and submitting evidence or submissions, a Form TM9C 'Request for a cooling off period' (no fee required), which will extend the period for the filing of the holder's defence for a further seven months, must be filed. Both parties must agree to enter into cooling off.

The Form TM8 and counterstatement, or Form TM9C must be received on or before 11 June 2018.

...

If you choose not to file a Form TM8, or a Form TM9C your international registration shall, in accordance with rule 18(2) of the Trade Marks Rules 2008, be treated as abandoned in whole or part unless the registrar otherwise directs."

5. The deadline of 11 June 2018 passed without any filing from ASAS in response to the opposition. On 19 June 2018, the Registry issued a preliminary view confirming that as the Form TM8 and counterstatement had not been received, the provisional refusal had been upheld in accordance with article 10B(1) of the Trade Marks (International Registration) (Amendment) Order 2004. The letter, which was sent to the same address for service to which the Form TM7 had been served on 9 April 2018, stated that i) if ASAS disagreed with the preliminary view, it would need to request a hearing and to explain in a witness statement why the Form TM8 and counterstatement were to be filed outside of the prescribed period and ii) if no response were received by 19 July 2018, the Registry would proceed to notify the International Bureau that the provisional refusal had been upheld.

6. On 11 July 2018 ASAS instructed Urquhart-Dykes & Lord LLP to act on its behalf in relation to the opposition. They filed a Form TM8 on 18 July 2018 accompanied by a witness statement from Xinji Zhang, the holder's CEO. Mr Zhang said that his company first became aware of the filing of the opposition on receipt of the letter of 19

June 2018; he further explained that on checking the Madrid Monitor online record, it appears that the International Bureau (WIPO) notified the opposition to ASAS on 17 April 2018, but that ASAS never received that correspondence. Mr Zhang also referred to an application for invalidity that ASAS had filed at the EUIPO against the earlier mark relied upon by BSE in these proceedings. To this end, he appended copies of documents from the EUIPO confirming receipt on 18 July 2018 of ASAS's application for invalidity against the BSE's EUTM 015270549. I have seen no more than the forms filed on the application for invalidity. These reveal that the action brought by ASAS is directed at all of the goods for which the mark is registered and is based on two grounds, namely i) that the EUTM 015270549 mark was filed in bad faith and ii) that ASAS is the proprietor of *"a non registered trade mark [...] used [in the UK] in the course of trade of more than mere local significance"* and that the law of the member state governing that sign gave it *"the right to prohibit the use of a subsequent trade mark"*. The counterstatement contained an admission that there would be a likelihood of confusion under Section 5(2)(b). It stated:

"The Applicant admits the existence of EU TM Registration No. 015270549 ("the Earlier Trade Mark"). The Applicant also admits that there would be a likelihood of confusion between the Application and the Earlier Trade Mark. However, the Applicant submits that the Opposition should fail on the basis of the earlier unregistered rights of the Applicant. The Applicant has filed an application with the EUIPO for a declaration of invalidity against the earlier trade mark based its on its earlier unregistered rights and a claim that the Earlier Trade Mark was filed in bad faith. The Applicant hereby requests that the UKIPO suspends the Opposition proceedings pending the outcome of the application for a declaration of invalidity against the Earlier Trade Mark."

7. ASAS requested to be heard. A hearing took place before me on 30 August 2018. ASAS was represented by Alan Fiddes; BSE was represented by Claire Evans.

THE INTERLOCUTORY HEARING

8. At the hearing, Mr Fiddes reiterated that ASAS never received the notification sent out by WIPO about the opposition. In this connection, I pointed out that, in addition to

that notification, ASAS should have received a notification from the UKIPO. I also explained that, according to the Royal Mail Track and Trace system, the notification sent out by the UKIPO on 9 April 2018 (no. RS764369225) was delivered on 16 April 2018. Mr Fiddes seemed unaware of this.

9. Mr Fiddes then moved on to what was his primary argument, namely that ASAS had brought an application for invalidation before EUIPO against the earlier right relied upon by BSE in these proceedings. He referred to the possible effect that the invalidation proceedings might have on the opposition proceedings at issue, in particular to the fact that should ASAS succeed in the invalidation action, the earlier registration would be deemed never to have been made. His position was that the circumstances of the case were such that would justify the exercise of discretion in favour of ASAS and that the proceedings should stay until the outcome of the parallel invalidation action is known.

10. Ms Evans submitted, on behalf of BSE, that she was not aware of the existence of invalidation proceedings. According to her client, she said, ASAS's failure to file the Form TM8 within the relevant period was deliberate to delay proceedings between the parties. In this connection, she referred to a wider dispute between the parties involving a number of complaints made to Amazon and opposed any further delay of the matter.

11. Mr Fiddes countered that BSE's argument was absurd, given the seriousness of the consequences for ASAS of failing to file the Form TM8 within the relevant period. Ms Evans replied that her client's perspective is, indeed, that of someone who has no knowledge of trade marks.

12. After the hearing, I wrote to the parties in the following terms:

“...having had the time to review all of the papers filed and the oral arguments made at the hearing, I consider the following:

- Mr Fiddes submitted, on behalf of [ASAS], that he never received the notification sent out by WIPO about the opposition. In this connection, I

pointed out that, in addition to that notification, [ASAS] should have received a notification from the UKIPO. According to the Royal Mail Track and Trace system, the notification sent out by the UKIPO on 9 April 2018 (no. RS764369225GB) was delivered on 16 April 2018. Consequently, it does not seem to me that Rule 77(5) is engaged. It follows that [ASAS]'s request for the Registrar to exercise the discretion contained in Rules 18(2) of the Trade Marks Rules, in its favour (to admit the late filed TM8), is likely to hinge on the plea that the earlier right is potentially invalid. This means that [ASAS] must satisfy the Office that the challenge to the earlier mark constitutes an *extenuating circumstance* or a *compelling reason*;

- The only information that was provided by [ASAS] in relation to the invalidation action (brought before the EUIPO) is the form filed on the application for invalidity; this was filed on 18 July 2018 together with the Form TM8 and was not copied to the other party. Ms Evans became first aware of the existence of the invalidation proceedings against her client's earlier right at the hearing;
- The copy of the invalidation application produced by [ASAS] simply sets out the grounds of invalidation. Mr Fiddes did not comment at the hearing on what is the legal basis on which the invalidity application is brought;
- The timing of the invalidity action is particularly important in this case because the proceedings were launched by [ASAS] after it had failed to file a Form TM8 and counterstatement within the relevant period. This is not simply a case of automatically granting a request for suspension made by consent where the earlier mark is at risk. It is a request to consider whether the pending of an application for invalidity against the earlier mark, launched after the inextensible deadline for filing a Form TM8 had already been missed, would justify the exercise of the Registrar's discretion in [ASAS]'s favour. It seems to me therefore that the onus rests on [ASAS] to show why the discretion should be exercised

and to satisfy the Registrar that its challenge to the earlier mark is not, on a *prima facie*, meritless.

I am therefore writing to direct that [ASAS] provides an explanation of what is the legal basis on which the invalidity action is brought. [ASAS] should reply by 20 September 2018 copying its response to the other party.”

13. No response has been received to date.

DECISION

14. For the purposes of this decision, it is not necessary for me to set out all of the statutory provisions governing the conduct of opposition proceedings before the Tribunal. Suffice to say that the period allowed to an applicant to file a Form TM8 is a non-extendable period governed by Schedule 1 to the Trade Marks Rules 2008 (“the Rules”) and may only be extended under the following conditions, set out in Rule 77(5):

“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.”

15. Notwithstanding the above, the Registrar may allow an applicant to file a Form TM8 after the due date, if it is satisfied that it is appropriate to do so. The discretion is contained in Rule 18(2), which reads as follows:

“(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.”

16. At the hearing, Mr Fiddes indicated that ASAS was relying upon both Rule 77(5) and Rule 18(2). I will consider the application of these Rules in the same order.

DECISION

17. Mr Zhang said, in his evidence, that ASAS first became aware of the opposition on receipt of the letter of 19 June 2018. However, as I pointed out at the hearing (and in my subsequent letter), the Royal Mail Track and Trace system records the delivery of the item which was sent by the UKIPO on 9 April 2018 and which notified the opposition to ASAS. Further, as ASAS received the letter of 19 June 2018, which was sent by post to the same address for service, it seems unlikely to me that the earlier correspondence did not arrive. Consequently, I find that the notice of opposition was properly served to the recorded address for service on 9 April 2018 and that there is no “irregularity or prospective irregularity [...] attributable, wholly or in part, to a default, omission or other error by the registrar, the Office or the International Bureau.” Rule 77(5) is not applicable.

18. As regards the application of Rule 18(2), I take into account the following:

19. In *Kickz AG and Wicked Vision Limited*, BL-O-035-11, Mr Hobbs QC sitting as the Appointed Person held that the discretion conferred by Rule 18(2) is narrow and can be exercised only if there are *extenuating circumstances*. In *Mark James Holland and Mercury Wealth Management Limited*, BL-O-050-12, Ms Amanda Michaels, 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. The five factors set out in *Music Choice*, which I take into account in my decision are:

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

20. The deadline for filing the Form TM8, i.e. 11 June 2018, was missed by 38 days. The failure of ASAS stemmed from the fact that, allegedly, it had not received any correspondence (neither from WIPO nor from the UKIPO) about the opposition until the letter of 19 June 2018. Whilst, it might be possible that, for some reason, the item sent by the UKIPO on 9 April 2018 was not physically delivered to ASAS, as I said earlier, Mr Zhang's evidence is not sufficient, by itself, to rebut the presumption raised by the *prima facie* sufficient evidence of service. Upon receipt of the letter of 19 June 2018, ASAS took steps to instruct a legal representative; this was done on 11 July 2018 and the TM8 was filed on 18 July 2018.

The nature of the opponent's allegations in its statement of grounds

21. ASAS has already accepted, in its counterstatement, that there is a likelihood of confusion between its designation and the opponent's earlier mark. The only real debate is the validity of the earlier mark.

The consequences of treating the applicant as opposing or not opposing the opposition

22. If ASAS is not allowed to defend the opposition, its designation will be refused and it may result in the filing of another designation on much the same basis. However, as the new designation would be filed outside the time limit of six months¹ from the filing of the first application in relation to which priority is claimed, ASAS would lose its priority date. The prejudice to ASAS is obvious.

23. If ASAS is allowed to defend the opposition, the proceeding will continue. If the proceedings were to continue without a stay being granted, then given ASAS's admission, the opposition would succeed; however, any decision would have to be issued on a provisional basis (pending the outcome of the invalidation proceedings).

¹ See Section 35 of the Act which reads:

"35(1) A person who has duly filed an application for protection of a trade mark in a Convention country (a "Convention application"), or his successor in title, has a right to priority, for the purposes of registering the same trade mark under this Act for some or all of the same goods or services, for a period of six months from the date of filing of the first such application."

If, on the other hand, a stay is granted, it is likely that there would be a substantial delay until this opposition could finally be resolved since the resolution of the invalidity proceedings could take a considerable period and any decision may be appealed. This takes me to the next point.

Any prejudice caused to the opponent by the delay

24. Ms Evans submitted at the hearing that her client has been prejudiced by the delay and would be further prejudiced if I were to admit the late TM8 and stay proceedings. She pointed out that staying the opposition proceedings to await the outcome of the invalidity action would give rise to a considerable delay, perhaps of years.

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

25. As I have already touched upon, ASAS filed copies of documents showing that there are on-going proceedings between the same parties before the EUIPO. These proceedings concern the validity of the earlier EUTM registration upon which the BSE relies. However, as I explained in my previous letter to the parties, the timing of the invalidity action is particularly important in this case. The fact of the matter is that on learning that its designation was going to be treated as abandoned, on the same day (18 July 2018) ASAS i) filed a Form TM8 ii) commenced invalidation proceedings before the EUIPO against BSE's earlier EUTM mark and iii) requesting a stay of the opposition proceedings before the UKIPO pending the outcome of the EUIPO proceedings.

CONSIDERATIONS

26. ASAS's failure to file a Form TM8 within the time limits set by the Tribunal cannot belatedly be remedied purely through the filing of an invalidity action against the earlier mark. Such an approach would confuse the request for a stay with the exercise of the Tribunal's discretion under Rule 18(2).

27. As I have already said, until the date where ASAS filed its late Form TM8, the validity of the earlier mark had not been challenged. As the proceedings against the validity of the earlier mark were launched only after ASAS had learned that its designation was going to be treated as abandoned, it is incumbent on ASAS to satisfy the Registrar that its application to invalidate the earlier mark is not, on a *prima facie*, meritless and that there are substantial grounds for contending that the earlier mark is invalid.

28. ASAS has not responded to my request for information and there is no way for me to determine whether the invalidation action brought against the opponent's mark is meritless or not. Consequently, I find that, in those circumstances, the existence of invalidation proceedings against the earlier mark, does not constitute either a 'compelling reason' or an 'extenuating circumstance'. Further, I see no other compelling reasons or extenuating circumstance which would justify the use of the Registrar's discretion in ASAS's favour.

29. Whilst, I accept, that the consequences of refusing to admit the late Form TM8 are serious for ASAS, this is one of a number of factors that must be weighed in the balance and it is not sufficient in this case to counterbalance the absence of any 'compelling reason' or an 'extenuating circumstance'.

30. In summary, having considered the competing written and oral submissions in light of the relevant case law, my decision is not to exercise the discretion available under Rule 18(3) in ASAS's favour. Subject to appeal, the designation will be treated as abandoned.

COSTS

31. BSE has been successful and is entitled to an award of costs. I bear in mind that (i) no skeleton arguments were filed before the hearing and (ii) the duration of the hearing (about 30 minutes). I award costs BSE on the following basis:

Official fees:	£100
Preparing the application for opposition:	£200
Attending the hearing:	£250
Total:	£550

32. I order ASAS Japan Inc. to pay Beijing Smashing E-commerce Co., Ltd the sum of £550. 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 this 1st day of October 2018

Teresa Perks

For the Registrar

The Comptroller General