O-052-18

TRADE MARKS ACT 1994

AND IN THE MATTER OF TRADE MARK APPLICATION NO. 3192024
“THE SECTION BOYZ” IN CLASSES 25 & 41
IN THE NAME OF SECTION BOYZ LTD

AND IN THE MATTER OF A PROPOSED OPPOSITION
BY SATCHMO WALLACE

APPEAL BY SATCHMO WALLACE
FROM THE DECISION OF MRS BEVERLEY HEDLEY
BL O/296/17
DATED 26 JUNE 2017

DECISION

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1. This is an appeal from a decision of Mrs Beverley Hedley on behalf of the Registrar, in which she decided that a proposed opposition to a trade mark application in the name of Section Boyz Limited (“the Applicant”) by Satchmo Wallace (“the Proposed Opponent”) had been filed out of time.

2. On 19 October 2016, the Applicant applied to register THE SECTION BOYZ as a mark for goods in Class 25 and services in Class 41. The application was published on 6 January 2017 and the deadline for filing a Notice of Threatened Opposition or Notice of Opposition expired on 6 March 2017.

3. A Form TM7A was filed on behalf of the Proposed Opponent on 28 February 2017, extending the opposition period for a month to 6 April 2017. Such a deadline is not capable of extension, save in exceptional circumstances by Rule 77(5) of the 2008 Rules.

4. On 6 April 2017, the last day of the opposition period, solicitors acting on behalf of the Proposed Opponent filed a Form TM7, opposing the trade mark application pursuant to section 5(2)(b) of the 1994 Act, on the basis of the Proposed Opponent’s earlier rights in UK trade mark No 3131576, SECTION BOYZ, which is registered for services in Class 41.

5. The Form was sent to the UKIPO by fax at around 12.30 pm on 6 April. It was accompanied by a Form FS2 fee sheet and by a covering letter, in which the solicitors said, “you will note that we have made a bank transfer to the UKIPO’s bank account details.” The letter also said, “Kindly confirm receipt of payment and enclosures herein” but the writer did not mention that the matter was urgent, nor that the opposition period expired that day.

6. The problem which has led to this appeal arises not from the Form TM7 itself, but from the manner of payment of the fee. The fee was indeed paid by bank transfer. I have seen a print-out from the solicitors’ bank with details of the transfer, which shows that payment was authorised at 12.31 on 6 April, but the document also shows that the date when payment was “committed” was 7 April, that the “funds check date” was 10 April, and the date when the payment was to leave the payer’s account was also 10 April. The transfer took effect that day, and the fee was credited to the IPO’s bank account on 10 April, outside the opposition period.

7. The IPO informed the solicitors that a Form TM7 is not deemed filed until the fee is received, and the opposition had therefore been filed out of time. On 12 April, the solicitors explained: “Unfortunately through an error in our accounts department the payment was made by 3-day BACs and not an instant bank transfer. Our client’s application to oppose the trade mark application filed by Section Boyz Limited under application number UK00003192024 should not be prejudiced by our error.”

8. By a letter of 18 April, the IPO maintained its view that the failure to pay the fee within the opposition period meant that the opposition had been filed out of time. The solicitors sought a hearing to dispute the IPO’s view, after which Mrs Hedley handed down her decision.

9. Before Mrs Hedley, the Proposed Opponent’s arguments fell into three main parts, first as to the meaning of a payment ‘accompanying’ a form where a payment is made electronically, secondly as to the clarity of the guidance from the IPO and lastly it submitted that there was an irregularity in the IPO’s failure to check whether the payment had been made on 6 April.

10. Mrs Hedley referred to the following provisions:

Section 38 of the 1994 Act, which provides:

> "38 (1) When an application for registration has been accepted, the registrar shall cause the application to be published in the prescribed manner.
>
> (2) Any person may, within the prescribed time from the date of the publication of the application, give notice to the registrar of opposition to the registration.

> The notice shall be given in writing in the prescribed manner, and shall include a statement of the grounds of opposition."

Section 79(1) of the Act which provides:

> "There shall be paid in respect of applications and registration and other matters under this Act such fees as may be prescribed."

Rules 4(1) and (2) of the Trade Marks Rules 2008, which provide:

> "4(1) The fees to be paid in respect of any application, registration or any other matter under the Act and these Rules shall be those (if any) prescribed in relation to such matter by rules under section 79 (fees).
>
> (2) Any form required to be filed with the registrar in respect of any specified matter shall be subject to the payment of the fee (if any) prescribed in respect of that matter by those rules."

The Trade Marks (Fees) Rules 2008, which provide:

> "1(2) These Rules shall be construed as one with the Trade Marks Rules (2008)."
>
> and
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> "2(2) In any case where a form specified in the Schedule as the corresponding form in relation to any matter is specified in the 2008 Rules, that form shall be accompanied by the fee specified in respect of that matter (unless the 2008 Rules otherwise provide)."

11. The Hearing Officer held at paragraph 18 that the combined effect of the provisions set out above is that "an opponent who has filed Form TM7A must file Form TM7 within three months from the date the application was published for opposition purposes and, in accordance with rule 2 of the fees rules, the form shall be <u>accompanied</u> by the fee." Going on to consider the arguments about the meaning of "accompanied" the Hearing Officer referred to a number of earlier decisions of the Registrar; she acknowledged that these were not binding upon her (at paragraph 22) but agreed with them.

12. First, the Hearing Officer mentioned *TITAN* (BL O/460/01). In that case, an opposition was filed on the last day of the opposition period with an instruction to pay the fees from the trade mark attorneys' deposit account with the IPO. There were insufficient funds in the account on that day to pay the fee. The account was put into funds on the following day and the

opposition was given that filing date which meant that it was out of time. A decision to that effect was appealed to the Appointed Person, Mr Geoffrey Hobbs QC, who raised the issue of whether the time for paying the fee (unlike the time for filing the opposition) was an extendable deadline, by analogy with a decision under the Patents Act, *A's Application* [1974] R.P.C. 663. That question was remitted to the IPO. Mr Reynolds held that the regime under the 1994 Act and Trade Mark Rules 2000 was designed to achieve certainty. I think it is helpful to set out some of his reasoning, although it is necessary to bear in mind intervening changes in the rules. He said:

> "21. It is not disputed that Rule 13(1) [*now see Rule 17*] requires notice of opposition to be lodged on Form TM7 within three months of the publication of the application. The notice of opposition must also include a statement of grounds and this too must be provided within the three month period. By virtue of Rule 68(3) [*now see rule 77*], Rule 13(1) is one of the exceptions to the general provision in Rule 68(1) that time periods may be extended by the registrar as she thinks fit.
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> 22. Rule 13(1) does not in itself refer to the fee. Rule 4(1) makes specific provision for Rules to be made in respect of fees under Section 79 of the Act (the latter being a general enabling provision). Rule 4(2) provides that any form shall be "subject to the payment of the fee (if any) prescribed in respect of that matter by those rules". In turn the Fees Rules set out the forms currently in use along with the fee (where one applies). Fees are subject to review and change over a period of time and for this reason they are dealt with in a self-contained statutory instrument. Nevertheless it is expressly said that the Fees Rules "shall be construed as one with the Trade Marks Rules 2000 ..."
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> 23. Whilst recognising the risk of attempting to paraphrase statutory provisions it seems reasonable to start from the premise that this means that the Fees Rules are to be read in a manner consistent with the main Rules or as part of those Rules (the view taken by Mr Hobbs at the 5 June hearing - page 4 of the transcript). In other words the two sets of Rules combine to create a single integrated scheme of operation.
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> 24. It will be noted, however, that the Fees Rules adopt different wording to Rule 4(2) of the "main" Rules. The latter makes forms subject to the payment of the fee. The Fees Rules indicate that a form shall be accompanied by the fee, if any, with the rider that this is "unless the Rules or Order otherwise provide". The specific exception that this is intended to deal with is trade mark applications which are subject to a two month 'grace' period for the payment of fees …
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> 25. In all other circumstances a form must be accompanied by the fee failing which a date

cannot be accorded until such time as the registrar is in receipt of both.

26. However the prospective opponents contend that, whilst Rule 13(1) read in conjunction with Rules 68(1) and (3) sets a non-extendable period for the filing of the TM7 and statements of grounds, Rule 3 of the Fees Rules [*equivalent to Rule 2(2) of the 2008 Fees Rules*] is not one of the exceptions to the generality of Rule 68(1) contained in Rule 68(3).

27. Rule 68(1) deals with extensions of times or periods in two circumstances:

- those prescribed by the Rules (a)
- those specified by the Registrar (b).

Sub paragraph (b) is necessary to deal with circumstances such as the filing of further evidence under Rule 13(11) where no time or period is stipulated in the Rules but where the Registrar needs to set a time in order to ensure the orderly and timely conduct of proceedings.

28. The provisions relating to the filing of fees do not in my view fall into either of the categories where extensions of time can be entertained. No time or period is specified in Rule 3 of the Fees Rules so it is not prescribed by the Rules. Nor is it a time or period that has been specified by the Registrar because no such specification needs to be made or has been made.

29. … Rather than the prospective opponents' extension of time request standing refused (as was their view) I consider that it cannot be entertained in the first place. The fact that Rule 3 of the Fees Rules is not referred to in Rule 68(3) is not, therefore, relevant. Rule 3 calls for an act (the filing of the fee) to take place contemporaneously with the filing of the form. I regard that as being wholly consistent with Rule 2 which requires the Fees Rules to be construed as one with the Trade Marks Rules 2000.

30. I recognise that this view may at first sight seem at odds with *A's Application* but it appears from my reading of that case that the provisions of Rule 154 of the Patents Rules had not been considered …

34. In summary I take the view that the Trade Marks Rules and the Trade Marks (Fees) Rules are to be read together; payment of the fee is an integral part of the process of filing an opposition; the word "accompanied" should be given its normal meaning; no separate time period (prescribed or specified) arises in relating to the opposition fee; the fact that no such separate provision is made is consistent with the intention behind the statutory provisions to provide certainty in opposition proceedings; it puts opponents and applicants on an equal footing (no extension of time being available to the latter for

filing a counterstatement) and it is consistent also with the fact that where, as in the case of an application for a trade mark, payment may be made separately from the filing of the form, the Rules make express provision to this effect.

35. For the above reasons I am unable to consider the retrospective extension of time request filed by the opponents …"

13. Mr Reynolds went on to consider the merits of the application for an extension of time (in case his view of the Rules was wrong) and found on balance that the merits would have been narrowly in favour exercising discretion in the prospective opponents' favour.

14. Mrs Hedley then referred to BL O/382/00, *Logical*, and quoted from that decision:

> "... Collins English Dictionary defines 'accompanied' to include inter alia "to occur, co-exist, or be associated with". On the basis of this definition it seems to me that the drafters of the statutory instrument intended that the form should be associated with the fee whether that was provided in cash, in cheque form or when deducted from a deposit account held by the Patent Office. Thus, in summary, whilst a form and fee need not be received at the same moment in time, there is no general provision whereby a form may be filed on one date and then the fee filed on another without the loss of the filing date. <u>Except where the Act or Rules provide otherwise (as in the case of the application for registration), a filing date can only be accorded where both the fee and form have been received by the Office.</u>" (Mrs Hedley's emphasis).

15. She went on at paragraph 21 to refer to a case, BL O/132/16, *Evolution*, in which the payment had been sought to be made by bank transfer but similarly had been received a few days after the end of the opposition period, again due to the kind of transfer used. I set out only part of the extract cited by the Hearing Officer:

> "21. I also note that in *evolution* the hearing officer considered the specific issue of payment by bank transfer and when such a payment is deemed to have been received. Having referred to the same provisions and case-law as I have set out above, she said:
>
> > "20. The upshot of these provisions and their interpretation is that in order for an opposition to be deemed validly filed, the opposition fees must be paid within the opposition period. Although it is not necessary that payment is made and notice is filed at the same moment in time, the time constraints introduced by Section 38 of the Act apply to both the filing of the notice of opposition and the payment of the fee. It is clear, therefore, that in order to decide the matter in front of me, I must turn to

the question of whether the date on which fee is deemed to have been be paid, in the circumstances of the case, is within the opposition period.

21. The date on which fees are deemed to have been be paid, for the purpose of meeting an opposition deadline, will depend on the method of payment utilised. The IPO permits payment of fees to be made by credit or debit card, deductions from IPO deposit accounts, cheques and bank transfers. Mr Cregan submitted that had a cheque been received on the last day of the opposition period, it would have been accepted as payment made on time despite the funds themselves not yet having been cleared; thus, there cannot be a requirement that payments made by bank transfer must be cleared. However, in my view, this is not the correct approach and there is a fundamental difference between a cheque and a bank transfer which comes down to the distinction between 'payment' and 'cleared funds'. What is required for an opposition to be considered as validly filed is the receipt, within the opposition period, of the payment (of the fee). …

22. Whilst a cheque is regarded as payment, a bank transfer is not. It is an instruction given to a bank to pay a sum in the recipient's bank account. It is not regarded as a 'payment' until the funds are actually cleared into the recipient's bank account. Although there is no clear provision to this effect in the Trade Mark Directive, a similar position is outlined in the Community Trade Mark Fees Regulation at Articles 5(1)(a) and 8(1)(a), which state that in relation to fees paid by payment or transfer to a bank account held by the Office "the date on which payment shall be considered to have been made to the Office" is "the date on which the amount of the payment or of the transfer is actually entered in a bank account held by the Office".

23. The Register's practice mirrors the above. Given that the putative opponent's payment, made by bank transfer, was not received until 22 December 2015, the fact is that it was received after the expiry of the opposition period."

22. *Evolution* is directly on point. Whilst I am not bound to follow that decision, I come to the same view as the Hearing Officer in that case and for the same reasons that she gave. This is so despite Mr Matthews' contention that the case-law in *Home v Smith* concerning payment by cheque is, in his view, outdated. I am not aware of, and Mr Matthews did not bring my attention to, a more recent authority which may have persuaded me to come to a different view on the matter. As the opponent's payment by bank transfer in the instant case was not received until 10 April 2017, it did not accompany the Form TM7 filed on 06 April 2017 and therefore the latter was filed outside of the relevant period."

16. The Hearing Officer also rejected the Proposed Opponent's submission that the FS2 form should have carried a warning about the use of bank transfers, saying at paragraph 24 "The responsibility lies with a putative opponent to satisfy itself that it has done everything that needs to be done in order to meet the requirement of filing a notice of opposition within the prescribed period which necessarily includes satisfying itself that it has paid the fee on time."

17. Lastly, the Proposed Opponent relied upon the decision in BL O/496/12, *Seamor*, in which the IPO had admitted an opposition where the fee had not been paid in time, on the basis that the TM7 had been filed in good time but it was not until after the end of the opposition period that the IPO informed the opponent that no cheque had been received with the Form. The IPO treated that as an irregularity capable of being cured under Rule 74. The Hearing Officer distinguished that case from the current case on the facts.

18. The Grounds of Appeal largely repeated points made before the Hearing Officer. The Proposed Opponent claims that the decision was wrong for the following reasons:

    a. *Points on the clearance of funds:* The ambiguity in the requirement for the fee to accompany the form means that it is unjust to penalise someone who made the necessary payment on time, but whose funds did not 'clear' in time, in contrast to the position of payment by cheque. When paying by BACs, it is not necessary for the funds to clear but only for the payment to have been arranged;

    b. *Procedural irregularity:* There was a procedural irregularity here; the IPO could have checked to see whether this bank transfer had arrived, so there is scope to apply rules 74 and 77(5).

Payment 'accompanying' a form

19. The issue before me was not so much how or when does a fee 'accompany' a form when it is paid electronically, but whether making a bank payment which is not instantaneous but due to be paid at a future time can be said to 'accompany' the form. It was submitted that it should not matter that the funds 'have not yet cleared in the receiver's account' and what mattered was the date on which the payer is committed to making the payment.

20. It is of course true, as the Proposed Opponent submitted, that the word 'accompany' does not lend itself naturally to making a payment by bank transfer; no more is it particularly apt to describe a payment by credit or debit card or a payment made by debiting someone's IPO credit account. Nevertheless, it seems to me that there is no difficulty in understanding that

the rule requires a payment to be effected in terms of being received by the payee on the date when the form is received.

21. In my judgment, this TM7 was not 'accompanied' by the fee in any sense, and was not accompanied in a virtual sense by a payment received by the IPO at the same time as or on the same day that the form was filed. Steps had been taken to ensure payment would be made, but not to ensure that it would be received by the IPO in terms of a credit to its bank account on 6 April. The difficulty with the Proposed Opponent's argument that arranging a bank transfer automatically amounts to payment, regardless of the date of receipt by the payee of the funds, is that it is possible to arrange a payment for a future date. Indeed, the 3-day transfer in this case was an arrangement for payment to be made at a future date.

22. That result appears to me to reflect the position set out The Law of Bank Payments (edited by Brindle & Cox) to which Mr Matthews referred. Paragraph 3-124 of the 5th ed of that book states in relation to inter-bank transfers "payment by funds transfer is complete only when the payee is given an unfettered and unrestricted right against his own bank to the immediate use of the funds transferred." The learned authors go on to say that an inter-bank payment is complete when the payee's bank receives payment instructions from the payer's bank, and assigns to make unconditional credits to the payee's account. It is plain that in this case, payment took place on 10 April and not on 6 April, when the TM7 was lodged.

23. It does not seem to me that there is any analogy to be drawn between making a bank transfer to take effect on a future date and sending a cheque with the form. In the latter case, the funds may not have cleared, but a payment has nevertheless been received, and steps could be taken to recover the fee were the cheque to be dishonoured. Here, nothing by way of payment was received by the IPO on 6 April, cleared or uncleared.

24. It was suggested to me that the position was analogous to issuing a claim form which, I was told, may be deemed issued on the date that the claim form is received by the court even if issued later (pursuant to CPR 7 PDA 5.1). However, it does not seem to me that this helps the Proposed Opponent here. It was not suggested that the Civil Procedure Rules contain provisions equivalent to Rule 4(2) of the main Rules or Rule 2(2) of the Fees Rules.

25. I do not accept the Proposed Opponent's additional submission that the guidance from the IPO as to how fee payments may be made is unclear or misleading, whether in the Rules, the forms or the Manual. Paragraph 2.7 of the Tribunal section of the Manual says:

> **"2.7 Payment of fees**
>
> *Rule 2 of the Trade Marks (Fees) Rules 2008*
>
> Rule 2 of the Trade Marks (Fees) Rules 2008[7] provides that forms requiring payment of a fee **must be accompanied by that fee**. The fee must be filed at the same time as the relevant form. The term 'accompany' does not allow for the fee to follow shortly after the form is filed.[8] The Tribunal will accept instructions such as, 'Please debit our deposit account, being account number x' however the party must ensure that the account contains sufficient funds, at the time of filing the form, to allow the fee to be taken. Payment can also be made by cheque, payable to 'The Patent Office', credit/debit card, bank transfer or other means acceptable to the Office."

Footnote 8 in the text refers to *TITAN.* There is nothing in this guidance to suggest that arranging a bank transfer for a date after filing the form will be accepted as payment of a fee on the date the form is filed.

26. Furthermore, it seems to me that the Proposed Opponent's solicitors appreciated that the payment (if made by bank transfer) needed to be received by the IPO on 6 April, for that is what they had intended to do. Their letter to the IPO on 6 April stated that a payment *had been* made to the IPO's bank account, and when told that the payment was received out of time on the 10 April, their first response was to say that the use of the 3-day transfer process was an unfortunate mistake. Whilst I sympathise, in my view this shows that the solicitors were aware of the need to make the payment on 6 April in order for it to 'accompany' the Form.

Procedural irregularity warranting extension of time

27. The second Ground of Appeal was based on an alleged irregularity by the IPO which was said to justify an extension of the time limit for lodging the opposition, either under Rule 74 or Rule 77(5).

28. Rule 74 provides:

> "74.—(1) Subject to rule 77, the registrar may authorise the rectification of any irregularity in procedure (including the rectification of any document filed) connected with any proceeding or other matter before the registrar or the Office."

29. The Proposed Opponent relied upon BL O/496/12, *Seamor,* a case in which an irregularity in procedure led to the application of Rule 74 and the admission of an opposition which had been filed in good time, without the fee being paid until after the end of the period. I agree with the Hearing Officer that those facts are distinguishable from those of the present case. In addition, Rule 74 is applicable only subject to Rule 77. That rule may allow an irregularity to be cured, but cannot effect an extension of time if one is needed (see e.g. *Music Choice Ltd's trade mark* [2006] R.P.C. 13, at [35]

> "35 Two points which are relevant to these appeals may be derived from Lord Diplock's speech [in *E's applications* [1983] R.P.C. 231]. First, that where legislation carves out certain provisions from the power to extend time, then the statute is to be regarded as imposing a prohibition on the extension of that time limit. Secondly, that a general provision allowing the rectification of irregularities in procedure cannot be used to override that prohibition on the extension of the time limit."

30. Similarly, in "*BSA by R2" Trade Mark* [2008] R.P.C. 22, Mr Hobbs QC sitting as the Appointed Person considered the forerunner of Rule 74 where permission was sought to amend certain dates in a statement of case. Mr Hobbs QC said at [46] that the rule "cannot be used to thwart the intended effect of other provisions of the Act and the Rules." The amendment was permitted, but with effect from the date of the amendment.

31. In the circumstances, in my judgment, whilst Rule 74 could permit the Registrar to authorise the irregularity of the late payment of the fee, the difficulty would be that the date attributed to the form would be the date when the irregularity is cured, as was done in TITAN. Rule 74 does not help the Proposed Opponent here. Any remedy here would have to fall within Rule 77.

32. The Proposed Opponent's argument based upon Rule 77(5) reflects the issue identified by Mr Hobbs QC and then considered by Mr Reynolds in *TITAN* and again in *Evolution*. The Rules have changed since Mr Reynolds' decision in *TITAN*. The equivalent to Rule 68 is Rule 77 of the current Rules, which provides:

> "77.—(1) Subject to paragraphs (4) and (5), the registrar may, at the request of the person or party concerned or at the registrar's own initiative extend a time or period prescribed by these Rules or a time or period specified by the registrar for doing any act and any extension under this paragraph shall be made subject to such conditions as the registrar may direct."

33. That general power to extend time does not apply to the time limit in Rule 17. Rule 77(5) provides:

> "(5) A time limit listed in Schedule 1 (whether it has already expired or not) may be extended under paragraph (1) if, and only if—
>
> > (a) the irregularity or prospective irregularity is attributable, wholly or in part, to a default, omission or other error by the registrar, the Office or the International Bureau; and
> >
> > (b) it appears to the registrar that the irregularity should be rectified."

34. It does not seem to me that either Rule 4(2) or Rule 2(2) of the Fees Rules provides "a time or period prescribed by these Rules" or required for doing any act. Rule 4(2) and Fees Rule 2(2) do not set a time for payment but make the filing of a form conditional upon ("subject to") payment accompanying the lodgement of the form. The only time set by the Rules susceptible to extension under Rule 77 is that set by Rule 17 itself.

35. The Proposed Opponent sought to rely upon the exception in Rule 77 (5). It submitted that the UKIPO should have checked the forms filed on 6 April and should also have checked whether the fee had been received by a bank transfer that day, as if it had realised that no payment had been made, and informed the solicitors, the position could have been remedied in time.

36. I do not consider the criticism of the IPO to be justified in this case. There was nothing in the covering letter sent with the forms explaining that the opposition period was about to expire or asking the IPO to deal with the form or check for receipt of the fee as a matter of urgency. It seems to me that the Hearing Officer was right to say that the onus to follow the right procedure fell on the Proposed Opponent, rather than upon the IPO to check for payment on the same day that the form was filed. I do not consider that there are any grounds to apply Rule 77(5) in these circumstances.

37. The result may seem harsh, but reflects the strict time limit for lodging an opposition. The prejudice to the Proposed Opponent is mitigated by the possibility of being able to seek to invalidate the mark once registered.

38. For these reasons, I dismiss the appeal.

39. The Applicant/Respondent did not appear on the appeal or make any submissions to me. I will make no order as to the costs of the appeal.

Amanda Michaels
The Appointed Person
23 January 2018

TOBY MATTHEWS of Axiom Stone Solicitors appeared for the Proposed Opponent/Appellant

The Applicant/Respondent did not appear and was not represented.