

O-100-07

TRADE MARKS ACT 1994

IN THE MATTER OF an interlocutory hearing
in relation to application No. 2397544
in the name of Tevo Limited
and opposition No. 93952 thereto
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Background

1. Application No. 2397544 is for the trade mark TEVO and was applied for on 22 July 2005 by H-Modul Limited. Following a change of name, the application now stands in the name of Tevo Limited. The application was published in the Trade Marks Journal on 2 September 2005 and notice of opposition was filed against the application on 2 December 2005 by Ulrich Bohnacker. The proceedings followed the usual course with the filing of a form TM8 and counterstatement. The opponent filed a Form TM53 on 10 May to continue the proceedings, the grounds of which were solely based upon section 5(2) of the Trade Marks Act 1994. The Trade Marks Registry gave the opponent the statutory period of three months, under rule 13C(1)(a), in which to file its evidence in support of the opposition. This period expired on 16 August 2006.

2. The opponent wrote to the Registry on 16 August 2006 to ask for a stay of proceedings. The letter said:

“This Opposition is based on UK 1512103, which is currently the subject of an Application for Revocation by H-Modul Limited (aka Tevo Ltd).

We therefore request a Stay of Proceedings for Opposition No 93952 until such times as Revocation No 82381 has been determined.

If this is not granted, would you kindly allow us to file a TM9 retrospectively to request an extension of term in which to file evidence in support of this Opposition.”

3. The Registry asked the applicant for comments regarding the stay request and the applicant objected by way of a letter dated 31 August 2006. The applicant gave its reasons for objecting as being that:

- (i) the opponent was required to prove use of its mark in the opposition proceedings and also in the revocation proceedings; it had already provided evidence in the latter;
- (ii) in the opposition proceedings, the opponent’s term for filing evidence had already expired;

- (iii) the applicant did not wish registration of its mark to be unduly delayed; a stay would unfairly prejudice the applicant.

4. The Trade Marks Registry notified the parties on 6 September 2006 of its preliminary view that the stay, or suspension, should be granted, saying:

“This view is based on the fact that the earlier right in this case is the sole basis of the opposition and therefore should be decided before progressing the opposition. If the revocation is successful the opposition will fall away and save on costs for both the parties and the registry.”

A date of 20 September 2006 was set for the opponent to provide written argument and/or a request to be heard if it disagreed with the preliminary view.

5. On 20 October 2006, the applicant wrote to the Registry, referring to a telephone conversation two days previously with the examiner, confirming that it had not received the Registry’s letter of 6 September granting the suspension of proceedings. The letter was duly re-issued and a reply date of 6 November 2006 was set. The applicant replied on 3 November 2006 requesting an interlocutory hearing.

6. The hearing took place before me on 5 December 2005 at 10.30am by video conference. The applicant was represented by Mr Simon Malynicz, Counsel instructed by R.G.C. Jenkins, and the opponent was represented by Mrs Janice Trebble of Saunders & Dolleymore. I reserved my decision, but advised the parties of it in a letter dated 6 December 2006. My letter stated:

“Mrs Trebble submitted, both in skeleton argument and at the hearing, that it is a matter of common sense to determine the scope of the opponent’s registration before the Registrar goes on to consider the merits of the opposition. Further, the outcome of the revocation may affect the evidence to be filed by the opponent in these proceedings. Mrs Trebble also said that the applicant had caused delay in the opposition proceedings by filing the revocation action against the opponent’s registration.

Mr Malynicz submitted by way of his skeleton argument and at the hearing, that it was unusual to grant a suspension in one set of proceedings simply because another action had been filed, and particularly where no good reasons for the delay had been advanced. He said that if the opposition proceedings were suspended in favour of the revocation dispute, it could protract the opposition proceedings by a further two to three years, which was unfair to the applicant. The revocation action was launched to protect the applicant against infringement proceedings, not in relation to the opposition.

I have considered the papers before me and the oral arguments. Viewing the matter in the round, taking into account all of the factors involved, I have decided to reverse the preliminary view which allowed the stay. The delay involved in a suspension would not be in proportion to the level of complexity of the two sets of proceedings and would not take the resolution of the opposition further forward so that a suspension would be justified or desirable. If the revocation action is only partially successful, it will not, *per se*, dispose

of the opposition and a suspension of proceedings would therefore be prejudicial in terms of legal certainty to both the applicant and potentially to other users of the trade mark registration system.

The consequence of my decision is that the opponent has not filed its evidence under rule 13C(1) of the Trade Marks Rules 2000 (as amended). However, I propose to exercise my discretion under rules 13C(2) and (6) and to allow the opponent a period of time to file its evidence. I therefore direct that the opponent should file its evidence by **Wednesday 20 December 2006** to avoid its opposition being deemed withdrawn under rule 13C(2).

Costs

I direct that the opponent pay to the applicant the sum of £200 as a contribution towards the costs of this hearing.

This letter does not contain a full statement of reasons for this decision. If either party wishes to appeal the decision, they should file a Form TM5, together with the requisite fee (£100), requesting a statement of reasons within one month of the date of this letter.”

7. The opponent filed a Form TM5 on 8 January 2007 (the first non-excluded day for business after 6 January 2007), seeking a full statement of the reasons for my decision. This I now give.

The Hearing and submissions

8. Both parties filed skeleton arguments prior to the hearing. Mrs Trebble’s said that the outcome of the revocation action had a direct effect on whether the opposition could proceed and, if it could, what evidence would be required to support the opposition. It is common sense to stay the opposition proceedings to avoid unnecessary work and expense for all parties concerned. Further, the evidence to support use in defence of a registration under revocation attack is not necessarily the same as that to support an opposition. If 1512103 were to be partially revoked, this might involve further consideration of the evidence to support the opposition. These points were reiterated orally at the hearing. The crux of her argument was that until the scope of registration 1512103 was known (following completion of the revocation action), the evidence, including proof of use evidence, for the opposition could not be finalised.

9. Mr Malynicz expanded upon his skeleton argument. In summary, he said that the opponent had left it late in the day (the deadline for filing its evidence in chief) to ask for the stay. It is unusual for the Registrar to agree to such without reasons and there is no registry practice whereby actions are suspended because another has been filed. It is a matter of discretion for the Hearing Officer, having regard to factors such as how matters overlap, how the evidence overlaps, how costs may be reduced, and the interests of both parties and other registry users. Mr Malynicz submitted that none of these factors were addressed in the opponent’s stay request of 16 August 2006. He said that the stay should not be granted because it would delay the applicant’s registration; there was no good reason to deal with the revocation first; the opponent’s

had launched the opposition and shouldn't be allowed to delay its resolution; when an opponent launches an action, they should be broadly ready to file evidence and it was the opponent who had filed Form TM53 in May 2006 to continue into the evidence rounds after the Preliminary Indication. Mr Malynicz submitted further that if the revocation was to be the lead action and, hypothetically, the opponent/registered proprietor was to appeal the revocation decision, it could be mid-2008 before it was required to file evidence in chief on the current opposition. He also said that the business areas were different and that the opponent was not entitled to the full range of protection, but that even if the revocation were to be successful, the registration would be likely to remain in part because it would probably be limited to shop shelving. He submitted that the opponent/registered proprietor's evidence for the revocation action addressed the same issue in the opposition under the proof of use provisions. The applicant had applied for revocation as a protection against infringement action, not because of the specific opposition proceedings: the two parties had never come across each other before this dispute had occurred. Finally, Mr Malynicz raised a question about the reference to an extension of time in the opponent's letter of 16 August 2006: was it an extension of time request or a request to be allowed to file an extension of time request? If the former, any request should be fully supported.

10. In reply, Mrs Trebble reiterated her earlier statement that the Registrar needed to know the scope of the registration in order to deal with it in the opposition action. She said that the revocation action was not a full attack; the goods were very close; and that the applicant had caused the delay in filing the revocation application. Mr Malynicz repeated that the revocation action had been filed as a protection against infringement action, not because of the opposition.

11. With regard to costs, Mr Malynicz said that costs should follow in the normal way; Mrs Trebble was content for costs to be awarded either after the interlocutory hearing or after the main hearing. The interlocutory hearing finished at 11am and I gave my decision in a letter to the parties the following day, as evidenced in paragraph 6 of this statement of grounds.

Statement of grounds

12. The Registrar has the discretion to stay or suspend proceedings. I therefore had to determine whether or not to exercise my discretion in the case before me on the basis of the information given by the opponent and the circumstances of the case.

13. There is specific guidance in the Trade Marks Registry Work Manual, Chapter 7. It states:

“8.7 Stay of proceedings

The Registrar has a discretion to stay proceedings. Application has to be made and comments will be invited from the other side if they have not already indicated their opposition or consent. A decision to stay will not automatically follow if there is consent as all relevant circumstances, including any public interest, will have to be considered.

A useful case on the question of stay is *Sears v Sears Roebuck* [1993] RPC 395. Most commonly, a stay will be granted where there is a multiplicity of proceedings and the decision on the “leading” case will determine the outcome of the others. The fact that the parties may be different, or that there is not a “complete identity” between the proceedings, i.e. that the questions asked in one set of proceedings will inevitably answer those in the other, are **not** essential prerequisites for a stay to be granted. A common-sense approach will be taken whereby the whole purpose of stay is to avoid multiplicity of proceedings, and therefore added and unnecessary expense for the parties; “substantial overlap” of proceedings may be sufficient to found a case for a stay. It is not uncommon for registry proceedings to be dependent in some way on co-pending proceedings before OHIM. A stay of the registry proceedings is not automatic in these circumstances and will depend on the extent and nature of “overlap”. If a stay is not granted, if the registry proceedings are concluded before the OHIM ones the Hearing Officer may give a provisional decision followed by a supplementary decision taking into account the final OHIM outcome.

There are a number of factors to consider before the Registrar grants a stay including the balance of convenience. If, for example, a higher authority such as the Court, has before it questions which substantially overlap those before the Registrar it is likely that a stay in the Registrar’s proceedings will follow. This is because final determination is closer if the Court is involved. Whilst resolution before the Registrar may, of itself, be less expensive or quicker than the court, one should also consider potential costs of successive appeal from a decision of the Registrar.

A stay is a matter of discretion and the Registrar may impose conditions in connection with granting a stay and will, in any event, if she has granted a stay require that the parties keep her notified of the progress of any other proceedings.”

14. Additionally, there is mention of stays within the body of text making up paragraph 6 of the aforesaid Manual:

“It may however, be more appropriate, and as envisaged by Geoffrey Hobbs QC, sitting as the Appointed Person in *Liquid Force*, for the parties jointly to seek a stay or standstill in proceedings. Again, any stay in proceedings (which can be sought and granted under the Registrar's inherent jurisdiction), can be for any reasonable period and can be sought with the sole aim of negotiating a settlement between the parties. Other uses of the stay would be to allow proceedings before a higher tribunal to be determined as they might affect the outcome of proceedings between the same parties before the Registry. (See also [TPN 6/2004](#))

The Registry will require full reasons to support such a request and in granting a stay may attach conditions to protect the public interest. For example, a stay for 12 months may be accompanied by a condition that if no negotiated settlement is reached by the expiry of that period, then the party whose turn it

is to file evidence will be required to do so within one month of expiry of the period. Alternatively, a party may give notice that negotiations have broken down before expiry of the stay period requested and, if that happens, the Registry may allow 3 months from date of notice for “X” or “Y” to file their evidence. Parties and other representatives should also take note that the Trade Marks Registry would expect the request for a stay to be for a period which is practicable in terms of what action a party or parties are undertaking or need to undertake within the extended period.”

15. The reference to “TPN 6/2004” in the above paragraph means that a Tribunal Practice Notice was issued in 2004. This is reproduced below:

“Requests for stays or suspensions in inter partes proceedings

The number of requests for stays or suspensions is currently running at a very high level. The increase has mostly arisen from requests for stays or suspensions so that the parties can try and negotiate a settlement. In opposition cases there has been a marked increase in requests despite the introduction of the cooling-off period, which was introduced to allow parties to reach a settlement prior to proceedings being joined. The maximum length of the cooling-off period has now been increased to nine months. It is not the registrar’s intention to force parties into the filing of evidence where an amicable settlement can be reached. However, the registrar is very conscious that one of the overriding objectives is to avoid delays in the resolution of cases. There is also a public interest issue in that third parties should have certainty as to the outcome of applications and attacks upon registrations as soon as possible. As part of the Woolf reforms a target of eighteen months from time of the filing of the counterstatement to a decision being issued was agreed. All requests for stays or suspensions will continue to be considered upon their individual merits.

TPN 3/2004 deals with stays or suspensions arising from the effect of trade mark applications being used as earlier rights.

Stay or suspension requested for settlement negotiations

Where a stay or suspension is requested on the basis that the parties are trying to negotiate an amicable settlement, the parties will need to show in the period prior to the request what they have done in their negotiations. They will need to make a statement of the progress to date and an indication as to whether outstanding issues are merely minor issues of clarification or whether they represent potentially significant barriers to a resolution of the matter. Consequently, it will be expected that dates of actions that they have taken and the nature of those actions will be included in the statement. The statement will not need to go into confidential and without prejudice details but it will need to show that there has been serious and continuing work towards a settlement going on prior to the request. As well as listing communications between the representatives it should also show communications with the clients, where these have taken place. A list of actions might be something like this:

- **3 September 2003**
letter to representative of x re settlement conditions
- **13 September 2003**
letter from representative of y
- **13 September 2003**
letter to client re proposal from y

The parties will be expected to clearly and realistically state when they expect negotiations to be completed. Where there has been a cooling-off period the parties should specifically list the actions, with dates, that took place during the cooling-off period.

When the registrar receives this information he will look at the diligence with which the settlement negotiations have been pursued in coming to a conclusion as to whether a stay or suspension should be granted at all or whether a more limited period should be allowed, taking into account the public interest.

If the request for a stay or suspension follows immediately after a counterstatement has been received, and where there has been no cooling-off period, it is possible that all that the parties have been able to achieve is an agreement to start negotiations. In such cases the registrar will look at the request sympathetically. In such cases it is unlikely that a stay or suspension for more than three months will be allowed.

Preliminary indication

In cases where a preliminary indication has been given a stay or suspension will not be granted prior to the filing of a form TM53. However, practitioners are reminded that the period for filing form TM53 is extendable and so can be the subject of an extension of time request. A request for a stay or suspension can also be made at the same time as the filing of form TM53 or immediately afterwards.”

(An earlier Tribunal Practice Notice is referred to here: TPN 3/2004. This TPN concerned opposition or invalidation actions being dependant upon earlier pending trade mark applications, which is not the case here.)

16. It can be seen from the above guidance texts that it is envisaged that stays/suspensions may be appropriate in disputes where the parties are in negotiation or disputes where there is a similar issue before a higher court and the Registrar wishes to follow that court’s decision. Neither of those applies to this case. The parties did not inform me that they were in negotiation and I was not informed that the matter was before another court.

17. However, I take note that the guidance in 8.7 of the Work Manual says

“Most commonly, a stay will be granted where there is a multiplicity of proceedings and the decision on the “leading” case will determine the outcome of the others.”

and that in the first paragraph of TPN 6/2004 it is stated:

“However, the registrar is very conscious that one of the overriding objectives is to avoid delays in the resolution of cases. There is also a public interest issue in that third parties should have certainty as to the outcome of applications and attacks upon registrations as soon as possible. As part of the Woolf reforms a target of eighteen months from time of the filing of the counterstatement to a decision being issued was agreed. All requests for stays or suspensions will continue to be considered upon their individual merits.”

In *Croom’s Trade Mark Application* [2005] R.P.C. 2, Geoffrey Hobbs Q.C., sitting as the Appointed Person, refused a stay request (in an opposition case involving an invalidity action before the Community Trade Mark Office):

“62.The present opposition proceedings would come to resemble a game of snakes and ladders if I were now to subordinate them to the proposed invalidity proceedings. On the other hand, it appears to me that forward planning would, from a commercial point of view, be assisted more by certainty than prolonged uncertainty as to the status of the application for registration filed by the applicant on February 14, 1998. I therefore think it would be in the interests of both parties for the present chapter of their dispute to be brought to a conclusion sooner rather than later.”

18. I had in mind the above sets of guidance and their potential application to the circumstances of the case before me in reaching my decision to reverse the Trade Mark Registry’s preliminary view to allow the stay request. As I have already mentioned, this case did not involve a stay/suspension request because the parties were in negotiation or there was a higher court involved. Registry guidance, in this respect, was of limited assistance. However, “a stay will be granted where there is a multiplicity of proceedings and the decision on the “leading” case will determine the outcome of the others” (Work Manual, 8.7) did assist: in my view, the circumstances of the case before me were the exact opposite. A decision on the “leading” case, as the opponent would have it, i.e. the revocation case, would not be likely to determine the outcome of the opposition in that the revocation attack was partial only. The opponent’s registration may be reduced, but may also still be there on the register, in which case the opposition would remain. Added to this would be the delay, and lack of legal certainty, if the opposition was suspended to deal with the revocation and any subsequent appeal. To my mind, this delay would be contrary to the overriding objective of establishing a proportionate timescale for resolution of the dispute, and would not be justified by the opponent’s wish to see what it ended up with before it filed its evidence in chief in the opposition.

19. As regards the request to be allowed to file a retrospective Form TM9, no preliminary view was given by the Trade Mark Registry because it had granted the stay request. A retrospective extension of time would have been as inequitable as the stay and, in the case of an extension request, established jurisprudence requires that reasons are given: what has been done, what the party wants to do and why it has not done it yet (*Siddiqui’s Application* BL-O-481-00). No such explanation was given and it would not have been appropriate, given that there was no approaching finality in the revocation proceedings.

20. I did not allow the stay, or the request to file a retrospective extension of time request. However, I did exercise my discretion under rules 13C(2) and (6) to allow the opponent a fortnight in which to file its evidence in chief. My reason for not deeming the opposition withdrawn and allowing it to continue was that the opponent had thought, as of 6 September 2006, that the stay had been granted. It was not until 3 November 2006 that the applicant objected to the granting of the stay and this was because it had not received the Registry's letter of 6 September 2006, which had to be re-sent and a reply date of 6 November 2006 set for response from the applicant to the granting of the stay. So, the opponent had been under the impression for two months that there was no objection to the granting of the stay from the applicant.

21. I awarded costs of £200 to the applicant.

Dated this 5th day of April 2007

**JC Pike (Mrs)
For the Registrar
The Comptroller-General**