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TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION NO. 3174036 IN THE NAME OF DOMAIN CHANDON LLP

AND IN THE MATTER OF OPPOSITION NO. 407761 BY INFORMACION, CONTROL Y PLANIFICACION, S.A.

DECISION ON THE APPLICATION FOR A STAY OF THE APPEAL

1. This is an application made on behalf of Domain Chandon LLP (*“the Applicant”*) for a stay of the appeal against the decision of Ms June Ralph, acting on behalf of the Registrar of Trade Marks (O-495-18).
2. The Applicant filed Trade Mark Application No. 3174036 on 11 July 2016 in respect of various goods and services in classes 9, 35, 37, 38 and 42.
3. On 27 October 2016 Informacion, Control Y Planifacion S.A. (*“the Opponent”*) filed a Notice of Opposition. There was a single ground of opposition based on a single trade mark registration under section 5(2)(b) of the Trade Marks Act 1994 (*“the 1994 Act”*). The earlier mark relied upon was EUTM No. 13703293 which had been filed on 3 February 2015 and entered onto the register on 25 July 2015 in respect of goods and services in classes 9, 35, 37, 39 and 42.
4. The Applicant filed a Counterstatement. In section 6 of the Counterstatement the Applicant identified related proceedings in the European Intellectual Property Office (*“EUIPO”*) namely opposition proceedings number B002822537. At paragraph 1 of the Statement of Grounds the Applicant stated as follows *‘It is admitted that the Opponent is the Registered Proprietor in respect of EU Trade Mark Registration No 13703293 but not admissions are made with regard to validity of the registration’*.
5. Only the Applicant filed evidence. Neither party requested a hearing and the Opponent filed written submissions in lieu of attendance at the hearing. The Hearing Officer therefore made her decision on the papers before her.
6. In her Decision dated 10 August 2018 the Hearing Officer upheld the Opposition No. 407761 pursuant to section 5(2)(b) of the 1994 Act and ordered that the Applicant pay to the Opponent £600 as a contribution towards the Opponent’s costs of the opposition.
7. On 6 September 2018 an appeal was filed on behalf of the Applicant pursuant to section 76 of the 1994 Act.

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8. On the 13 September 2018 a letter was sent on behalf of the Applicant to the UKIPO requesting a stay of the proceedings pending the determination of invalidity proceedings (No. 000027345 C) that had been commenced by the Applicant against EUTM No. 13703293 in classes 9, 35, 37, 39 and 42 in the name of the Opponent. It was submitted on behalf of the Applicant that because the EUTM was the sole basis of the opposition under section 5(2)(b) of the 1994 Act the appeal should not be determined pending the outcome of the invalidity proceedings.
9. On the 3 October 2018 the parties were notified pursuant to the 1994 Act of the date which had been fixed for the hearing of the appeal by the Appointed Person.
10. On the 4 October 2018 a letter was sent on behalf of the Applicant enclosing the letter of the 13 September 2018 to the UKIPO renewing the request for a stay of the proceedings to the Appointed Person.
11. By letter dated 12 October 2018 the Opponent indicated that it was opposing the stay of the proceedings. Whilst not disputing that the invalidity proceedings had been filed against EUTM No. 13703293 it maintained that the request for a stay was '*untimely and unnecessary*' in the circumstances of the appeal.
12. A hearing of the application for a stay took place, at the time and date previously fixed in accordance with the 1994 Act for the determination of the appeal. At that hearing, which took place by telephone, the Applicant was represented by Ms Georgina Messenger. The Opponent was not represented requesting that the points made in its letter of 12 October 2018 be taken into account in lieu of attendance.
13. In the course of the hearing it became apparent that neither of the parties had considered the approach adopted by Ms Amanda Michaels sitting as the Appointed Person in JUICY DIAMONDS TRADE MARK (O-231-07) in which she determined the appeal before her but suspended the effect of her decision pending the outcome of invalidity proceedings pending before the EUIPO. I provided both parties with the opportunity to consider whether this approach was appropriate in the present case and to provide me with any submissions they wished to make in writing together with any submissions in relation to costs that they might have. Both parties availed themselves of the opportunity to make such submissions.
14. I have made my decision on this application on the basis of the written materials that are before me (including those documents which I requested that the Applicant's provided to me pursuant to Rule 67(1)(a) of the Trade Mark Rules 2008) and the oral submissions made in the course of the hearing.
15. The timetable of events so far as is relevant was as follows:

Date

Action

11 July 2016

Application No. 3174036 filed at the UKIPO

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- Application No. 15632995 filed at the EUIPO
- 31 October 2016 Opposition No. 407761 filed at the UKIPO
- 21 December 2016 Opposition No. 2822537 filed at the EUIPO
- 10 August 2018 Hearing Officer's Decision O-495-18
- 6 September 2018 Notice of Appeal filed at the UKIPO
- 11 September 2018 Application for a declaration of invalidity in respect of EUTM No. 13703293 filed at the EUIPO
- 13 September 2018 Applicant requests the UKIPO for a stay of Opposition No. 407761 pending the outcome of the invalidity proceedings in the EUIPO
- Applicant requests the EUIPO for a stay of Opposition No. 2822537 pending the outcome of the invalidity proceedings in the EUIPO
- 14 September 2018 EUIPO suspends Opposition No. 2822537 pending the outcome of the invalidity proceedings in the EUIPO
- 3 October 2018 Parties notified of the date fixed for the hearing of the Appeal in Opposition No. 2822537 by the Appointed Person
- 4 October 2018 Applicant requests the Appointed Person for a stay of the appeal in Opposition No. 407761 pending the outcome of the invalidity proceedings in the EUIPO
- 12 October 2018 Opponent objects to the stay of the appeal in Opposition No. 407761 pending the outcome of the invalidity proceedings in the EUIPO
16. There is no dispute as between the parties that the Appointed Person has the power to order a stay pursuant to Rules 62(1)(f) and 73(4) of the Trade Mark Rules 2008: see for example the decision of Professor Ruth Annand sitting as the Appointed Person in KATLUN MADRAN GOGUL KAYNAK SUYU TRADE MARK (O-124-11) at paragraph [13] and the case law cited therein.
17. Nor did there appear to be any dispute that the question of whether or not to grant a stay was a matter of discretion which was governed by the overriding objective of dealing with the cases justly: see for example the decision of Ms Amanda Michaels sitting as the Appointed Person in NOWWIRELESS TRADE MARK (O-338-10) at

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paragraph [24] and KATLUN MADRAN GOGUL KAYNAK SUYU TRADE MARK (above) at paragraph [17].

18. As noted above the Ground of Opposition relied upon in the present proceedings depended entirely upon the earlier right in the form of EUTM No.13703293. The applicable law with respect to EUTMs is that set out in Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (“*EUTMR*”). Pursuant to the EUTMR, the EUIPO (Article 63 of the EUTMR) and the EU trade mark courts in the context of a counterclaim for infringement (Article 124(d) of the EUTMR) have exclusive jurisdiction to determine the validity of an EUTM.
19. Where an EUTM has been found to be invalid ‘*The EU trade mark shall be deemed not to have had, as from the outset, the effects specified in this Regulation*’ (Article 62(2) of the EUTMR with emphasis added). That is to say once a mark had been found to be invalid it is as though the mark has never existed i.e. in the present context once declared invalid it could not provide a basis for a section 5(2)(b) objection under the 1994 Act.
20. However, Article 135 of the EUTMR provides that ‘*a national court which is dealing with an action relating to an EU trade mark other than the action referred to in Article 124 shall treat the EU trade mark as valid*’.
21. In the present case the Applicant did not commence invalidity proceedings against EUTM No. 13703293 until after the Hearing Officer had issued her Decision. That is to say at all material times it was incumbent on the Hearing Officer to treat EUTM No. 13703293 as validly registered. It was on that basis that she reached her decision.
22. However, the current position is that the question of the validity of EUTM No. 13703293 has been raised before the EUIPO. It is on that basis that the application for a stay of Opposition No. 407761 has been made.
23. In summary, the Opponent’s response to the application is that if the Applicant had wished to challenge the validity of EUTM No. 13703293 it could and should have done so sooner. It further submits that the Applicant should not be permitted to ‘avoid’ the outcome of Opposition No. 407761 by commencing invalidity proceedings at this late stage and then seeking a stay of the appeal pending the outcome of such invalidity proceedings.
24. In the written submissions provided on behalf of the Opponent no explanation for the delay in bringing the challenge to the validity of EUTM No. 13703293 was given. Rather it was suggested that the delay in making the application for invalidity was not a matter that was relevant to the exercise of my discretion on this application. I do not accept that is the case. It seems to me that delay is a relevant factor in the exercise of my discretion as to whether or not to grant a stay. In this connection I note that the

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such matters have been regarded as such a factor by the Appointed Persons in the decisions referred to above.

25. In the end it was acknowledged that it was the Opponent's choice not to file a challenge to the validity of EUTM No. 13703293 earlier. In response to the question as to why there had been such a delay the following was submitted on behalf of the Opponent (Transcript of hearing page 4 line 5 to page 5 line 8):

My instructions in terms of why there was a delay in the proceedings was that there were negotiations ongoing between the parties, and obviously the content of those is without prejudice, but the fact that they were taking place is not. From my client's perspective, it was hoped and anticipated that a commercial agreement could be reached without the need to invalidate the respondent's trade mark. At the point when it became apparent that an appeal was going to have to be progressed, that was the point when they then took the decision that an invalidity action needed to be commenced. Indeed, that is why the dates between when the appeal was filed and when the application for declaration for invalidity was filed was all quite close together. That is (sic) my instructions on why there was the delay.

In terms of why the Mark was not challenged before my client's trade mark application was filed, was that they simply did not know that the respondent's trade mark existed. They were not aware of the Respondents themselves. They trade largely in different jurisdictions and the Respondent is in Spain, whereas my clients are primarily based in the United Kingdom. They simply were not aware of that party or their trade mark, which is why their application was filed without challenging that Mark beforehand. Of course, I have to accept that that does not change the fact that they did not then in the course of proceedings challenge the Mark, but as I say my instructions are that was on the basis that they simply hoped that would not be necessary, and unfortunately it has got to the point now where they have decided that that is their only option.

26. It is against this background that I have to consider whether a stay of the present proceedings should be granted. On balance, I have decided that in the context of the present opposition proceedings that it is appropriate, having regard to the overriding

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objective, to grant a stay of Opposition No. 407761 pending the outcome of the invalidity proceedings relating to EUTM No. 13703293. My reasons are as follows:

- (1) Whilst I acknowledge that there has been considerable delay in bringing the invalidity proceedings with respect to EUTM No. 13703293 as a result of the Applicant's own commercial decision making, I accept the explanation for the delay provided to me at the hearing, as set out above, on behalf of the Applicant. However, it also seems to me that this explanation, whilst it cannot be totally ignored given that involves both parties to the current proceedings, carries with it little weight in the context of the present application for a stay. Moreover, for the avoidance of any doubt I would have reached the same conclusion on the present application in the absence of any such explanation for the further reasons set out below;
- (2) It is correctly accepted by the Opponent that there are currently properly constituted invalidity proceedings before the EUIPO with respect to EUTM No. 13703293;
- (3) The application for invalidity has been made prior to the decision in Opposition No. 13703293 becoming final;
- (4) The application for a stay of the opposition proceedings was made promptly after the application for invalidity had been made and in the first instance prior to the notification of the hearing of the appeal in Opposition No. 407761;
- (5) The application for invalidity is in respect of the entire specification of the EUTM No. 13703293;
- (6) In the event that EUTM No. 13703292 is found to be invalid then the single ground of opposition under section 5(2)(b) in the present proceedings falls entirely away on the basis that such a determination by the EUIPO results in the EUTM relied upon for the purposes of Opposition No. 13703293 having no effect as from the date of filing;
- (7) Opposition No. 13703293 is one of two related proceedings between the parties. As noted in the chronology set out above the Applicant filed applications for two trade marks one in the UKIPO and one in the EUIPO on the same date. The mark the subject of the two applications was the same. Both applications were opposed by the Opponent on, in all material respects, the basis of the same grounds. That is to say in both cases the earlier EUTM No. 13703293 was relied upon. Having filed the application for a declaration of invalidity of that EUTM the Applicant requested a stay of both proceedings pending the determination of that application. Subsequently, the EUIPO granted a stay of the opposition proceedings filed before it pending the determination of the invalidity proceedings;

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- (8) If the application is not stayed, the Applicant if successful in its invalidity proceedings, will be prejudiced in that it will have been deprived of its property in the form of its UK Trade Mark Application No. 3174036 which has a filing date of 11 July 2016. Moreover, it would be deprived of such property in circumstances where the earlier EUTM No. 13703293 is already under threat;
- (9) With regard to the Opponent whilst it is true that if a stay is granted there is a delay with regard to the final determination of the appeal, the Opponent has not suggested that it will suffer any other prejudice as a result of the stay. That the Opponent will not suffer any prejudice or any real prejudice is all the more the case given that the EUIPO has already granted a stay of the related opposition proceedings; and
- (10) In the event that the present appeal was to proceed, but with the effect of the appeal if unsuccessful being suspended pending the outcome of the invalidity proceedings as per JUICY DIAMONDS (above) and the invalidity proceedings were subsequently successful, then the parties would have unnecessarily incurred the costs of the hearing of the substantive appeal in Opposition No. 407761. Alternatively; in the event that the invalidity proceedings were not successful or only partially successful then Opposition No. 407761 could proceed on a proper basis with no unnecessary costs being incurred albeit at a later date than might otherwise be the case.
27. I must now turn to the question of costs. The usual course is that a successful party on an application is entitled to an order in its favour for costs.
28. However, as the Opponent has correctly pointed out: (1) the application for invalidity of the Opponent's EUTM was only made very late in the proceedings; (2) the timing of that application for invalidity was entirely within the control of the Applicant; and (3) the application for a stay in the present proceedings only arose as a consequence of that application for invalidity.
29. It is also the case that the Opponent resisted the application for a stay and indeed any course other than the final determination of the appeal in Opposition No. 407761 at this stage. Moreover, the Opponent did so in circumstances where the equivalent opposition in the EUIPO has already been stayed pending the determination of the invalidity proceedings with respect to the Opponent's EUTM.
30. Taking all of these factors in the round it seems to me that the appropriate order is to make no order as to costs with respect to the Applicant's application for a stay.

EMMA HIMSWORTH QC
Appointed Person

8 November 2018