

TRADE MARKS ACT 1994

IN THE MATTER OF

AN APPLICATION FOR AN EXTENSION OF TIME TO FILE EVIDENCE

IN OPPOSITION NO. 46366

IN THE NAME OF RIDE SNOWBOARD COMPANY

TO APPLICATION NO. 2069509

TO REGISTER A TRADE MARK IN CLASS 25

IN THE NAME OF EARTH & OCEAN SPORTS INC

DECISION

This is an appeal from a decision of the Registrar of Trade Marks allowing Ride Snowboard Company ("the Opponent") an extension of time within which to file evidence in support of its opposition to an application by Earth & Ocean Sports Inc ("the Applicant") to register the words LIQUID FORCE for use as a trade mark in relation to "clothing, namely t-shirts, sweatpants, sweatshirts, jackets, trousers, pants, hats and gloves" in Class 25. I indicated at the conclusion of the hearing before me that the appeal would be dismissed with costs. I now give my reasons in writing for so deciding.

The relevant application for registration was filed on 23rd April 1996. It was published for opposition purposes on 6th November 1996. The Opponent gave notice of opposition and filed a Statement of Grounds in support of the Opposition on 5th February

1997. The Applicant filed a Counterstatement on 12th May 1997. This was forwarded to the Opponent's agents Messrs Barker Brettell & Duncan under cover of a letter which they received on 15th May 1997. The due date for service of the Opponent's evidence in support of the Opposition under Rule 13(3) of the Trade Marks Rules 1994 was accordingly 15th August 1997.

On 13th August 1997 the Opponent requested an extension of time for the filing of evidence under Rule 13(3). The Trade Marks Registry was informed by the agents for the Opponent that:

"We are in the process of completing the evidence-in-chief in support of the opposition with our US associates and the Applicant (sic) and further time is required for clarification of a number of points and for arranging for execution of the Affidavit."

The request for an extension of time was not opposed and the Registry agreed to extend the time for filing the Opponent's evidence under Rule 13(3) until 15th November 1997.

On 13th November 1997 the Opponent's agents wrote to the Registry requesting a further extension of time within which to file evidence in support of its Opposition under Rule 13(3). The letter accompanying the official form TM9 requesting the extension stated:

"... there are active negotiations taking place between the parties and in fact we understand from our US instructing principals that the

presidents of Earth and Ocean Sports, Inc. and Ride Snowboard Company are meeting today in the USA with a view to settling a worldwide agreement. Naturally we should know the outcome of these negotiations shortly.

In the meantime we have been continuing in the preparation of the Evidence in Chief but matters have been delayed primarily due to the fact that the International Distribution Manager at our client company has been away abroad for the last month and has therefore not been able to provide final instructions on both his evidence as well as that being provided by their UK distributors.

We are accordingly enclosing herewith a request for a further three month extension of time and would be grateful if this could be granted especially as we are hopeful that an agreement will shortly be reached between the parties.

We confirm that we have sent a copy of this request and letter to the agents for the Applicants and understand from our US instructing principals that the US attorneys for Earth & Ocean Sports, Inc. have indicated that they would be prepared to agree to this extension of time request."

On 25th November 1997 the Applicant's agents Messrs Bromhead & Co wrote to the Trade Marks Registry objecting to the request for a second extension of time. In response to the observations of the Opponent's agents regarding settlement negotiations and the willingness of the Applicant to agree an extension of time the letter stated:

"The applicants further wish to state that to their knowledge there are currently no negotiations going on between the parties with regard to settling the dispute. Furthermore our instructing attorneys in the United States have informed us that as far as they are aware they have not agreed to the granting of the extension of time requested by the opponents on the 13th November".

The letter did not deny that a settlement meeting had been arranged to take place on 13th November 1997. Nor did it seek to say that no such meeting had taken place.

A hearing was appointed to consider the Opponent's request for an extension of time. The hearing was originally due to take place on 19th February 1998. With the consent of all concerned it was postponed to the 5th March 1998.

At the hearing on 5th March 1998 the agent for the Opponent produced copies of the evidence it wished to file. She confirmed that this was the totality of the Opponent's evidence under Rule 13(3). She also assured Mr. Probert, the Principal Hearing Officer acting for the Registrar of Trade Marks, that she had been pushing the Opponent throughout the evidence period to get the evidence completed. The request for an extension of time was based essentially on the proposition that delays had occurred because the parties were engaged in similar disputes in a number of territories and there had been negotiations between the parties on an international scale with a view to resolving the conflict. The Principal Hearing Officer was given to understand that the Opponent would bring proceedings for a declaration of invalidity under Section 47 of the 1994 Act if its Opposition was deemed abandoned under Rule 13(4) for default in filing evidence within the extended period which had been allowed under Rule 13(3).

The agent for the Applicant objected to the request for an extension of time on the basis: (i) that the Opponent had been given ample time (nine months from the filing of the notice of opposition to the end of the first extension period) within which to prepare

GH/EOS

its evidence; (ii) that the evidence which the Opponent's agent had just produced (thirteen months after the filing of the notice of opposition) was not extensive and could easily have been produced within the extended period of time which had already been allowed to the Opponent; and (iii) that no adequate or acceptable explanation had been given for the Opponent's failure to comply with the November deadline which had long since expired. He produced a faxed copy of an Affidavit of Jon Anthony Glydon sworn on 28th February 1998 with a view to proving that there had been no settlement negotiations between the parties during 1997. The Affidavit stated:

- "1. I am president of Earth & Ocean Sports, Inc., owner of U.K. Application No. 2,069,509 for the mark LIQUID FORCE.
2. Earth & Ocean Sports, Inc. did not conduct any settlement negotiations with Ride Snowboard, Inc. in 1997 or any time before 1997.
3. At no time prior to 1998 did Ride Snowboard, Inc. ever approach Earth & Ocean Sports, Inc. with any offer to negotiate."

The Principal Hearing Officer decided to extend the time for filing of the Opponent's evidence under Rule 13(3) to 6th March 1998 (the day after the hearing). He thereby enabled the Opponent to remedy its default by filing the evidence which its agent had produced at the hearing before him. He did so for reasons which he subsequently elaborated in a written decision issued on 11th May 1998. In that decision, having referred to the evidence in Mr. Glydon's Affidavit to the effect that no settlement negotiations had taken place between the parties prior to 1998, he said:

"I found this somewhat surprising because it was common ground that the parties were involved in disputes about this trade mark in a number of other countries. I was told that at least some of these other actions had been decided or settled, and it seemed unlikely to me that the parties had not made any attempt to settle the opposition in the United Kingdom through negotiation."

In view of the fact that the Affidavit had been produced late and the Opponent had not had a proper opportunity to challenge it, he decided not to give much weight to Mr. Glydon's evidence. He observed that the Opponent's evidence was "by no means extensive" and he agreed with the Applicant's agent that "it was difficult to see why it had taken so long to prepare". When considering the length of the delay which had occurred he took the view that it would not be reasonable to include the period prior to the date on which the Counterstatement had been filed (12th May 1997) because the Opponent needed the Counterstatement in order to know which particular grounds of opposition were being contested and was not required to assume prior to the filing of the Counterstatement that the Opposition was going to be contested, either on all grounds or at all. Ultimately he was persuaded that the requested extension of time should be granted: (i) because he had been assured by the Opponent's agent that matters had been moving forward throughout the evidence period; and (ii) because the Opponent's evidence was ready to be filed at the date of the hearing before him. He observed that his decision to allow the extension of time was consistent with the Registrar's view that:

"in cases such as this where it is clear that there is an issue to be resolved and that both parties intend to defend their respective positions, it is preferable to allow the proceedings

to continue to a main hearing where the issue at the heart of the action can be decided with the benefit of evidence. This is particularly the case where the alternative would be to terminate the proceedings, perhaps as the result of a failure to comply with a procedural requirement, only to find that another action is commenced between the same parties covering essentially the same issue."

The Applicant gave notice of appeal to an Appointed Person under Section 76 of the Trade Marks Act 1994 and the hearing of the appeal subsequently took place before me. The Applicant was represented by Dr. Spencer of Messrs Bromhead & Co. The Opponent was represented by Mr. Edenborough of Counsel. Mr. Knight (Principal Hearing Officer) appeared on behalf of the Registrar.

In the run up to the hearing the Opponent submitted an Affidavit of David H. Davis sworn on 16th September 1998 in response to the Affidavit of Jon Anthony Glydon referred to above. The day before the hearing the Applicant submitted a Statutory Declaration of Bruce A. Tassan dated 29th September 1998 and a Statutory Declaration of Tony Finn dated 30th September 1998. It seemed to me that it would be quite artificial to maintain that Mr. Glydon's Affidavit of the 28th February 1998 was entitled to little weight on the basis that the Opponent had not had a proper opportunity to respond to it, when I knew that the points made in his Affidavit had been addressed in further evidence from both sides. I therefore admitted the further evidence on appeal.

David H. Davis is the Secretary and General Counsel of the Opponent. In his Affidavit he deposes to various communications which he had with Tony Finn ("an officer

GH/EOS

and representative of Earth & Ocean") in and after September 1997. He says he had several telephone conversations with Mr. Finn "regarding this conflict and our mutual desire to resolve our differences by agreement". One such conversation took place on 4th November 1997. In the course of that conversation Mr. Finn confirmed an appointment to meet Mr. Davis at the Opponent's offices in Washington on 13th November 1997. It will be recalled that this was the date on which the Opponent's agents wrote to the Trade Marks Registry saying that "... there are active negotiations taking place between the parties and in fact we understand from our US instructing principals that the presidents of Earth & Ocean Sports Inc and Ride Snowboard Company are meeting today in the USA with a view to settling a worldwide agreement".

Mr. Davis's evidence with regard to this meeting is as follows:

- "5. Tony Finn and I met personally in the Company's corporate offices on November 13, 1997 to discuss the possibility of settlement of this conflict. Attached as Exhibit C is a copy of the business card he handed to me on November 13, 1997. We agreed that our respective companies would be better served if we could resolve this dispute by agreement. Mr. Finn never conceded Earth & Ocean's use of the "Liquid" mark infringed Ride's trademark rights, citing his lawyers' instruction on the point. However, he agreed the risk associated with current and potential litigation in various venues at home and abroad made settlement on mutually acceptable terms an attractive alternative. Mr. Finn left our meeting with a settlement proposal which he indicated he would review with other senior Earth & Ocean managers. Mr. Finn also met on that day with Robert Hall and with Bill Van Sickle who is in charge of our wakeboard decision.
6. Since our in-person meeting in November 1997, I have held numerous telephone conversations with Mr. Finn regarding

GH/EOS

the possible settlement of this matter. I confirmed the substance of our meeting and inquired as to the status of the manner by the letter attached as Exhibit D. Our most recent contact has been an exchange of "voice mails" on the subject last week."

His Exhibit D is a letter of 16th January 1998 addressed to Mr. Finn at Oceanside, California. That letter was written by Mr. Davis on the Opponent's headed notepaper. It is entitled "**Re: License Agreement**". The opening paragraph refers to the absence of any response "to my suggested licensing arrangement discussed at our meeting in November". The next paragraph refers to pending oppositions to "your applications" for registration of the trade mark LIQUID FORCE in the United States, Japan, Canada and the United Kingdom. This is followed by a reiteration of "the proposal made at our November meeting":

"However, Ride also understands that resolving its differences with Liquid Force by agreement is potentially of great benefit to both companies. We discussed those benefits in November: license income and cost avoidance for Ride, continued right to use "Liquid" and cost and damages avoidance for Liquid Force. I remain hopeful our companies can reach agreement and therefore reiterate the proposal made at our November meeting:

- ! Ride will grant to Liquid Force a worldwide license to the "Liquid" mark and "teardrop" design for use on wakeboards and wakeboard bindings. The term of the license will be indefinite, subject to the continued payment of license fees by Liquid Force
- ! In consideration for the license, Liquid Force will pay Ride an annual license fee in the amount of US \$100,000 payable in equal installments on a quarterly basis.

This issue cannot remain open indefinitely. We should know sooner than later whether we can reach resolution by agreement or must proceed with all energies in the various regulatory and court room

settings. Therefore, the foregoing license offer will remain open through the close of business Wednesday, January 28, 1998. If I do not hear from you by then, I will assume Liquid Force is not interested in a negotiated resolution of our companies' differences and will proceed accordingly."

It is readily apparent that Mr. Davis's account of events is not reconcilable with the categorical and unqualified statements in paragraphs 2 and 3 of Mr. Glydon's Affidavit. This makes it particularly important to see just how far Mr. Davis's Affidavit was controverted by the evidence given on behalf of the Applicant in reply.

Mr. Finn's Statutory Declaration dated 30th September 1998 begins by confirming that he is the Vice President of the Applicant and that he is duly authorised to speak on the facts stated in his Declaration. With regard to the communications he had with Mr. Davis he says as follows:

- "7. No energetic and serious negotiations to settle present proceedings were ever conducted prior to November 15, 1997. The single meeting I had with David H. Davis on November 13, 1997 was merely to explore the possibility of settlement. No specific settlement terms were discussed except Ride's request for payment of the monies which was rejected outright and ignored.
8. At no time did I ever state or even suggest that applicant would not vigorously contest the opposition
9. In none of my telephone conversations or single meeting with Attorney Davis did he ever request an extension of time to file his company's evidence in chief as a result of our negotiations."

It is clear from this evidence that the meeting on 13th November 1997 was (as Mr. Davis says it was) held "to explore the possibility of settlement". I note that Mr. Finn does not respond to paragraph 6 of Mr. Davis's Affidavit. In particular he does not respond to Mr. Davis's evidence regarding the letter of 16th January 1998 (Exhibit D to Mr. Davis's Affidavit). I find that surprising because the letter of 16th January 1998 seems to contradict Mr. Finn's evidence: it begins by saying "I never received your response to my suggested licensing arrangement discussed at our meeting in November" and goes on to "reiterate the proposal made at our November meeting" whereas Mr. Finn says in his Declaration (paragraph 7) that "No specific settlement terms were discussed except Ride's request for the payment of monies which was rejected outright and ignored". Given the substantial shift in position between Mr. Glydon's Affidavit and Mr. Finn's Statutory Declaration, I am bound to say that I do not feel comfortable with the proposition that the apparently unquestioned letter of 16th January 1998 was an exercise in wishful thinking on the part of the Opponent.

Bruce A. Tassan is a partner in the law firm which represents the Applicant in proceedings currently pending in relation to the trade mark LIQUID FORCE in the United States. In his Statutory Declaration dated 29th September 1998 he confirms that the Opponent was vigorously pursuing oppositions to registration of the words LIQUID FORCE as the Applicant's trade mark in the United States and in Switzerland throughout 1997. He says:

"9. ... At no time did I suggest to Ride's counsel that settlement was feasible or worth pursuing. Ride's US counsel also never proposed specific settlement terms at any time, or to the best of my recollection, any settlement proposals whatever.

10. Ride's US trademark counsel never reported to me that the parties were discussing settlement or that they were even aware of any such discussions. To my knowledge, Ride had no reason to believe that settlement of any of the oppositions was likely or even possible."

It thus appears that Mr. Tassan was not aware of the meeting and communications which had taken place between Mr. Finn and Mr. Davis. I note that Mr. Tassan's Declaration is silent as to whether he has seen and considered Mr. Glydon's Affidavit, Mr. Davis's Affidavit or Mr. Finn's Statutory Declaration.

The evidence admitted on appeal shows that Mr. Glydon's Affidavit was sworn without reference to the communications which took place between Mr. Finn and Mr. Davis in 1997. Whether, as suggested at the hearing before me, this is attributable to the fact that Mr. Finn was acting without Mr. Glydon's knowledge I cannot say. I cannot say because no evidence has been given by any deponent on behalf of the Applicant to explain how and why Mr. Glydon's Affidavit came to be sworn in the terms it was. I regard it as more than a little unsatisfactory that the Opponent's application for an extension of time was resisted on the basis of the challenge to credibility implicit in that Affidavit. According to the evidence before me the possibility of settlement was explored in discussions between Mr. Finn and Mr. Davis prior to 1998 and the Principal Hearing Officer was entitled to give even less weight to Mr. Glydon's Affidavit than he

thought when considering whether the Opponent's request for an extension of time should be allowed.

In Myers v. Elman [1940] AC 282 at 294 Viscount Maugham said:

"A solicitor who has innocently put on the file an affidavit by his client which he has subsequently discovered to be certainly false owes it to the Court to put the matter right at the earliest date if he continues to act as solicitor upon the record. The duty of the client is equally plain."

These observations appear to me to be apposite in relation to Mr. Glydon's Affidavit (in the light of the evidence subsequently given in Mr. Davis's Affidavit and Mr. Finn's Statutory Declaration) subject to the question whether a Chartered Patent Agent or Registered Trade Mark Agent acting for a client in Registry proceedings is governed by the same rule in this respect as a Solicitor acting for a client in High Court proceedings. That question was not explored in argument at the hearing and it is unnecessary for me to consider it further because Dr. Spencer very fairly accepted that Mr. Glydon's Affidavit was substantially inaccurate and indicated that a corrective Affidavit or Statutory Declaration would be filed.

I now turn to consider whether the extension of time granted by the Principal Hearing Officer on 5th March 1998 for the purpose of enabling the Opponent to file evidence in support of its opposition under Rule 13(3) should be disallowed. I approach that question on the footing that the essential purpose of proceedings by way of appeal under Section 76 of the Act is to provide a means of altering decisions which can properly

be said to have been erroneous, for one reason or another. Although an appeal under that Section takes place as a re-hearing of the matter previously determined by the Registrar, the appellant is expected to persuade the appellate tribunal that the Registrar's decision should be regarded as erroneous and is, for that reason, permitted to open and close the appeal. It is generally difficult to persuade an appellate tribunal that a decision taken in the exercise of a discretion should be regarded as erroneous, not least because such decisions usually depend for their legitimacy upon balancing a variety of relevant considerations within limits which allow for the possibility of more than one "right" answer to the question in hand.

Applications for extensions of time are governed by Rule 62 of the Trade Marks Rules 1994. At the date of the application for an extension of time in the present case Rule 62 provided as follows:

"(1)The time or periods -

- (a) prescribed by these Rules other than the time or periods prescribed by the rules mentioned in paragraph (3) below, or
- (b) specified by the registrar for doing any act or taking any proceedings,

may, at the request of the person or party concerned, be extended by the registrar as he thinks fit, upon such notice to any other person or party affected and upon such terms as he may direct.

...

- (4) Subject to paragraph (5) below, a request for extension under paragraph (1) above shall be made before the time or period in question has expired.
- (5) Where the request for extension is made after the time or period has expired, the registrar may, at his discretion, extend the period or time if he is satisfied with the explanation for the delay in requesting the extension and it appears to him that any extension would not disadvantage any other person or party affected by it".

It thus appears that the exercise of the Registrar's discretion under Rule 62(1) is not subject to the particular qualifications specified in Rule 62(5).

This differs to a certain extent from the position under the Trade Marks Act 1938 (as amended) where all requests for an extension of time were subject to Rule 114 of the Trade Marks and Service Marks Rules 1986:

- "(1) If in any particular case the Registrar is satisfied that the circumstances are such as to justify an extension of the time for doing any act or taking any proceedings under these Rules, not being a time expressly provided in the 1938 Act or the modified 1938 Act or prescribed by Rule 76 or 80 above or paragraph (4) below, he may extend the time upon such notice to other parties and upon such terms as, subject to paragraph (5) below, he may direct.
- (2) An extension may be granted although the time has expired for doing the act or taking the proceeding in question".

The language of Rule 114 was held to envisage that before an extension of time could be granted by the Registrar there had to be material upon which he could be satisfied that the

circumstances were such as to justify an extension of time: R v. Registrar of Trade Marks ex.p. S.A.W. Company S.A. [1996] RPC 507.

The language of Rule 62(1) is rather more general. I think that the discretion conferred by the provisions of that Rule is as broad as the discretion conferred by the provisions of Order 3 rule 5(1) of the Rules of the Supreme Court:

"The Court may, on such terms as it thinks just, by order extend ... the period within which a person is required ... by these rules or by any judgment, order or direction, to do any act in any proceedings."

In Finnegan v. Parkside Health Authority [1998] 1 WLR 411 the Court of Appeal examined earlier appellate decisions as to the breadth of the discretion conferred by Order 3 rule 5(1) and followed the decision of the Court of Appeal in Mortgage Corporation Ltd v. Sandoes [1996] TLR 751; [1996] C.A. Transcript 1634 to the effect that the absence of good reason for failure to comply with a time limit was not always and in itself sufficient to justify refusal of an extension of time; the true position being that it is for the party in default to satisfy the court that despite his default, the discretion to extend time should nevertheless be exercised in his favour, for which purpose he could rely on any relevant circumstances. Due weight can be given to the public interest in accordance with this approach and I think it is the approach I ought to adopt when considering the exercise of discretion under Rule 62(1) of the 1994 Rules in the present case.

Under Section 40(3) of the Trade Marks Act 1994 the rights conferred by registration of a trade mark date back to the date of the application for registration. In the interests of legal certainty it is plainly desirable that valid applications for registration should succeed and valid objections to registration should be upheld without undue delay. The time limits applicable to opposition proceedings under the 1994 Act and the 1994 Rules were formulated with that consideration in mind. The Registrar endeavours to ensure that the prescribed time limits are observed, subject to his power to grant fair and reasonable extensions of time in appropriate cases.

It is confirmed in the passage from the Principal Hearing Officer's decision I have quoted above that the Registrar is reluctant to refuse an extension of time for the filing of evidence if the evidence is available to be filed when he comes to consider whether the requested extension of time should be granted. This generally accords with the observations of Laddie J. in Hunt-Wesson Inc's Trade Mark Application [1996] RPC 233 at 241:

"An opposition may determine whether or not a new statutory monopoly, affecting all traders in the country, is to be created. Refusing permission to an opponent who files evidence late affects not only him but also may penalise the rest of the trade. ... although the matter is not clear, it is probable that if the evidence is excluded and the opponent, as a result, loses then he will be able to return again in separate proceedings to seek rectification of the register. An advantage of allowing in the evidence ... is that it may well avoid a multiplicity of proceedings."

However, I think it is necessary to bear in mind that these observations were made in the context of proceedings in which the parties were evidently intent on having their dispute determined on its merits. A different view may be taken when it appears that a party has failed to produce evidence capable of supporting his contentions because he is unable or unwilling to do so. That may involve an abuse of process. If so, it may be appropriate to let the default operate as a bar to further progress of the claims based on the unsupported contentions: Grovit v. Doctor [1997] 1 WLR 640 (HL) at 647, 648 per Lord Woolf; Arbuthnot Latham Bank Ltd. v. Trafalgar Holdings Ltd 1 WLR 1426 (CA) at 1436. And even if the default does not appear to involve an abuse of process, it may yet be the case that the delay in producing such evidence is inordinate, inexcusable and so seriously prejudicial to the opposite party that no indulgence should be given to the party in default in accordance with the principles laid down and reaffirmed by the House of Lords in Birkett v. James [1978] AC 297 and Department of Transport v. Chris Smaller (Transport) Ltd [1989] AC 1997.

For these reasons I consider that the natural reluctance of the Registrar to refuse an extension of time for filing evidence which has belatedly come to hand cannot be elevated to the status of an invariable rule. In order to leave room for justice to be done I think it is necessary to recognise that a contested application for an extension of time to file evidence should not necessarily "follow the event" (i.e. succeed if the evidence is available at the hearing of the application and fail if it is not) and should not automatically succeed on the basis that refusal is liable to result in the commencement of another action between the same parties covering essentially the same subject matter. I

GH/EOS

nevertheless agree that these are important factors to be taken into account when deciding whether an extension of time should be granted or refused. In the present case the Principal Hearing Officer took them into account without regarding them as determinative per se. I agree with that approach.

Significantly, there is no suggestion that the evidence tendered by the Opponent at the hearing on 5 March 1998 was incapable of supporting its contentions in the proceedings. Equally significantly, there is no suggestion that postponement of the filing of the Opponent's evidence from November 1997 to March 1998 harmed the Applicant's ability to defend the Opposition or otherwise subjected it to a disadvantage from which it could not recover if the Opposition went ahead. Over and above that the additional evidence admitted on appeal appears to me to indicate that the Opponent's failure to produce its evidence before 5 March 1998 was to some extent attributable to the prospect and thereafter the occurrence of settlement discussions with the Applicant.

Opposition proceedings frequently give rise to settlement discussions, not least because Section 5(5) of the 1994 Act makes it easier than in years gone by for parties to settle their differences upon the terms of co-existence and delimitation agreements backed by appropriate registrations and licences. It is not uncommon for agreements of that kind to regulate the rights and obligations of the parties internationally. The period of 3 months allowed for the filing of an opposition under Rule 13(1) and the further period of 3 months allowed for the filing of a counterstatement under Rule 13(2) provide time for negotiations to take place. After that negotiations can take place on one or other of two

GH/EOS

bases. The parties can approach the Registrar and ask him to approve a standstill in the proceedings for a limited period while serious settlement discussions take place: c.f. Arbuthnot Latham Bank Ltd. v. Trafalgar Holdings Ltd [1998] 1 WLR 1426 (C.A.) at 137. Alternatively they can negotiate without prejudice to their obligations to press on with the proceedings in accordance with the time limits prescribed by or under the Rules. The risk in pursuing the latter course is that actual or impending failure to comply with a time limit may weaken the negotiating position of the defaulting party if an extension of time cannot be obtained. This may encourage the opposite party to oppose the request for an extension of time with a view to securing a tactical advantage in the negotiations.

In the present case the first extension of time was requested (letter of 13th August 1997) without reference to any settlement negotiations or discussions. The second extension of time was requested (letter of 13th November 1997) explicitly upon the basis that active negotiations were taking place between the parties and upon the understanding "that the US attorneys for Earth and Ocean Sports Inc. have indicated that they would be prepared to agree to this extension of time request". Thereafter the Opponent pursued the question of settlement with the Applicant. It appears to have persisted in doing so even after the Applicant had written to the Trade Marks Registry (letter of 25th November 1997) objecting to the grant of an extension of time, stating that "to the knowledge of the Applicant there are currently no negotiations going on between the parties with regard to settling the dispute" and further stating that as far as instructing attorneys in the US were aware "they have not agreed to the granting of the extension of time requested by the opponents on the 13th November".

Paragraph 6 of Mr. Davis's Affidavit indicates that the Opponent willingly pursued the possibility of settlement into 1998 without knowing whether the extension of time it needed would be granted. On the evidence before me I believe that it did so rationally on the basis that the Applicant, represented by Mr. Finn, apparently remained willing to consider ways and means of resolving the present and other opposition proceedings. That could not relieve the Opponent of its obligation to file evidence in support of its Opposition under Rule 13(3), but it does provide some support for the view that the Opponent's delay in filing its evidence was related to the approach to negotiations adopted on behalf of the Applicant. That, to my mind, adds weight to the Principal Hearing Officer's preference for allowing the proceedings to continue to a main hearing where the issue at the heart of the action can be decided with the benefit of evidence.

The period of time which matters for present purposes is the period allowed for the filing of evidence under Rule 13(3). In accordance with the provisions of Rule 13(3) that period commenced when the Registrar sent a copy of the Counterstatement to the Opponent in May 1997. I agree with the Principal Hearing Officer that delay should be assessed with reference to the period after the date on which the Counterstatement was sent to the Opponent because the Opponent was under no obligation prior to that date to incur costs in connection with the preparation of evidence that might turn out to be unnecessary when and if the Counterstatement was filed. However, the fact that there were no surprises for the Opponent in the Counterstatement as filed is relevant, in my view, to the question whether the Opponent worked with due diligence to file its evidence in support of the Opposition within the time allowed.

The period allowed for the filing of evidence under Rule 13(3) was 3 months (extended, without objection, to 6 months) from 15th May 1997. This was a generous period to have allowed for the filing of the Opponent's evidence, which was not extensive. Even so, the evidence was not filed within the allotted period. It was eventually provided on 5th March 1998. I agree with the Principal Hearing Officer's observation that "it was difficult to see why it had taken so long to prepare the evidence". An explanation was necessary. As I understand it, the Principal Hearing Officer asked for one. I do not know how far he went with his questioning in that connection. I do know that he felt able to accept an assurance from the Opponent's agent that she had been pushing her client to get the evidence completed and that matters had been moving forward throughout the evidence period. This assurance was given orally at the hearing which took place on 5th March 1998. It is not the Registrar's practice to require substantiation of such matters in the form of an Affidavit or Statutory Declaration. I am therefore not in a position to form any view of my own as to the degree of diligence with which the Opponent endeavoured (unsuccessfully) to comply with the 15th November deadline. Although I am not prepared to say that the Principal Hearing Officer was wrong to accept the assurance he did, I remain unimpressed by the delay which occurred. If I thought that the effects of the delay made it truly unjust to the Applicant to allow the requested extension of time, I would not have been deflected from that view by information as to the amount of effort that went into producing the Opponent's evidence out of time.

There is, as I have said, a need to ensure that opposition proceedings are brought to a conclusion without undue delay. The length of the delay in filing evidence was plainly a matter for concern in the present case. It is a relatively uncomplicated

GH/EOS

Opposition in which issue was joined in May 1997 on the basis of a Counterstatement that appears to have contained no surprises from the Opponent's point of view. However, I am not persuaded that the severity of the delay was such as to make it appropriate for the Opposition to be deemed abandoned under Rule 13(4). The Principal Hearing Officer must also have been of that view. I am not prepared to say that he was wrong to grant the extension he did. In his position I would probably have done the same. In my position as an appellate tribunal I am satisfied (with the assistance of additional evidence) that the decision should stand on an overall assessment of the facts and matters I have referred to above. Therefore the appeal fails.

At the hearing Mr. Knight informed me that the Registrar did not wish to apply for costs. Dr. Spencer and Mr. Edenborough agreed on behalf of the Applicant and Opponent that the costs of the appeal should be assessed broadly by reference to the scale of costs which applies in Registry proceedings. On that basis I indicated that I would order the Applicant to pay the Opponent £400 as a contribution towards its costs of the unsuccessful appeal. That order is hereby confirmed.

Geoffrey Hobbs Q.C.
10th November 1998.