

**IN THE MATTER OF A JOINT HEARING RELATING TO TRADE MARK
REGISTRATION NOS. 2101627 & 2101632 IN THE NAME OF T-MOBILE (UK)
LIMITED AND PROPOSED REQUESTS FOR INVALIDATION THEREOF IN
THE NAME OF O2 HOLDINGS LTD**

DECISION

Introduction

1. This is an appeal against a decision of the Hearing Officer, Mr. C.J. Bowen, dated 29 March 2007, in which he formally confirmed the Registry's preliminary view that O2 Holdings Limited ("O2") might not pursue its invalidation actions against the two T-Mobile marks, numbers 2101627 & 2101632 ("the T-Mobile Marks").
2. At the appeal before me, O2 was represented by Mr Julian Stobbs of Messrs Boulton Wade & Tennant. No-one appeared on behalf of T-Mobile (UK) Limited ("T-Mobile"). Mr Allan James attended and made observations on behalf of the Registrar.

Background

3. There is quite a lengthy history to this appeal, set out in the Hearing Officer's decision, and I do not propose to repeat all of the details here. The essentials, however, are as follows:
4. The T-Mobile Marks consist of the words BUSINESSZONE PLUS and BusinessZone Plus (series of two) and BUSINESSZONE and BusinessZone (series of two) respectively. They were registered with effect from 30 May

- 1996 for a variety of goods and services in classes 9 and 38, broadly speaking in the field of telephone, telecommunications and similar instruments and telecommunications and similar services. The registration procedure for both marks was completed on 5 March 1999.
5. On 26 February 2004, O2 applied to register the marks BUSINESS ZONES and BUSINESS ZONES FROM O2 (application numbers 2356802 and 2356807 respectively) also for goods and services in Classes 9 and 38. I was told that O2 had already started using those marks in trade, although I am not sure when such use began. Whilst those applications were pending, on 19 January 2005, O2 applied for revocation of the T-Mobile Marks pursuant to sub-sections 46 (1) (a) and (b) of the Trade Marks Act 1994, purportedly from 25 February 2004.
 6. The original registered proprietor of the T-Mobile Marks was the telecommunications business 'One 2 One'. The marks were later assigned to T-Mobile; I do not know the date of the assignment but it was registered on 18 March 2005. Then, on 13 April 2005, T-Mobile applied to register two more marks, application Nos. 2389216 BUSINESSZONE and 2389265 BUSINESSZONE PLUS, again in Classes 9 and 38. Both of those applications have been examined but have not proceeded further.
 7. During the course of the revocation proceedings in the Registry, O2 accepted that the earliest available date from which revocation might take effect was 5 March 2004 (as the process of registration of the T-Mobile Marks was not concluded until 5 March 1999), and applied to amend its application accordingly. Asked to respond to the proposed amendment, on 17 June 2005, T-Mobile's trade mark agents said "... If the applicants for revocation are now seeking revocation effective 5th March 2004 or 18th January 2005, then this is unlikely to be contested. The applications which they have on file incorporating BUSINESS ZONES are dated 26th February 2004, and therefore must be refused because, at the date of

application, our Client's registrations will have been valid earlier rights. In the circumstances, our Clients do not propose to press for the appointment of an Interlocutory Hearing, but we reserve the right to argue that the applications be struck out if we are instructed to defend these registrations after we have seen the amended paperwork." On 23 September 2005, T-Mobile confirmed that it did not propose to file a Form TM8. Accordingly, by decisions dated 20 October 2005, the Registrar revoked both of the T-Mobile Mark registrations with effect from 5 March 2004. This was therefore only a partial revocation of the marks, which had been registered with effect from 30 May 1996. The revocation is now reflected upon the Register, in that a search for the Marks shows their status as revoked and "progress stopped" from 5 December 2005.

8. Despite the slight overlap of dates between the T-Mobile Marks and O2's applications, O2's trade mark applications were accepted by the Registry. The applications were advertised for opposition purposes on 10 February 2006, and T-Mobile filed oppositions based upon the partially revoked T-Mobile Marks on 30 March 2006, and (I was told) indicated that it had a commercial interest in the Marks, albeit without making a statement of use in the oppositions.
9. In response to the oppositions, on 24 July 2006, O2 filed requests for the *invalidation* of both of the T-Mobile Marks. It is plain that the requests for a declaration of invalidity flowed from the fact that the successful revocation of the T-Mobile marks had left O2's marks exposed to opposition by T-Mobile, as flagged up by the letter of 17 June 2005. The objections raised were:
 - i) that the sign BUSINESSZONE PLUS is devoid of any distinctive character in respect of the goods and services covered by the subject registration, and fell foul of section 3(1)(b);

- ii) that the sign BUSINESSZONE PLUS may serve, in trade, to designate the kind, quality, etc of the goods or services, and fell foul of section 3(1)(c) of the Act; and
 - iii) that the trade mark applications in question were made in bad faith and fell foul of section 3(6) of the Act.
10. The Registry responded to the invalidity applications by letters dated 27 July 2006, saying
- “... as the status of the [T-Mobile] registration is currently revoked, the Registry’s preliminary view is that it is not possible to pursue the invalidation action. Section 63(1) of the Trade Marks Act 1994 sets out the definition of a registered trade mark which means a registration in the Register and Section 46(6) states:
- Where the registration of a trade mark is revoked to any extent, the rights of the proprietor shall be deemed to have ceased to that extent as from- (a) the date of the application for revocation, or (b) if the registrar or court is satisfied that the grounds for revocation existed at an earlier date, that date.
- From which it is clear that the registration (therefore the registered trade mark), no longer exists on the Register.”
11. The Registry invited comments from the parties. Perhaps not surprisingly, O2 responded that as the T-Mobile Marks were relied upon in opposition to registration of its marks, the T-Mobile Marks were “very much live rights,” whilst T-Mobile agreed with the Registry’s view. The Registry responded to O2’s letter on 13 September 2006, repeating the point about the construction of sub-section 47(1) and adding, “An application for invalidation might also be an abuse of process.”
12. A joint hearing to consider the Preliminary View took place on 20 October 2006. At the hearing, both parties were represented by counsel. In his decision, the Hearing Officer set out at some length the arguments of

counsel for both sides; I shall not repeat them here. The Hearing Officer reserved judgment, and gave his reasons for upholding the preliminary view by letter dated 2 November 2006. He was then asked to give full reasons in writing, and it is that decision which is now under appeal.

13. By the time the appeal came before me, though I do not know exactly when, T-Mobile had decided to withdraw its opposition to the O2 BUSINESS ZONES and BUSINESS ZONES FROM O2 trade mark applications. T-Mobile wrote a letter to the Registrar on 11 July 2007, in which it said, "So far as our clients are concerned this matter is concluded, not least because our clients are not pursuing the Oppositions which led to the invalidity applications. Consequently our clients propose to take no part in these proceedings unless there is any suggestion that by declining to become involved our clients might be left open to a costs award ... In any event, our clients have been given to understand that the Opponent's only interest in the case is that they consented to their Trade Mark Agent pursuing the Appeal in the Appellant's name on a point of principle." T-Mobile was, therefore, not represented at the hearing before me. In the circumstances, I was particularly grateful for Mr James's written and oral observations on behalf of the Registrar.
14. T-Mobile's letter gave no explanation for its lack of interest in the invalidation proceedings, nor for the withdrawal of its opposition, but its stance caused me to have some initial concerns that the appeal before me was a purely theoretical appeal raising only academic questions. I mentioned this concern to Mr Stobbs and Mr James shortly in advance of the hearing and invited them to make submissions on this point; I had in mind in particular the principle referred to in *Ainsbury v. Millington (Note)* [1987] 1 W.L.R. 379, where at page 381 Lord Bridge said,

"In the instant case neither party can have any interest at all in the outcome of the appeal. ... It has always been a fundamental feature of our judicial system that the courts decide disputes between the

parties before them; they do not pronounce on abstract questions of law when there is no dispute to be resolved.

Different considerations may arise in relation to what are called 'friendly actions' and conceivably in relation to proceedings instituted specifically as a test case. The instant case does not fall within either of those categories. Again litigation may sometimes be properly continued for the sole purpose of resolving an issue as to costs when all other matters in dispute have been resolved."

I also drew attention to *R v Secretary Of State for The Home Department, Ex Parte Fathi Saleh Salem* [1999] AC 450 and *Bowman v Fels* [2005] 1 W.L.R. 3083.

15. Mr Stobbs submitted that this was not a case falling within the categories of academic or abstract dispute envisaged in the authorities mentioned above. Mr Stobbs told me that there had not been any settlement or agreement of the dispute between his client and T-Mobile, so that it was not for this reason that T-Mobile had withdrawn its opposition to his client's trade mark applications. Possibly, (Mr Stobbs speculated) T-Mobile may have anticipated having difficulty in proving use of its marks; alternatively, (Mr James observed) T-Mobile may have had concerns following Case C-145/05 *Levi Strauss v Casucci* [2006] E.C.R. I-3703, [2007] F.S.R. 8 that the revoked marks might be deemed incapable of founding an objection to O2's applications; Mr James drew a distinction with *Riveria Trade Mark* [2003] R.P.C. 50 where he had held, on behalf of the Registrar, that a revoked trade mark "remains enforceable in respect of matters arising at any time prior to the date at which the rights of the proprietor cease to have effect."
16. In any event, though, Mr Stobbs submitted that as there had not been any settlement, his client remained at risk whilst the partially revoked T-Mobile Marks remained "live" on the Register. The possible risks identified

were (a) that if T-Mobile used the marks, and O2 sued for infringement, T-Mobile might counterclaim for invalidity, (b) that even without such proceedings, T-Mobile could apply to invalidate the O2 marks, and (c) that T-Mobile (which after all is a very real competitor of O2) could bring infringement proceedings against his client in relation to the period prior to revocation of the T-Mobile Marks. He submitted that it would be inadvisable for his client to leave those marks as a “bargaining chip” on the Register.

17. It seems to me that since the withdrawal of T-Mobile’s opposition to the registration of the O2 marks, which are now registered, any risk to O2 and its trade mark registrations has been greatly reduced. In principle, T-Mobile could issue proceedings against O2 for infringement of its T-Mobile Marks during the period up to 4 March 2004, O2 having commenced use of its marks prior to the effective date of revocation of the T-Mobile Marks, and well within the 6 year limitation period. However, Mr James rightly pointed out that the risk of such proceedings seems small, particularly in the light of *Levi Strauss & Co v Casucci SpA*. On the other hand, that case dealt with the assertion of rights relating to a period after a mark had become liable to be revoked (in that case due to the acts or inactivity of the proprietor) as opposed to an initial period of validity of the mark. In my judgment, *Levi Strauss* would suggest that no injunction would be granted against O2, but the position might be different (and I am not prejudging the point) if T-Mobile only claimed damages for infringements committed during the period of validity of the Marks, up to the date of revocation. The risk that T-Mobile will seek to rely on its marks to achieve some commercial end seems to me to be very small but I do not think that it can be completely ignored. In the circumstances I do not consider that these invalidity proceedings can be stigmatised as purely academic and for those reasons I think that I should go on to deal with the substance of the appeal.

The Hearing Officer's reasons

18. At the hearing before Mr Bowen, the case was fully argued on both sides. O2 argued that it was unclear on what basis the TMR refused to consider the invalidation requests. There appeared to O2's counsel to be three potential grounds: (i) lack of jurisdiction, (ii) statutory construction of section 47 and (iii) abuse of process. T-Mobile submitted that the Registrar's preliminary view should be confirmed for the reasons set out in the official letters and because it was an abuse of process for O2 to bring successive applications for revocation and invalidity.

19. Mr Bowen set out sections 2, 47 and 63 of the 1994 Act. He dealt firstly with the "lack of jurisdiction" point, that is, whether he had jurisdiction to entertain the invalidation proceedings, when the mark had already been revoked. On this point, Mr Bowen was referred to *Pharmedica GmbH's Trade Mark Application* [2000] R.P.C. 536, and to *Kevin Thomas Rogers and Panrico SA* (O/131/06), "*Donettes*."

20. O2's counsel argued that the Registry had an inherent jurisdiction to grant a declaration as to whether a mark had been validly registered regardless of whether the mark remained on the Register, placing particular reliance on *Donettes*. The Hearing Officer said that he had been referred in particular to paragraphs 25 and 26 of *Donettes* (to which I refer further below) and went on:

"26. ... Mr Malynicz [counsel for T-Mobile] did take a contrary position in relation to jurisdiction. By reference to paragraph 26 of *Donettes* reproduced above, he said:

"Whilst that may tend to suggest that the equity ought to be resolved in favour of the defendant in that case, in fact it begs the question. That is no reason to assume that the defendant could not be prevented in relation to residual rights, as my learned friend rather appropriately calls them. The fact is if residual rights are capable of being enforced

against a defendant then it is bad luck for the defendant. If they are not they are not and it is good luck for the defendant. But there is no necessary starting point that just because they are residual rights and they can be asserted against a defendant that that somehow should have anything to do with the way that you need to construe the relevant provisions. As I say, that begs the question rather than answering it”.

27. I note that in *Donettes*, the Hearing Officer considered, *inter alia*, whether a revoked trade mark was also susceptible to being declared invalid by reference to regulation 3 of the Community Trade Marks Regulations 1996. He said:

“However, it is difficult to reconcile that reasoning with the provision of regulation 3 of the Community Trade Mark Regulations 1996 (SI 1996 No 1908) which, including the heading, reads in so far as is relevant for present purposes:

“Determination *a posteriori* of invalidity and liability to revocation

3.-(1) Where the proprietor of a Community trade mark claims the seniority of a registered trade mark which has been removed from the register under Section 43 or has been surrendered under Section 45, application may be made to the registrar or to the court by any person for a declaration that, if the registered trade mark had not been so removed or surrendered, it would have been liable to be revoked under Section 46 or declared invalid under Section 47.”

If the provisions in the Act itself are to be construed as allowing for invalidation actions notwithstanding that a mark has already been removed from the register, one might pose the question as to why it was considered necessary to have the above provision dealing with a *posteriori* action in the context of the Community Trade Mark Regulation. The most obvious answer would seem to be that, without such a provision in the Community Trade Mark Regulation, a *posteriori* invalidation or revocation would not be possible.”

28. Given what the Hearing Officer described as “..an uncertain position based on the existing legislative framework...”, he concluded that as the proceedings were not “...a case of successive actions, or more specifically, a later filed invalidation action...”, that he thought it right “...to allow the applicant to bring this particular case to a conclusion notwithstanding my lingering concern as to how such a course sits with the *a posteriori* provisions referred to above.”

29. Whilst in the light of regulation 3 of the Community Trade Mark Regulations I, like the Hearing Officer in *Donettes*, had concerns as to whether the Registrar has the jurisdiction to consider a request for the invalidation of a revoked trade mark, given my findings on the statutory construction and abuse of process points mentioned later in this decision, it was unnecessary for me to reach a concluded view on the point.”

21. The Hearing Officer went on to consider the statutory construction point and after summarising the parties' arguments he said:

“31. As I explained in my letter reporting the outcome of the joint hearing, in my view, the use of the word registration as it appears in the phrase “The registration of a trade mark may be declared invalid..” in Section 47(1) of the Act, should, by reference to Section 63 of the Act, be construed as meaning an “active” registration.

32. Section 63 of the Act defines “registration” (unless the context requires otherwise) to registration in that register. Section 47(1) of the Act, which for the sake of convenience is reproduced again here, reads:

“47. - (1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after

registration acquired a distinctive character in relation to the goods or services for which it is registered”,
and should in my view be construed in the following manner. The first use of “registration” in the phrase “the registration of a trade mark may be declared invalid..” refers to a trade mark registered in the trade marks register. The uses of “registered” in the phrases “..may be declared invalid on the ground that the trade mark was registered in breach of section 3..” and “where the trade mark was registered in breach of subsection...” refers to the act of registration i.e. the point in time that the trade mark achieved the status of a registered trade mark.

33. If I am right in this interpretation (and I accept that there is an arguable case to the contrary), and bearing in mind the wording of Section 63 of the Act, it is, as mentioned above, my view that the word “registration” as it appears in the phrase “The registration of a trade mark may be declared invalid...” refers to a registration extant at the date the application for invalidation was filed and not one which had been revoked and removed from the register before that date.”

22. Thirdly, the Hearing Officer turned to the question of abuse of process. There was initially some argument as to whether O2 had been given sufficient notice of this objection to their application, and as to whether it was fair and proportionate to deal with the matter at that stage. He went on:

“38. While I accept that the official letters of 18 September and 6 October 2006 (which appointed the hearing) did not specifically mention the abuse of process point, in my view, the official letter of 13 September 2006 made it quite clear that abuse of process was a live issue and one which O2 would need to address if the TMR’s objections were to be overcome. I also note Ms Reid’s very fair concession that the TMR is entitled to raise abuse of process of its own motion; that is

what happened here, and for the reasons I am about to give, I think it was not only entitled but right to do so.”

He then set out some extensive passages from the speeches of Lords Millett and Bingham in *Johnson v Gore Wood & Co* [2002] AC 1, and continued:

“40. Mr Malynicz pointed out that the reason why residual rights were a feature of this case, was because the revocation actions did not (and in fact were incapable of specifying) an early enough date to clear the way for the later filed applications by O2. He asked rhetorically, why declarations of invalidity were not filed at the same time as the revocation actions, pointing out that in *Donettes* revocation and invalidity actions were filed at the same time. Having identified that there was an eighteen month delay in bringing the invalidation actions, he said:

“The net effect of this.....is that there is what I would call in shorthand a Riveria problem. Effectively, the penny has dropped on that. Once the penny dropped on that the invalidity applications have been brought.....This appears to have been an error. That is all it appears to have been, a legal error, not to have launched the invalidity proceedings at the time of the revocation proceedings”.

41. He drew my attention to the successive applications issue dealt with by the Court of Appeal in *Markem Corp v Zipher Limited* [2005] RPC 31 and mentioned by the Hearing Officer in *Donettes*, adding that in *Johnson v Gore Wood & Co* the Court approached the abuse of process point from a public policy standpoint in which the public and private interests must be balanced. In this respect Mr Malynicz characterised the public interest as the finality in litigation and O2’s interest as rectifying their own legal error mentioned above. He described TM’s interest in the following terms:

“We have a clear interest. ... not to be vexed with a second set of proceedings. The classic Henderson interest. Why should

we be put to the expense and trouble of defending proceedings that ought to have been resolved long before now? The public interest is clearly in the finality of litigation. The registrar's resources are not unlimited.....people in my learned friend's position should bring their whole case up front or not at all.”

42. In deciding the abuse of process point, I think it is helpful to review a brief chronology of the earlier revocation proceedings and how they interact with the later filed invalidation actions. However before doing so, I think it is important to provide some background. Although separate Forms are required, it is commonplace for parties in Registry proceedings looking to clear the way for their later filed application(s), to simultaneously file requests for both revocation and invalidation; indeed this is what happened in *Donettes*. In addition, the importance of selecting the correct date was made clear in the Hearing Officer's decision in *Riveria Trade Mark* [2003] RPC 50, which ought to have been well known to those in the trade mark profession at the time the applications for revocation were filed in the earlier proceedings.

43. With that background explained, the key dates are, in my view, as follows: the applications for revocation were filed by O2 on 19 January 2005; following an exchange of correspondence and in particular a letter of 21 April 2005 from TM (see paragraph (4) above) which noted that the date from which O2 were seeking revocation i.e. 25 February 2004 was not permissible, the earliest date of revocation was amended from 25 February 2004 to 5 March 2004; in a letter dated 17 June 2005, (see paragraph (9) above), TM made it quite clear in my view that they intended to rely on any rights that would remain once the proposed revocation actions had taken place, to block the further progress of O2's applications. These letters should have alerted O2 to the fact that their revocation actions would not achieve the desired result and further actions in the form of invalidation requests would be required. Had O2 reacted to the situation at the time of these letters,

only three or six months would have passed since the filing of the revocation actions and the revocation actions would have still been pending before the TMR. There were of course further exchanges of correspondence (paragraphs (10) and (11) above) culminating in the TMR's decisions of 20 October 2005. However, it was not until 24 July 2006, some eighteen months after the original revocation actions were filed, and some 13 months after TM had, in my view, put O2 on notice that they intended to rely on any rights which existed following revocation to block O2's applications, that O2 filed the requests for invalidation.

44. Having applied the "...broad merits-based judgement.." advocated in *Johnson v Gore Wood*, I came to the clear conclusion that O2 waited far too long to launch the invalidation proceedings. I reached this conclusion on the basis of the evidence before me and having balanced the various public and private interests in play. As Ms Reid pointed out at the hearing, Mr Malynicz's comments as to why, in his view, the invalidation actions were not filed at the correct time i.e. at the same time as the revocation proceedings, amounted to no more than submissions on his part. Equally, I do not place any weight on why the witness statement of Ms Pettipher dated 18 October 2006 chose not to address the abuse of process point.

45. I should say that I find support for the approach I have adopted in relation to the abuse of process point in the decision of Mr Richard Arnold QC sitting as a deputy High Court judge in *Hormel Foods Corp v Antilles Landscape Investments NV* (the *Spambuster* case) [2005] RPC 28; and in particular, the conclusions he reached in paragraphs (98) – (108) of his decision."

Standard of review

23. This appeal is a review of the Hearing Officer's decision. That decision with regard to each of the issues in this case (subject to the point I make in paragraph 37 below) involved a multi-factorial assessment of the kind to

which the approach set out by Robert Walker LJ in *REEF TM* [2002] EWCA Civ 763, [2003] RPC 5 at [28] applies:

“In such circumstances an appellate court should in my view show a real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle. A decision does not contain an error of principle merely because it could have been better expressed.”

This has recently been further explained by Lindsay J in *Esure Insurance Limited v Direct Line Insurance Plc* [2007] EWHC 1557, 29 June 2007 who said, at paragraph 12:

“... an error of principle such as to justify or require departure from the decision below ... includes the taking into account of that which should not have been, the omission from the account of that which should have been within it and the case (explicable only as one in which there must have been error of principle) where it is plain that no tribunal properly instructing itself could, in the circumstances, have reasonably arrived at the conclusion that it reached.”

The appeal

24. O2's Notice of Appeal claims that the Hearing Officer erred in his construction of the 1994 Act and that he should have found that subsection 47(1) applied to registrations which had been revoked for non-use but "still constitute an effective right for the period up until revocation." In addition, O2 claims that it did not have a proper opportunity to address the allegation of abuse of process before the hearing and that in any event, the Hearing Officer erred in failing to apply *Johnson v Gore Wood*, as explained in the Court of Appeal's decision in *Special Effects v L'Oreal* [2007] R.P.C. 15 (which was delivered after the hearing before Mr Bowen, but prior to his written decision).

(i) The jurisdiction of the Registry

25. First, it seems to me that it is not necessary for the purposes of this appeal to take the argument about jurisdiction any further. In my view, the real issue is not whether the Registrar has jurisdiction to consider the request for invalidation, but whether the request for invalidation can proceed in the circumstances which I have described above, namely where the mark has already been the subject of a successful application for revocation. I note the concerns expressed by the Registrar that such applications should only be entertained if they serve some purpose, having regard to the continuing interests and rights of the parties. That is plainly right, and indeed echoes the authorities discussed above as to the justiciability of academic and hypothetical questions. However, in a case where the mark in issue may have some impact upon the applicant's rights or activities, it seems to me that the Registrar ought to be in a position to take any necessary decision.

(ii) Construction of section 47

26. The central issue in the case is whether, after a mark has been revoked for non-use, section 47 applies to it for the purposes of an invalidation application. The question is whether the phrase “the registration of a trade mark may be declared invalid” at the beginning of sub-section 47(1) should be construed as a reference only to a registration which remains “extant,” “active” or “live” at the date of the application for invalidity, or may be construed as referring to the process of registration, or the initial registration, of a mark once on the Register but since revoked and removed from the Register. O2’s invalidity proceedings can only stand if the latter construction is correct, contrary to the view of the Hearing Officer.
27. O2 argued that the view taken by the Hearing Officer could produce some unattractive scenarios, in which a party with a surrendered or revoked

right could be in a significantly better position than one with a “live” registration liable to be invalidated. Had T-Mobile not withdrawn its opposition proceedings in this case, that might indeed have been the position, (subject to arguments arising out of *Levi Strauss v Casucci*) if O2 could not have retaliated by pursuing its invalidity proceedings. Such a result seems to me intrinsically unfair, and whilst this may “beg the question” as to the proper construction of section 47, it is a factor to be borne in mind.

28. Mr James referred me to the decision of the Court of First Instance in Case T-191/04, *MIP Metro Group Intellectual Property GmbH & Co KG v OHIM*, (13 September 2006). There, the CFI held that the purpose of opposition proceedings is to ensure that it is possible to refuse registration of a new mark which may conflict with an earlier mark with which it would co-exist. Where the opponent’s earlier mark was validly registered at the date of the opposition notice, but its initial term of protection was to expire some 6 months later, the CFI considered that OHIM had been right to require evidence that the mark had been renewed by the time of filing the evidence on the opposition, in accordance with the Implementing Regulation 2868/95. The decision appears to have turned upon the specific provisions of the Implementing Regulation (which have since been amended) and upon OHIM’s Opposition Guidelines, as to when in the proceedings evidence of renewal was needed. In the circumstances, I do not consider that it helps me in deciding whether the Hearing Officer erred in this case in his construction of section 47.
29. I obtain more help from *Donettes (supra)*, a decision of Mr M Reynolds on behalf of the Registrar. Very much as in the current case, the registration that was the subject of the invalidity action had already been taken off the register as a result of a successful revocation action involving the same parties; indeed, the revocation action was brought to a speedy conclusion because the registered proprietor failed to file a defence in time. Again, the

revocation was partial only, as the registration process of the mark had been completed in July 1999, and the date from which the mark was revoked was July 2004. On the other hand, the application for invalidation *had* been filed at the same time as the revocation application. The proceedings had never been consolidated. Mr Reynolds considered first whether it was open to him to hear the invalidation action when the underlying registration no longer existed. He said:

“25. If one considers the matter from a practical point of view it seems to me that there is force in the argument that the effects of revocation and invalidation are different. With the former a mark is revoked from the date of the application for revocation or an earlier date if the registrar or court is satisfied that the grounds existed at that earlier date ... In contrast, ... an invalidation has the effect of rendering a mark invalid *ab initio* ...

26. The difference between these positions may be significant in that the rights of the proprietor of a revoked registration continue to exist in respect of the period up to the date at which revocation is ordered (*Riviera*, paragraph 14). The same would not be true in respect of an invalidated mark with the limited exception of the ‘transactions past and closed’ provision contained in Section 47(6). It is not difficult to see that an apparent inequity may result if a proprietor was shielded from the consequences of an invalidity action because the outcome of a successful revocation action had already been put into effect. Would that, for instance, deny a defendant in an infringement action from counterclaiming for invalidation because the mark was no longer on the register despite the fact that the proprietor retained the right to sue in relation to acts occurring in the period prior to the date of revocation? Any such inequity might be further compounded if the party denied the opportunity to bring an invalidation action was not the same party who had brought the successful revocation action. These considerations suggest that there may be force to Mr

Malynicz's submissions that I should not be debarred from dealing with the invalidity action.

27. However, it is difficult to reconcile that reasoning with the provision of regulation 3 of the Community Trade Mark Regulations 1996 (SI 1996 No 1908) which, including the heading, reads in so far as is relevant for present purposes:

“Determination *a posteriori* of invalidity and liability to revocation

3.-(1) Where the proprietor of a Community trade mark claims the seniority of a registered trade mark which has been removed from the register under Section 43 or has been surrendered under Section 45, application may be made to the registrar or to the court by any person for a declaration that, if the registered trade mark had not been so removed or surrendered, it would have been liable to be revoked under Section 46 or declared invalid under Section 47.”

28. If the provisions in the Act itself are to be construed as allowing for invalidation actions notwithstanding that a mark has already been removed from the register, one might pose the question as to why it was considered necessary to have the above provision dealing with a *posteriori* action in the context of the Community Trade Mark Regulation. The most obvious answer would seem to be that, without such a provision in the Community Trade Mark Regulation, a *posteriori* invalidation or revocation would not be possible.

29. Given what I consider to be an uncertain position based on the existing legislative framework how should the present case be approached? ... the invalidation and revocation proceedings ... were commenced on the same date and, under the current rules, necessitated separate actions and forms (TM26(I) and TM26(N) respectively). This is not a case of successive actions or, more specifically, a later filed invalidation action. Secondly, it follows that at the time the invalidation action was brought the registration in question was still a live one and susceptible to such an action. It

would in my view have been preferable in the interests of efficiency and economy for both cases to be heard on the same day or in the light of the fact that success in the revocation has not exhausted the applicant's interest in this separate action, for a decision in the revocation action to be stayed pending the outcome of the invalidation.

30. In the circumstance, and without making any wider determination on the tribunal's power to hear an action on an already revoked mark, I think it is right to allow the applicant to bring this particular case to a conclusion notwithstanding my lingering concern as to how such a course sits with the *a posteriori* provisions referred to above."

Mr Reynolds' conclusions of course are of limited relevance to the current appeal, because here the invalidity proceedings did post-date the revocation of the mark. However, the comments in paragraph 26 of his decision seem to me to echo the arguments addressed to me on the potential injustice of the construction adopted by the Hearing Officer in this case.

30. My attention was also drawn to the recent decision of Mr Geoffrey Hobbs QC, sitting as the Appointed Person, in case BL O/170/07, *Telesyn Inc v Rapier*, where Mr Hobbs held that proceedings for revocation for non-use might continue despite the intervening *surrender* of the mark. This indicates that, in certain circumstances, a trade mark need not be "on the register" at the date of the decision in revocation proceedings. To that extent, it supports O2's case. However, in that case, rather as in *Donettes*, the revocation proceedings had been commenced prior to the trade mark proprietor's application to surrender the mark, so there was no issue of whether the mark was "registered" when the application was made. Mr Hobbs cited "the principle that properly constituted proceedings are not rendered moot or academic by events occurring *pendente lite* if the proceedings are not thereby rendered pointless for lack of any continuing

purpose or effect.”¹ He decided that the tribunal was not deprived of the power to adjudicate upon the merits of a claim raised in proceedings commenced prior to the surrender. There was a purpose to the revocation proceedings continuing in that case, to deal with a related seniority claim. In contrast, here, the invalidation application was not pending when the revocation proceedings against the T-Mobile Marks were concluded, so that although the result may support O2’s position, it does not seem to me that the underlying reasoning does so. In particular, the decision does not address the central question of construction, and whether reference to the registration challenged under section 47 must be “active” when the invalidity application is made.

31. The Hearing Officer considered that section 47 should be construed in accordance with section 63. Sub-section 47(1) provides:

“47 Grounds for invalidity of registration

(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.”

Section 63 provides:

“63 The register

(1) The registrar shall maintain a register of trade marks.

¹ See paragraphs 33-4 of his decision, referring to *R v Newcastle upon Tyne Licensing Justices* [2006] UKHL 7; [2006] 2 All ER 161, which cited *Ainsbury v Millington* (above).

References in this Act to “the register” are to that register; and references to registration (in particular, in the expression “registered trade mark”) are, unless the context otherwise requires, to registration in that register.”

32. I agree that section 63 ought to be helpful in construing sub-section 47(1), but I am afraid that I do not think that it really casts any light upon the particular problem at issue here. It does no more than state that references to registration are to registration in the register kept by the Registrar.

33. In *Hormel Foods Corp v. Antilles Landscape Investments NV* [2005] R.P.C. 28, (the “Spambuster” case) Richard Arnold Q.C. sitting as a deputy judge of the Chancery Division said at paragraph 97

“A claim for revocation of a trade mark is fundamentally different to a claim that the trade mark was invalidly registered. A claim that a trade mark is invalidly registered is a claim that the mark should never have been registered for whatever reason, and has wrongly remained on the Register ever since. It thus essentially concerns the position as at the application date (subject to the slight anomaly created by the proviso to s. 47(1) of the 1994 Act). By contrast a claim that a trade mark should be revoked is a claim that the mark, even though it may have been validly registered, should be removed from the Register because of events occurring subsequent to registration, e.g. because it has not been used by the proprietor for five years.”

That view is echoed in Kerly’s Law of Trade Marks and Trade Names, 14th ed at 10-003.

34. As the essence of an attack on validity under sub-section 47(1) is that the mark should never have been registered, the question of validity is plainly to be considered as at the date of the application to register the mark. That

is the relevant date to be considered under the first paragraph of sub-section 47(1); by contrast, the second paragraph of the sub-section plainly refers to the position after registration. The proviso seems to me to confirm that – absent relevant use after registration – validity is to be assessed at the outset. Furthermore, it seems to me that this construction of the sub-section accords with Articles 3 and 4 of Directive 89/104 both of which provide that “ A trade mark shall not be registered or, if registered, shall be liable to be declared invalid” where there are absolute or relative grounds to refuse registration, respectively. Article 4 does not seem to me to turn upon whether or not the registration is “live” but only upon whether it was validly registered. Consideration of the position obtaining after the registration of the mark has been completed may also arise under sub-sections 47(2A) and (2B), in relation to the use provisions relating to earlier trade marks, but I do not see that those provisions help in construing sub-section 47(1). Equally, it does not seem to me that Regulation 3 of the Community Trade Mark Regulations means that sub-section 47(1) must be construed one way or the other; that provision, and for that matter Article 14 of Directive 89/104, seems to me to be essentially declaratory and take the matter no further.

35. In my judgment, the passage cited above from *Spambuster* supports O2’s proposed construction of sub-section 47(1). If, as Mr Arnold said, sub-section 47(1) concerns the position as at the application date, then the phrase “the registration of a trade mark” in that section should be construed as referring to the process of registration, or the initial registration, of the mark. It would not be appropriate to construe the phrase as applying only to “live” marks, which have not been revoked, surrendered or abandoned by not being renewed.
36. Moreover, in order to construe sub-section 47(1) as the Hearing Officer did, one must not only ignore that point, but add a gloss to the phrase “The registration of a trade mark” so as to qualify the registration as an “active”

or “live” registration. In my judgment, nothing in the section or in section 63 either justifies or requires such a limitation on the scope of the section. In the circumstances, in my judgment, the Hearing Officer was in error in the conclusion that he reached in paragraph 33 of his decision. To that extent the appeal succeeds.

(iii) Abuse of process

37. That leaves the question of whether the Hearing Officer erred in finding that O2’s application for a declaration under section 47 was, in the circumstances of this case, an abuse of process. I note that in *Markem v Zipher* [2005] R.P.C. 31, Jacob LJ held at paragraph 113:

“The power to strike out on the basis that the fresh proceedings amount to an abuse of process is discretionary. That is clear from the wording of CPR 3.4, so this court will only interfere with the decision of a judge if that decision is plainly wrong.”

On the other hand, in *Aldi Stores Limited v WSP Group plc* [2007] EWCA Civ 1260, decided only on 28 November 2007, Thomas LJ said at paragraph 16:

“an appellate court will be reluctant to interfere with the decision of the judge in the judgment he reaches on abuse of process by the balance of the factors; it will generally only interfere where the judge has taken into account immaterial factors, omitted to take account of material factors, erred in principle or come to a conclusion that was impermissible or not open to him.”

Longmore LJ added at paragraph 38:

“the question of abuse or no is not a matter of the court’s discretion in the normal sense of that word. ... It would be troubling if two different judges could come to different conclusions on whether the same facts constituted an abuse of process and yet both be right.”

38. The first issue on the appeal is whether O2 was given adequate notice of the abuse of process point raised by the Registry and had a proper

opportunity to address that question. It was common ground between the parties that the Registry was able to raise the issue of its own motion. On the other hand, as I note below, the onus fell upon T-Mobile to show how O2's behaviour was an abuse. In any event, the Hearing Officer found (at paragraph 38) that the issue had been clearly raised in the Registry's letter dated 13 September 2006 and it is plain that O2 was well aware that it would need to deal with the abuse of process point at the hearing, and came prepared to do so: its counsel dealt with the substance of the abuse of process argument in her skeleton argument and in her submissions at the hearing. Whilst the Notice of Appeal says that O2 would wish to adduce further evidence relating to the abuse of process point, it seems to me that it would have had the opportunity to do that prior to the hearing before Mr Bowen. In the circumstances, I think that Mr Bowen was entitled to deal with the issue at that hearing and I reject this ground of appeal.

39. However, it does not seem to me that the Hearing Officer was right to find that O2's application under section 47 was an abuse of process, for a number of reasons. First, whilst the Hearing Officer cited the relevant passages from *Johnson v Gore Wood* and *Markem Corp v Zipher Limited*, he did not refer to the decision of the Court of Appeal in *Special Effects v L'Oreal SA* [2007] R.P.C. 15 which was decided after the hearing but prior to delivery of his decision. The factual background to that case obviously was rather different to this case, in that the question was whether the defendants were precluded from challenging the validity of a trade mark on the grounds of cause of action/issue estoppel or abuse of process, where they had unsuccessfully opposed the registration of the mark. However, Lloyd LJ made a number of comments which seem to me to be of relevance to the issue before me. In considering the issue of abuse of process, in relation to a trade mark registration, Lloyd LJ held:

“73.... the proposition is that, leaving aside estoppels ..., it is wrong and unjust to allow a party such as L'Oreal two bites at the cherry of the validity of the trade mark. If it chooses to oppose the registration

at the preliminary stage, and fails, it should not be allowed to try again, on grounds which would have been available at the opposition stage, when it comes to court proceedings for infringement and a possible counterclaim as to invalidity. There may be other grounds on which invalidity can be argued, depending on later facts, but the grounds which had been relied on unsuccessfully, and other grounds which could have been raised at that stage, should not be regarded as still open.”

After referring to *Johnson v Gore Wood*, he continued

“75. This type of abuse of process argument is generally mounted where a party seeks to put forward a claim, defence or argument which it has not relied on before, but it is said that it could have done on an earlier occasion. Usually, if the point has been taken before, it gives rise to an issue estoppel, if not a cause of action estoppel. In principle, however, it could be an abuse of process to raise the same arguments again, if for some reason the defeat of the point on the first occasion does not preclude it being raised again on grounds of estoppel. ... In deciding whether trying again would be an abuse it must be relevant to consider why the first attempt is not the basis for an estoppel.”

40. Those passages suggest (applying Lloyd LJ’s yardstick) that the fact that a party has made an application for revocation of a trade mark on the grounds of non-use under section 46 will not as a matter of course preclude that party from subsequently applying for a declaration of invalidity of the same mark under section 47. If one considers why the application for revocation under section 46 does not give rise to a cause of action or issue estoppel in the section 47 application, it is because the questions considered in the two applications are quite different. That was acknowledged by Mr Arnold QC in *Spambuster* (supra) where he said at paragraph 97:

“cause of action estoppel did not extend to the claimant's present claim for revocation of the defendant's mark because a claim for revocation was fundamentally different to a claim that the trade mark was invalidly registered.”

41. Making an application under section 47 is not subject to any statutory preconditions. If an applicant is to be denied his statutory right to a fair hearing of such an application, bearing in mind the Court/Tribunal's obligations under Article 6 ECHR, that denial must flow from a finding that the particular applicant is – on the particular facts of the case – exercising his rights under section 47 in an improper and abusive manner. Lord Diplock in *Hunter v Chief Constable of the West Midlands Police* [1982] AC 529 at p 536B said that abuse of process:

“concerns the inherent power which any court of justice must possess to prevent misuse of its procedure in a way which, although not inconsistent with the literal application of its procedural rules, would nevertheless be manifestly unfair to a party to litigation before it, or would otherwise bring the administration of justice into disrepute among right-thinking people. The circumstances in which abuse of process can arise are very varied. It would, in my view, be most unwise if this House were to use this occasion to say anything that might be taken as limiting to fixed categories the kinds of circumstances in which the court has a duty (I disavow the word discretion) to exercise this salutary power.”

It does not therefore seem to me that it could be right to suggest that in *all* cases where an applicant for a declaration of invalidity had previously applied for revocation of the same mark, such an application would be an abuse of process. Moreover, I note that in *Aldi Stores* (supra) the Court of Appeal emphasised that the burden lies upon the party alleging the abuse of process to make good the claim of abuse, which must depend upon the particular facts of the case.

42. The Hearing Officer's reasons for finding that there was an abuse of process in this case are set out at paragraphs 42-44 of his decision. They are, in brief, (a) that though separate forms are required, it is commonplace for parties simultaneously to file requests for both revocation and invalidation, (b) that T-Mobile had made it clear in its letter of 17 June 2005 that it would rely on the "rump" of its registrations to try to block O2's applications, and (c) if O2 had reacted to that letter, only 3-6 months would have elapsed between filing of the revocation and invalidity actions, so the revocation actions would have still been pending when the section 47 application was launched. He concluded that O2 had waited too long to launch the invalidity proceedings and T-Mobile should not have been "vexed" with the second set of proceedings.
43. On the appeal, Mr Stobbs argued that O2 had taken a pragmatic approach when faced with the T-Mobile Marks, which it believed were unused, by issuing only proceedings for revocation for non-use; it was reasonable and proportionate to issue those proceedings, in the belief that they provided a simple and cost-effective way to clear the way for registration of O2's own marks. It may be that O2 was influenced in that approach by its initial confusion as to the appropriate date for revocation, but even once revocation left the small overlap of dates, O2's tactic was initially effective: T-Mobile did not file a TM8/counter-statement, the revocation was unopposed, and O2's marks were accepted by the Registry. Its approach was, in my view, designed to be as economical and expeditious as possible.
44. Furthermore, I do not think that the Hearing Officer considered that there was an abuse of process at the outset in limiting the attack on T-Mobile's Marks to seeking revocation, although he commented that it is not uncommon to take the route of making both applications at once. However, whether it is appropriate or necessary to do both must depend upon the facts of the particular case. It would seem likely that in many cases where a mark is revoked for non-use, its proprietor will have no

remaining interest in it which would lead him to oppose the other party's new trade mark application, so that an application under s 46 ought to suffice for the applicant's purposes. In my view, therefore, it would not be right to suggest that a party must take all possible types of proceedings against another's registration at the same time. That would in many cases lead to the unnecessary duplication of proceedings, a waste of Registry (and the parties') time and resources, and wasted costs. It cannot therefore be inherently abusive to seek to revoke first and wait to see whether the revoked mark is raised in opposition, when it might become necessary (and appropriate) to respond by making an application to invalidate the mark.

45. Moreover, in O2's section 46 application, the only question was whether the marks had been used in the relevant period. In its section 47 application, the question will be whether the marks were properly registered in the first place. The issues to be resolved are not the same. As a result, if the question is whether there is an abuse of process because the issues before the court "should" have been raised in the earlier proceedings, there is no intrinsic abuse, since the same issues *could* not have been included in the revocation application.
46. That may explain why the main reason why the Hearing Officer found that there was an abuse of process was because O2 only filed the section 47 application about 18 months after filing the original revocation actions, and 13 months after T-Mobile's letter of 17 June 2005. He considered that "O2 waited far too long to launch the invalidation proceedings." Certainly, I think it should have been apparent to O2 on receipt of that letter that there was a risk either that O2's applications would be refused or that, despite the revocation of the T-Mobile Marks, T-Mobile might oppose O2's applications. However, until that happened, it seems to me that O2 cannot be so heavily criticised for not issuing invalidation proceedings, involving

additional costs for both parties, as to suggest that the mere delay was an abuse of process.

47. Furthermore, if excessive delay was the reason to deem O2's application an abuse, then it seems to me that the Hearing Officer ought to have considered some of the numerous authorities relating to striking out civil proceedings for delay. For instance, in *Asiansky Television Plc v Bayer Rosin* [2001] EWCA Civ 1792, [2002] C.P.L.R. 111, Clarke LJ, after having referred to *Biguzzi v Rank Leisure* [1999] 1 W.L.R. 1926 and a number of later authorities, said:

“The essential question in every case is: what is the just order to make, having regard to all the circumstances of the case? As May LJ put it [in *Purdy v Cambran* [2000] CP Rep 67] it is necessary to concentrate on the intrinsic justice of a particular case in the light of the overriding objective. The cases to which I have referred emphasise the flexible nature of the CPR and the fact that they provide a number of sanctions short of the draconian remedy of striking out the action. It is to my mind important that the master or judge exercising his discretion should consider alternative possibilities short of striking out.”

Had the Hearing Officer applied this test, I think that he would (and should) have come to the conclusion that the delay in this case was not such as to justify striking out the invalidity application. In my judgment, T-Mobile's position may be protected (if necessary, given its minimal involvement in the s 46 proceedings) by ensuring that there is no unnecessary duplication of costs between the two proceedings.

48. The last point is whether O2's application amounted to an abuse because T-Mobile had to face two separate sets of proceedings, instead of one consolidated case. On the facts of this case, I do not think that it did. T-Mobile took virtually no part in the revocation proceedings at all, as the facts set out in paragraph 7 above show. In those circumstances, I do not

think that there was any real force in its complaints to the Hearing Officer that it ought not to have to face further proceedings for invalidity.

49. In reaching his conclusions on abuse of process, the Hearing Officer found support in the *Spambuster* decision, but for the reasons set out above it seems to me that the judgment cannot be construed as authority for the proposition that in all circumstances an application under section 47 would be an abuse of process where it had been preceded by an application under section 46 brought by the same party in respect of the same mark. Moreover, whilst the facts in *Spambuster* were very different to the current facts, an appeal from Mr Arnold's decision was compromised upon the Court of Appeal being satisfied that his decision was wrong or, without determining the merits of the appeal, that there were good and sufficient reasons for setting aside his Order. The claimant obtained relief under both sections 46 and 47.
50. For all these reasons, it seems to me that the Hearing Officer failed to take account of a number of relevant factors, and so fell into error in finding that there was an abuse of process on the facts of this case. I propose to set aside his decision, and the Registry's preliminary view, and to remit the invalidity proceedings to the Registry.
51. By consent, I make no Order as to the costs of the appeal.

Amanda Michaels
13 December 2007

Mr Julian Stobbs of Messrs Boulton Wade & Tennant appeared on behalf of O2
Mr Allan James appeared on behalf of the Registrar.