

O-074-07

**IN THE MATTER OF AN INTERLOCUTORY HEARING
IN RELATION TO APPLICATION NO. 2349223
IN THE NAME OF EFAX LIMITED**

AND

**IN THE MATTER OF OPPOSITION THERETO
UNDER NO. 94316 BY PROTUS IP SOLUTIONS INC.**

TRADE MARKS ACT 1994

IN THE MATTER OF an interlocutory hearing in relation to application No. 2349223 in the name of Efax Limited and in the matter of opposition thereto under No. 94316 by Protus IP Solutions Inc

Background

1. Application No. 2349223 for the mark **efax** was filed on 19 November 2003 and stands in the name of Efax Limited. The application was originally published in the *Trade Marks Journal* of 4 November 2005 however it was subject to re-advertisement on 31 March 2006. The re-advertisement indicated that the application had been accepted on the basis of “Honest Concurrent Use with registration No. 1465992 and others”. It also indicated that the application “was proceeding because of distinctiveness acquired through use”.

2. On 28 April 2006, Jeffrey Parker & Co, on behalf of Protus IP Solutions Inc, filed notice of opposition to the registration of the application. The grounds of opposition were, in summary, under sections 3(1)(b) and 3(1)(c) of the Act and under section 5(2)(b). The ground of opposition under section 5(2)(b) was based on Community trade mark No. 1765205 registered in the name of Trustmission (S.A.)

3. The notice of opposition was served on the applicant in the usual way and the applicant was allowed until 10 August 2006 to file a Form TM8 and counter-statement if it wished to continue with its application.

4. A Form TM8 and counter-statement was filed on 31 May 2006 and included the following statement:

“The applicant denies that the mark used as a basis for the ground of opposition under section 5(2)(b) is applicable because of the evidence of honest concurrent use which the applicant filed. The applicant’s evidence of use was sufficient to satisfy the Registrar and the applicant therefore denies that its evidence was “minimal” or “completely insufficient” as alleged by the opponent”.

5. In a letter to the applicant dated 23 June 2006, the registrar acknowledged receipt of the Form TM8 and counter-statement but requested further particularisation of the form before the case could proceed. The letter stated:

“ The earlier trade mark listed by the opponent is a valid earlier trade mark in accordance with Section 6(1). Therefore, you are required to admit or deny the section 5(2)(b) ground brought by the opponent, whether the mark is similar to the earlier trade mark and for identical or similar goods or services.”

6. The applicant filed an amended counter-statement within the period allowed to it. The applicant had added the following paragraph:

“The applicant admits that the marks are similar and that the class 38 services covered by the earlier mark are in part identical or similar to those covered by the application in suit. However, in view of the evidence of distinctiveness acquired through use and of honest concurrent use filed by the applicant, the applicant denies that there is any likelihood of confusion and/or association on the part of the public.”

7. The Trade Marks Registry wrote a letter dated 8 August 2006 acknowledging receipt of the amended documentation and advised the parties that in view of the comments made by the applicant, it was not considered appropriate to issue a Preliminary Indication. Instead, the opponent was advised that it had until 8 November 2006 to file evidence in support of its opposition.

8. On 19 September 2006 the applicant filed a letter drawing the registrar’s attention to the provisions of section 7(2) of the Act. It claimed that the ground of opposition based on section 5(2)(b) of the Act should be struck out because the application had proceeded to publication on the basis of honest concurrent use with registration No.1765205. This was an earlier mark which the applicant said was raised as a citation during the course of the examination procedure and of which the opponent was not the registered proprietor.

9. The Trade Marks Registry sought comments from the opponent. It replied by way of a letter dated 30 October 2006 indicating that it did not consider it appropriate to strike out the grounds of opposition. It said, in summary, that:

- The applicant’s suggestion that the opponent was disentitled to bring a ground of opposition under section 5 is wrong in law
- The evidence of use provided by the applicant did not satisfy the requirements of section 7(3)
- The request to strike out the ground at such a late stage was inappropriate.

10. The registrar wrote to the parties on 23 November 2006 informing them of his preliminary view that the ground of opposition under S5(2)(b) should be struck out. The opponent subsequently requested to be heard.

11. The hearing took place before me, by videolink, on 22 February 2007. Mr McLeod of Hammonds represented the applicant. Mr Malynicz of Counsel, instructed by Jeffrey Parker & Company, represented the opponent.

12. Following the hearing, I wrote to the parties to advise them of my decision. My letter, dated 22 February 2007, stated:

“Both parties filed skeleton arguments. After considering these and the submissions made at the hearing, I give my decision. The application proceeded to publication on the basis of Honest Concurrent Use with an earlier trade mark. The opponent seeks to rely on that earlier trade mark as the basis for an objection brought under section 5(2) in these proceedings but is not, however, the proprietor of that mark. Under section 7(2) the registrar shall not refuse the application by reason of the earlier trade mark unless objection on

that ground is raised in opposition proceedings by the proprietor of that earlier trade mark. My decision, therefore, is to uphold the registrar's preliminary decision and strike out the ground of opposition under section 5(2) of the Act.

I am not persuaded by the opponent's arguments that as part of these proceedings, I should review the evidence of use filed as part of the examination process in order to determine whether Honest Concurrent Use of the application was properly shown. Neither am I persuaded with the opponent's argument that I should allow the opposition to continue as filed, on the grounds that section 7 of the Act is potentially *ultra vires* as being contrary to Article 4 of the Trade Mark Directive 89/104."

13. A Form TM5 seeking a written statement of the reasons for my decision was filed by the opponent later that same day. These I now give.

Submissions

Applicant's submissions

14. Mr McLeod indicated that there was a single issue to be decided-whether an opponent might rely on a trade mark owned by a third party where the application proceeded to publication on the basis of honest concurrent use and where that earlier mark was raised as a citation during examination of the application.

15. Mr McLeod said the test for honest concurrent use had been met and the application had been accepted by the registrar on that basis. In the circumstances, s7(2) of the Act applies. The opponent was not entitled to rely on the earlier registration which was in third party ownership. Mr McLeod referred me to *Kerly's Law of Trade Marks and Trade Names*, at paragraph 9-153 which confirms that only the registered proprietor of an earlier trade mark can rely on that earlier trade mark in opposition proceedings.

16. Referring to the opponent's skeleton argument, Mr McLeod submitted that whether or not the mark of the application is distinctive, the state of the evidence filed during the examination process was not a matter within the scope of the current proceedings or hearing. He went on to say that the opponent's comments on the possibility of appeal to the Appointed Person and references to the ECJ were not proportionate to the issue to be decided. As regards potential conflict between section 7 of the Act and Article 4 of the Directive, Mr McLeod said he was not persuaded there was any. He pointed out that the Directive enabled there to be national derogations and that was what section 7 was.

17. Striking out the section 5 objection did not mean that the opposition would be struck out in its entirety, Mr McLeod continued. The opponent would still be entitled and able to rely on the remaining grounds of opposition which were founded on section 3 of the Act.

Opponent's submissions

18. Mr Malynicz began his submissions by accepting the applicant's case was attractive but said that there was a central flaw to the argument. He submitted that the registrar had to be "satisfied" that there had been honest concurrent use. He went on to say that it must be accepted that if the registrar was not "satisfied" the evidence of use could be reviewed.

19. Mr Malynicz said that the decision made during the examination process to publish the acceptance of the application on the basis of honest concurrent use was manifestly wrong. It could not be correct, he said, that prior to registration the registrar could not revisit manifestly wrong decisions. Mr Malynicz referred to the applicant's skeleton argument and denied that the decision to accept the application on the basis on honest concurrent use was made as a result of a "considered view" by the registrar. He went on to say that the mark was accepted in breach of the guidelines published in the Trade Marks Registry's Work Manual. Mr Malynicz then began to comment on the distinctiveness of the mark and to try to take me through the evidence filed by the applicant as part of the examination process. I interrupted him to remind him that the hearing was in respect of inter partes proceedings where no evidence had been filed. Whatever evidence may have been filed during the ex parte examination process was not before me in these proceedings.

20. Mr Malynicz sought to justify the inclusion of that evidence in the inter partes proceedings before me by confirming that the opponent relied on an objection under section 5 of the Act. He said that the provision of section 40 of the Act allowed the registrar to review the acceptance of the application. Furthermore, rule 66 enables the registrar to correct errors at any point. Finally, he referred me to rule 54 and indicated that the opponent was entitled to be heard where a decision, in this case the decision to accept the application and publish it, was adverse to the opponent. Each of these three submissions, he said, required that I look at the evidence the applicant filed during the examination process.

21. Referring to the possibility of a reference being made to the ECJ, Mr Malynicz submitted that the claim that section 7 of the Act is *ultra vires* was not raised speculatively. He referred me to *Kerly's* at paragraph 9.150. It was highly likely, he said, that the issue would lead to an appeal if not a reference to the ECJ. Mr Malynicz referred me to *Halfords Limited v Professional Cycle Manufacturing Limited* O-238-05, pointing out that no ruling had been given in that case as to whether or not section 7 was consistent with the Directive. The issue was such that if there was an arguable case, the opponent should be allowed to continue with it so that the matter could be decided as part of the substantive decision and then, if necessary be appealed.

Applicant's submissions in reply

22. Mr McLeod requested that the opponent's comments on the distinctiveness of the mark should be disregarded as it was outside the scope of the hearing. He went on to say, however, that the guidelines set out in the Work Manual regarding honest concurrent use had been met. The earlier right holder had not objected to the application. Mr McLeod concluded by repeating that the opponent was still able to

oppose on the basis of the objections it had raised under section 3 of the Act but that it seemed to have included the objection under section 5 into the opposition proceedings by mistake not having realised, perhaps because the mark had had to be re-advertised, that it was being accepted on the basis of honest concurrent use.

Decision

23. The current proceedings take the form of an opposition, where the opponent seeks to rely on objections under both sections 3 and 5 of the Act. The objections raised under section 3 are not in issue as far as this decision is concerned. As regards the opposition based on section 5, the opponent seeks to rely on an earlier Community Trade Mark No. 1765205. I have no direct knowledge of what might have taken place during the examination of the application, however, the applicant has confirmed, and the opponent does not dispute, that this earlier mark was raised as a citation during the examination process and the applicant filed evidence to overcome that citation.

24. Mr Malynicz, sought to persuade me that the evidence filed by the applicant as part of the examination process was insufficient and that I should review it. He relied firstly, on the provisions of Section 40(1) of the Act.

25. Section 40 states:

- “**40.-** (1) Where an application has been accepted and-
- (a) no notice of opposition is given within the period referred to in section 38(2) , or
 - (b) all opposition proceedings are withdrawn or decided in favour of the applicant,

the registrar shall register the trade mark, unless it appears to him having regard to matters coming to his notice since the application was accepted that the registration requirements (other than those mentioned in section 5(1), (2) or (3) were not met at that time.”

26. Whilst I accept that the section does give the registrar the power to refuse to register an application if matters are brought to his notice which appear to indicate that the application was accepted in error, it is clear that this only applies where either no notice of opposition has been filed or when all opposition proceedings are withdrawn or decided in the applicant’s favour. In the current case, notice of opposition has been filed and the proceedings have not yet been withdrawn or concluded in the applicant’s favour. That being so, Section 40, in my opinion, cannot assist the opponent.

27. Mr Malynicz also relied on the provisions of rule 66. This states:

“**66.** Subject to rule 68 below, any irregularity in procedure in or before the Office or the registrar, may be rectified on such terms as the registrar may direct.”

28. Mr Malynicz argues that the registrar fell into error in accepting the evidence of use provided by the applicant during the examination process as being sufficient to

found a claim of honest concurrent use. This decision is being written in the context of opposition proceedings. What may or may not have occurred during the examination process, and I have no direct knowledge of this, is not part of these proceedings. The application has been published and that publication, albeit by the re-publication, indicates the application has been accepted on the basis of honest concurrent use.

29. Thirdly, Mr Malynicz sought to rely on the provisions of rule 54. The relevant part of the rule states:

“54. (1) Without prejudice to any provisions of the Act or these Rules requiring the registrar to hear any party to proceedings under the Act or these Rules, or to give such party an opportunity to be heard, the registrar shall, before taking any decision on any matter under the Act or these Rules which is or may be adverse to any party to any proceedings before her, give that party an opportunity to be heard.”

30. Again Mr Malynicz argues that the decision to accept the application on the basis of honest concurrent use was wrong and that any party adversely affected by a decision has the right to be heard. The decision to accept the application on the basis of honest concurrent use was a decision made during the examination process. Examination is an ex officio process and do not constitute “proceedings”. The opponent was not a party to the examination and therefore not a party to the decision to accept the evidence. It therefore has no right to be heard in respect of that decision.

31. In short, I consider that it is neither appropriate for me nor open to me to review the acceptance of the application on the basis of the evidence filed during the examination process.

32. As the Hearing Officer stated in *Elia International Ltd’s application* (O-168-04):

“An opposition is a matter between two sides. The registrar is acting as an independent tribunal. It is neither possible nor appropriate to mix into a dispute between two sides, complaints about how the application has been examined. Elia pointed this out in its counterstatement and is completely correct. I have to decide the issues before me on the basis of the application as it stands, the statement of grounds and the evidence submitted.”

33. I therefore agree with the applicant that the issue before me is a single issue-that being whether the section 5(2) objection should be struck out of the opposition proceedings. I therefore go on to explain my reasoning on the basis of section 7 of the Act.

34. Section 7 of the Act states:

“7.-(1) This section applies where on an application for the registration of a trade mark it appears to the registrar-

- (a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or

- (b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

but the applicant shows to the satisfaction of the registrar that there has been honest concurrent use of the trade mark for which registration is sought.

(2) In that case the registrar shall not refuse the application by reason of the earlier trade mark or other earlier right unless objection on that ground is raised in opposition proceedings by the proprietor of that earlier trade mark or other earlier right.

(3) For the purposes of this section “honest concurrent use” means such use in the United Kingdom, by the applicant or with his consent, as would formerly have amounted to honest concurrent use for the purposes of section 12(2) of the Trade Marks Act 1938.

(4) Nothing in this section affects-

- (a) the refusal of registration on the grounds mentioned in section 3 (absolute grounds for refusal), or
- (b) the making of an application for a declaration of invalidity under section 47(2) (application on relative grounds where no consent to registration).

35. Mr Malynicz sought to persuade me that section 7 of the Act was potentially *ultra vires* as being contrary to article 4 of the Trade Marks Directive 89/104. He went on to argue that the opponent should be allowed to continue the opposition on the grounds of section 5(2) as this would allow it the opportunity of appealing the decision or make a reference to the European Court if necessary. I declined to allow the opposition under section 5(2)(b) to continue on this basis. This does not preclude the opponent from having the issue determined on appeal; the opponent, of course, has the right to appeal my decision.

36. It is true that the section 7 of the Act does not derive from the Directive, however, as was stated in *C.D.S. Computer Design Systems Limited's Application* (O-372-00):

“...I note that this provision of the Act does not derive from Council Directive No. 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks. It is thus a piece of home spun legislation which can only be interpreted as complementing rather than conflicting with the Directive. I say that because Article 5 of the Directive (the equivalent of Section 5 of the Trade Marks Act) requires a trade mark to be excluded from the register if it conflicts with an earlier trade mark or other earlier right. However, the fifth recital to the Directive gives Member States latitude as to the stage at which such relative grounds are to be taken into consideration. The fifth recital states:

Whereas Member States also remain free to fix the provisions of procedure concerning the registration, the revocation and invalidity of trade marks acquired by registration; whereas they can, for example, determine the form of trade mark registration and invalidity procedures, decide whether earlier rights should be invoked either in the registration procedure or in the invalidity procedure or both and, if they allow earlier rights to be invoked in the registration procedure, have an opposition procedure or an *ex officio* examination procedure or both; whereas Member States remain free to determine the effects of revocation or invalidity of trade marks;

In relation to all applications for registration under the Act, the Trade Marks Registry must examine them against the provisions of Sections 3 and 5 and undertake a search under the provisions of Section 37 for that purpose. If, and when, as a result of the search an earlier trade mark or earlier right is identified which is considered to be the same or similar in respect of both the trade mark and the specification of goods and services, then the Trade Marks Registry must raise an objection to the application for registration. However, if the applicant is able to show, to the satisfaction of the Trade Marks Registry, that there has been honest concurrent use of the trade mark the subject of the application with the earlier mark, under the provisions of Section 7, and with due regard to the fifth recital, the application may be accepted and published.”

37. In view of this, I proceed on the basis that section 7 is not *ultra vires*.

38. In my view, the provisions of section 7(2) preclude the opponent from relying on Community trade mark No. 1765205 as a basis for an objection under section 5(2)(b) because it is not the registered proprietor of that mark. I am supported in my view by the decision in *The Alliance of Independent Retailers Limited's Application* (O-422-99), where the Hearing Officer stated:

“It is clear from Section 7(2) of the Act that where the Registrar has been satisfied that there has been honest concurrent use, only the proprietor of the earlier marks can rely upon the earlier mark(s) concerned in an opposition.”

39. In *Professional Cycle Manufacturing Limited's Application* O-238-05, Richard Arnold QC, sitting as the Appointed Person, considered the situation where an opposition under section 5(2) was filed on the basis of two earlier trade marks, only one of which was in the ownership of the opponent. Whilst the application proceeded to publication on the basis of honest concurrent use, that use was to overcome only the citation of the opponent's earlier mark. The Appointed Person held that the opponent was entitled to rely upon the third party's earlier mark because the application had not been accepted on the basis of honest concurrent use with that earlier mark.

40. In the current proceedings, the parties do not dispute that the earlier mark on which the opponent seeks to rely, was raised as a citation during the examination process. Evidence of use was filed and the registrar accepted and published the application, indicating that he did so on the basis of honest concurrent use. The earlier

mark is in third party ownership and its owner has not filed notice of opposition against the application.

41. In all the circumstances it appeared to me that the opponent was not entitled to rely on Community Trade Mark No. 1765205 as it was not the owner of that mark. As this was the only earlier mark the opponent sought to rely on under section 5(2)(b), I decided that this ground of opposition should be struck out and the opposition proceed on the grounds of section 3 only.

Costs

42. I made no order as to costs.

Dated this 9th day of March 2007

**ANN CORBETT
For the Registrar
The Comptroller-General**