# O-348-04

IN THE MATTER OF REGISTERED TRADE MARK NO. 2149359 IN THE NAME OF APPLIED TECHNOLOGIES MANUFACTURING LIMITED

AND IN THE MATTER OF APPLICATION FOR REVOCATION THEREOF NO. 81505 BY APPLE PROJECTS LIMITED

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INTERIM DECISION

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Introduction

1. On 10 November 2003 Apple Projects Ltd ("the applicant") applied to revoke Registered Trade Mark No. 2149359 ("the mark") standing in the name of Applied Technologies Manufacturing Ltd ("the registered proprietor") for non-use pursuant to section 46(1)(a) and (b) of the Trade Marks Act 1994. On 17 November 2003 the Trade Marks Registry sent a copy of the application by registered post to the registered proprietor at its address for service, The Old Chapel, Winlaton Mill, Tyne & Wear NE21 6RT. I understand that Winlaton Mill is in or near Blaydon on Tyne.

2. The registered proprietor did not file a counterstatement or evidence of use within the three month period specified by rule 31(2). In a written decision dated 12 March 1994 Mr Attfield on behalf of the Registrar, having recited the facts I have just set out, stated that "therefore no reasons have been advanced as to why revocation should not follow" and directed that the mark be revoked with effect from 10 November 2003. A copy of the decision was sent to the registered proprietor.

3. Subsequently the Registry received a letter dated 29 March 2004 from Mr R.A. Golightly of LookC Ltd at Unit C3, The Waterfront, Newburn Riverside, Newcastle upon Tyne NE15 8NY stating that the registered proprietor had

changed its name to LookC Ltd and wished to appeal to the Appointed Person against the decision to revoke the mark on the grounds:

> that we … never received notification of the revocation application and that we can provide proof of our use of the Trade Mark in question and that we intend to make further use of the Trade Mark in the future.

4. The applicant filed written submissions contending that the appeal should be dismissed, but did not attend the hearing of the appeal. The registered proprietor attended the hearing by one of its directors Mr S.J. Golightly. In the circumstances I requested that the Registrar send a representative to attend the hearing to assist me, and Messrs Knight and Bader did so. I am grateful to them for their assistance.

Relevant provisions of the Trade Marks Act 1994 and Trade Marks Rules 2000

5. Sections 46(1), 72, 76 and 100 of the 1994 Act provide in relevant parts as follows:

> 46.(1) The registration of a trade mark may be revoked on any of the following grounds-
>
> (a) that within the period of five years following completion of the registration procedure it has not been put to genuine use in the United Kingdom, by the proprietor or with his consent, in relation to the goods or services for which it is registered, and there are no proper reasons for non-use;
>
> (b) that such use has been suspended for an uninterrupted period of five years, and there are no proper reasons for non-use…
>
> 72. In all legal proceedings relating to a registered trade mark (including proceedings for rectification of the register) the registration of a person as proprietor of a trade mark shall be prima facie evidence of the validity of the original registration and of any subsequent assignment or other transmission of it.
>
> 76.(1) An appeal lies from any decision of the registrar under this Act, except as otherwise expressly provided by rules. For this purpose, 'decision' includes any act of the registrar in exercise of a discretion vested in him by or under this Act.

(2) Any such appeal may be brought either to an appointed person or to the court.

100. If in any civil proceedings under this Act a question arises as to the use to which a registered trade mark has been put, it is for the proprietor to show what use has been made of it.

6. Rules 10, 31, 54, 66, 67 and 68 of the 2000 Rules as they stood at the relevant times provided in relevant parts as follows:

10.(4) Anything sent to any applicant, opponent, intervener or registered proprietor at his address for service shall be deemed to be properly sent; and the registrar may, where no address for service is filed, treat as the address for service of the person concerned his trade or business address in the United Kingdom.

31.(1) An application to the registrar for revocation under section 46(1)(a) or (b) of the registration of a trade mark shall be made on Form TM26(N) together with a statement of the grounds on which the application is made; the registrar shall send a copy of the application and the statement to the proprietor.

(2) Within three months of the date on which a copy of the notice and statement is sent by the registrar to the proprietor, the proprietor may file a counter-statement, in conjunction with notice of the same on Form TM8 and either:

(a) two copies of evidence of use made of the mark; or

(b) reasons for non-use of the mark.

Where such a notice and counter-statement, and evidence of use of the mark or reasons for non-use of the mark, are filed within the prescribed period, the registrar shall send a copy of the Form TM8 and the counter-statement, and the evidence of use of the mark or the reasons for non-use of the mark, to the applicant.

(3) Where a counter-statement, in conjunction with a notice of the same, on Form TM8, and evidence of use of the mark or reasons for non-use of the mark, are not filed by the proprietor within the period prescribed by paragraph (2), the registrar may treat his opposition to the application as having been withdrawn.

(4) Within three months of the date upon which a copy of the Form TM8 and counter-statement is sent by the registrar to the applicant, the applicant may file such evidence as he may consider necessary to adduce in support of the grounds stated in his application and shall send a copy thereof to the proprietor.

(5) If the applicant files no evidence under paragraph (4) above in support of his application, he shall, unless the registrar otherwise directs, be deemed to have withdrawn his application.

(6) If the applicant files evidence under paragraph (4) above or the registrar otherwise directs under paragraph (5) above, the proprietor who has filed a notice and counter-statement under paragraph (2) above may, within three months of the dare on which either a copy of the evidence or a copy of the direction is sent to him, file such further evidence as he may consider necessary in support of the reasons stated in the counter-statement and shall send a copy thereof to the applicant.

(7) Within three months of the date upon which a copy of the proprietor's evidence in reply is sent to him under paragraph (6) above, the applicant may file evidence in reply which shall be confined to matters strictly in reply to the proprietor's evidence, and shall send a copy thereof to the proprietor.

(8) No further evidence may be filed, except that, in relation to any proceedings before her, the registrar may at any time if she thinks fit give leave to either party to file such evidence upon such terms as she may think fit.

54.(1) Without prejudice to any provisions of the Act or these Rules requiring the registrar to hear any party to proceedings under this 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.

(2) The registrar shall give that party at least fourteen days' notice of the time when he may be heard unless that party consents to shorter notice.

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.

67.(3) If in any particular case the registrar is satisfied that the failure to make or file any notice, application or other document within any period of time specified in the Act or these Rules for such giving, making or filing was wholly or mainly attributable to a failure or undue delay in the postal services in the United Kingdom, the registrar may, if she thinks fit, extend the period so that it ends on the day of the receipt by the addressee of the notice, application or other document (or, if the day of such receipt is an excluded day, on the first following day which is not an excluded day), upon such notice to other parties and upon such terms as she may direct.

68.(1) The time or periods –

(a) prescribed by these Rules, other than the times or period prescribed by the rules mentioned in paragraph (3) below

…

subject to paragraph (2) below, may, at the written request of the person or party concerned, or on the initiative of the registrar, be extended by the registrar as she thinks fits and upon such terms as she may direct.

(3) The rules excepted from paragraph (1) above are …. rule 31(2) (time for filing counter-statement) …

(7) Without prejudice to the above, in the case of any irregularity or prospective irregularity in or before the Office or the registrar which-

(a) consists of a failure to comply with any limitation as to times or periods specified in the Act or these Rules or the old law as that law continues to apply and which has occurred or appears to the registrar as likely to occur in the absence of a direction under this rule, and

(b) is attributable wholly or in part to an error, default or omission on the part of the Office or the registrar and which it appears to her should be rectified,

she may direct that the time or period in question shall be altered in such manner as she may specify upon such terms as she may direct.

Applicant's contentions

6. For reasons that will appear, it is convenient to begin by setting out the applicant's contentions as to why the appeal should be dismissed. In essence these were that (1) if the registered proprietor had not received the application, this was due to its own actions and omissions, and (2) for this and other reasons any discretion should be exercised adversely to the registered proprietor. In support of these contentions, the applicant relied upon the following facts and matters.

7. On 19 August 2003 the applicant's trade mark attorneys ("Shepherds") wrote to the registered proprietor at its address for service stating that according to their researches the mark had not been used for five years and that their client intended to file revocation proceedings within one month unless the registered proprietor either cancelled the registration or assigned it for a nominal

consideration. On 25 September 2003 Shepherds wrote again requesting a response to their letter dated 19 August 2003.

8. On 26 September 2003 Mr S.J. Golightly wrote to Shepherds on the letterhead of LookC Ltd at Irving House, Westgate Road, Newcastle NE1 1SG stating that Shepherds' assertions about the mark were false, that the registered proprietor might be interested in licensing the mark for an appropriate fee but would require more information about their client's proposed use of it, and that the name of the registered proprietor had been changed to LookC Ltd. It is clear from this letter that the registered proprietor had received both of Shepherds' letters.

9. On 6 October 2003 Shepherds wrote to the registered proprietor asking for proof of use of the mark. On 7 October 2003 Mr S.J. Golightly replied stating that the registered proprietor could provide proof of use of the mark, but declining to do so unless certain conditions were met including payment of a fee of "around £1000" to cover the registered proprietor's costs of doing so.

10. On 7 November 2003 Shepherds wrote to the registered proprietor stating that its proposals were "preposterous" and that it had left them with no alternative to file revocation proceedings. Enclosed with the letter was a copy of the applicant's Form TM26(N) and Statement of Grounds. The letter concluded by stating that the registered proprietor would be contacted by the Registry in the not too distant future and that it would be incumbent upon it to produce evidence of use of the mark.

11. In its submissions the applicant suggested that the registered proprietor had been at fault in (a) seeking to charge for the provision of information which it was obliged to provide, (b) failing to notify the Registrar of its change of name, (c) failing to notify the Registrar of a change of address and (d) failing to contact the Registry to establish if revocation proceedings had indeed been issued. The applicant also pointed out that by the date of its submissions (19 May 2004) the registered proprietor had still not provided any evidence of use of the mark.

Information supplied by the Registrar

12. It is convenient next to set out certain information which I was given at the hearing by the Registrar's representatives as to the fate of the letter dated 17 November 2003. I was informed that investigation using the Royal Mail's "track and trace" facility had yielded the following statement:

> A delivery was attempted for your item with reference [the number] in Blaydon before 09.51 on 20/11/03 and we have advised the recipient that the item is now at their local Royal Mail enquiry office.

Registered proprietor's contentions

13. In support of the grounds which I have set out above the registered proprietor's letter dated 29 March 2004 stated that it had never received the letter dated 17 November 2003. Mr R.A. Golightly also stated in this letter:

> One thing I notice … is that your current letter is addressed to 'Applied Technologies Manufacturing Ltd' at our (LookC Ltd) registered office address. It could be that the previous letter if similarly addressed was discarded by the person who manages the registered office because that company name no longer exists, having been changed to LookC Ltd some years ago. I hasten to add that this is simply a name change and all the property of ATM Ltd is now the property of LookC Ltd.

14. At the hearing Mr S.J. Golightly informed me as follows:

(a) The registered proprietor had changed its name from Applied Technologies Manufacturing Ltd to LookC Ltd in about June 2002. Through an oversight the Registry had not been notified of this.

(b) The registered proprietor's address for service was its registered office. The registered office had not changed when the company changed its name. Moreover, the registered office was Mr Golightly's home address.

(c) If a letter had arrived at the registered office, Mr Golightly's home address, addressed to Applied Technologies Manufacturing Ltd, he would have realised that it was intended for the registered proprietor. He agreed that he had received the letters from Shepherds dated 19 August and 25 September 2003 and that the reference to Applied Technologies Manufacturing Ltd had caused no difficulty. He therefore disagreed with the suggestion made by Mr R.A. Golightly, his brother, in the registered proprietor's letter dated 29 March 2004 that he (being the person who "manages the registered office") might have discarded a communication for this reason.

(d) The registered proprietor's position at the time of the correspondence with Shepherds was that it was not prepared to spend time and money producing evidence of use unless it really had to. Mr Golightly said that he was unaware of section 100 of the 1994 Act.

(e) After receiving Shepherds' letter dated 7 November 2003, the registered proprietor had waited for official confirmation that an application for revocation had been filed. Mr Golightly said that, so far as he was concerned, the fact that an application had been threatened did not necessarily mean that one would be filed. Furthermore, he did not think it was his responsibility to contact the Registry to find out whether an application had been filed. He was a busy man with other things to do. His assumption was that the Registry would contact him and get confirmation that he had received the application if they had got no reply.

(f) When Mr Golightly received cards from the Royal Mail about a failed delivery, he always went to the sorting office to collect the letters. To the best of his recollection and belief, however, the registered proprietor had not received a card from the Royal Mail in relation to the attempted delivery on 20 November 2003.

(g) The registered proprietor had moved offices from the Irving House address to the Unit C3 address during the Christmas break at the end of 2003. Mr Golightly suggested that the office move might have had a bearing on the registered proprietor not having received the letter dated 17 November 2003, but having regard to the information from the Royal Mail and the chronology this does not appear to the case.

15. In addition Mr Golightly tendered certain documents as evidence of use of the mark. I did not admit these documents into the proceedings, but looked at them *de bene esse*.[1]

16. The Registrar's representatives rightly pointed out that the applicant had not had the opportunity of commenting on the account of events set out in paragraph 14 above or on the documents referred to in paragraph 15 above because neither had been tendered in advance of the hearing and the applicant had decided that it was unnecessary for it to attend on the basis of what had been said in the registered proprietor's letter dated 29 March 2004.

Discussion

17. In the following discussion I shall express some provisional views with respect to the facts of this case. For reasons that will appear, these provisional views are not to be taken as representing my final conclusions of fact.

*The pre-application correspondence*

18. I do not consider the registered proprietor's stance in the pre-application correspondence to be relevant to the substantive issues on this appeal. Section 100 only applies in (civil) proceedings. If registered proprietors of trade marks are challenged as to the use made of them before proceedings are commenced, it is obviously desirable in the interests of avoiding, or at least limiting,

[1] A Latin tag that has no very satisfactory English equivalent. Literally it means "concerning well being". In legal usage, its meaning is approximately "provisionally" or "for what it is worth". On the continued use of Latin in the law generally, see the preface to John Gray's excellent book *Lawyers' Latin* (Robert Hale, 2002).

unnecessary disputes that proprietors should provide evidence of use voluntarily. Strictly speaking, however, a proprietor is entitled to decline to provide his evidence prior to proceedings. Moreover, a possible benefit to the proprietor of adopting that stance is that he may get some compensation for the costs of preparing such evidence in the context of proceedings, whereas he will not be compensated for doing so outside the context of proceedings. Given that evidence submitted during proceedings has to obey certain formal requirements and that costs are usually awarded on a scale which does not reflect the actual costs incurred, however, it seems to me that it would be a rare case in which a proprietor profited by taking that course. Be that as it may, I do not consider that the registered proprietor's failure in this case voluntarily to supply evidence of use prior to the filing of the application would be a proper ground for exercising any discretion that I may have adversely to it (other than perhaps with regard to costs).

*What happened to the letter dated 17 November 2003?*

19. It seems clear that the Registry's letter dated 17 November 2003 was not delivered to the registered proprietor. According to the Royal Mail, an attempt was made to deliver it and the registered proprietor was notified that an item was awaiting collection at the local enquiry office.

20. At this stage I have no reason to disbelieve Mr Golightly's statements that the registered proprietor did not receive the letter, that his usual practice is to collect undelivered items from the enquiry office and that he has no recollection of having received a card from the Royal Mail regarding the attempted delivery on 20 November 2003. It seems unlikely that Mr Golightly would have deliberately ignored such a card or that, if he had collected the item, he would have failed to act upon the letter dated 17 November 2003. After all, he did react to the letters from Shepherds and his brother reacted to the decision. In the circumstances there are two possible explanations: either the postman failed properly to deliver the card or Mr Golightly inadvertently failed to notice or respond to it (e.g. because it got mixed up with some junk

mail which Mr Golightly threw away). At present I incline to the view that the second of these two explanations is the more probable.

21. It seems clear that the registered proprietor's failure to notify the Registry of its change of name had no connection with its failure to act upon the card and consequent non-receipt of the letter. Nor did the fact that the registered proprietor's business address was different to its registered office and address for service have any bearing on this.

*Rule 31(1), rule 10(4) and section 7 of the Interpretation Act 1978*

22. Rule 31(1) of the 2000 Rules requires the Registrar to send a copy of an application for revocation for non-use and the statement of grounds in support to the registered proprietor. Other than rule 10(4), I cannot find anything in the 1994 Act or the 2000 Rules which regulates the manner in which the Registrar is required or permitted to send such documents to the registered proprietor. It appears that the matter is left entirely to the Registrar to decide for himself. (By contrast, rule 69 gives the Registrar a discretion to permit documents to be filed by electronic means "as an alternative to the sending by post or delivery" of such documents, making it clear that persons filing documents at the Registry may send them by post or deliver them or arrange for them to be delivered.) It is plainly sensible for such documents to be sent by registered post (or recorded delivery, which by virtue of section 1 of the Recorded Delivery Service Act 1962 is equivalent to registered post), as is the Registrar's practice, but it would appear to be permissible for the Registrar to send them by e.g. courier, fax or email.

23. Section 7 of the Interpretation Act 1978 provides:

> Where an Act authorises or requires any document to be served by post (whether the expression 'serve' or the expression 'give' or 'send' is used) then, unless the contrary intention appears, the service is deemed to be effected by properly addressing, pre-paying and posting a letter containing the document and, unless the contrary is proved, to have been effected at the time at which the letter would be delivered in the ordinary course of post.

24. In *OIOI Trade Mark* (BL O/340/04) an application for revocation was sent to the registered proprietor's address for service by recorded delivery post on 16 January 2004, returned marked "undeliverable" and sent again by ordinary post on 23 January 2004. Geoffrey Hobbs QC sitting as the Appointed Person stated at page 5 of the transcript:

> By virtue of the combined effect of [rule 10(4) and section 7 of the Interpretation Act], service of the documents which the Registrar was required to send to the registered proprietor under rule 31(1) is deemed to have effected when they were sent, i.e. dispatched, to her address for service by pre-paid post under cover of the unreturned letter of 23 January 2004. That being so, the registered proprietor had three months (expiring on 23 April 2004) within which to file a counter-statement in conjunction with notice of the same on Form TM8 and either (a) two copies of evidence of use made of the trade mark in suit or (b) reasons for non-use of the mark. These requirements were imposed on her by the provisions of rule 31(2)…

I regret to say that I do not entirely agree with this analysis of the applicability and effect of these provisions.

25. So far as rule 10(4) is concerned, this provides that a document sent to the registered proprietor's address for service is "properly sent". In my judgment, all this means is that, if a document is sent to the address for service, it does not have to be sent anywhere else. The ordinary meaning of the word "send" is "dispatch", but statutory provisions have occasionally been construed so that "send" means sending the thing in such a way that it is received. I do not interpret rule 10(4), however, as meaning that a communication sent to the address for service is deemed to have been received.

26. As for section 7, I am not sure that this applies at all. The 1994 Act does not expressly authorise the service of documents by post, it merely confers a general rule-making power with respect to *inter alia* "the service of documents" (section 78(2)(c)). As I have discussed, even the 2000 Rules do not expressly authorise the Registrar to send documents by post. I have concluded that it is within his powers under the Rules to do so, but I doubt that

the mere fact that the Registrar is not acting *ultra vires*[2] the Rules amounts to authorisation by the 1994 Act within the meaning of section 7 of the 1978 Act. Even if section 7 would otherwise apply, however, it is my opinion that a "contrary intention" appears from rule 31(2) for reasons that I give below.

*Rule 31(2)*

27. Rule 31(2) gives the registered proprietor three months from "the date on which a copy of the notice is sent by the registrar to the proprietor" in which to file a counter-statement, Form TM8 and evidence of use or reasons for non-use. It is clear from the language of rule 31(2) that the operative event is the *sending* of the documents by the Registrar, and not their *receipt* by the registered proprietor. This is plainly deliberate, since similar language is employed in rules 31(4), 31(6) and 31(7) and in the corresponding provisions of rules 32 and 33.

28. The effect of this is to cast the risk of late receipt, and even non-receipt, of the documents upon the registered proprietor, no doubt in order to avoid uncertainty and dispute as to the date of receipt and so forth: cf. *C.A. Webber (Transport) Ltd v Railtrack plc* [2003] EWCA Civ 1167, [2004] 1 WLR 320 at [15]-[41] and [55], in which the Court of Appeal held that that was the effect of section 23 of the Landlord and Tenant Act 1927. In my judgment four things follow from this.

29. First, I consider that section 7 of the Interpretation Act cannot apply to rule 31(2), since if it did: (a) service would be deemed in the absence of contrary proof to have been effected "at the time at which the letter would be delivered in the ordinary course of post" and time would run from then; and (b) it would be open to the registered proprietor to prove that the documents had arrived later or not at all. Again, cf. *Webber v Railtrack*, in which the Court of Appeal held that section 7 did not apply to section 23 of the Landlord and Tenant Act 1927 for similar reasons.

[2] Outside the powers (conferred by).

30. Secondly, I agree with Mr Hobbs' conclusion in *OIOI Trade Mark* that the registered proprietor's time for filing a counter-statement etc. runs from the sending of the application, although (a) that conclusion is not supported by section 7 for the reasons I have just given and (b) I have arrived at that conclusion by a different route.

31. Thirdly, I doubt whether Mr Hobbs was correct to hold, as he implicitly did, that time starts to run again if the Registrar discovers that the application has not been delivered to the registered proprietor and re-sends it. Since the point does not arise for decision in the present case, however, it is unnecessary for me to reach any conclusion on the matter.

32. Fourthly, I consider that there can be no burden on the Registrar to verify that the documents have been received, as the registered proprietor argued before me; just as there can be no duty on the Registrar to verify the currency of the address for service, as Mr Hobbs held in *OIOI Trade Mark* at 9.

33. The fourth point does not mean that I consider that the registered proprietor in the present case was at fault in failing to contact the Registry to establish whether revocation proceedings had been issued. While that might have been a prudent course, at present I consider that it was reasonable for the registered proprietor to consider that Shepherds' client might be bluffing and to wait and see whether the threatened proceedings actually materialised. This is supported by the fact that Shepherds' letter dated 19 August 2003 threatened the filing of revocation proceedings within one month unless the registered proprietor either cancelled or assigned the registration, yet that threat was not carried through.

*Extension of time*

34. By virtue of rule 68(3), the three month period provided by rule 31(2) for filing a Form TM8 and counter-statement is inextensible in circumstances such as these. Rule 68(7) does not apply, since there was no error, default or omission on the part of the Registry with respect to the sending of the

application. In circumstances falling outside rule 68(7), rule 66 does not give the Registrar jurisdiction to excuse a failure to observe this time limit on the ground that it is an irregularity in procedure: *OMITEC Trade Mark* (BL O/018/02) at 10-11 and *KML Invest AB's Trade Mark Application* [2004] RPC 47 at [14], both applying *E's Applications* [1983] RPC 231. Even if the rule 67(3) gave the Registrar jurisdiction to extend the time limit, as to which I express no opinion, that would not assist the registered proprietor in the present case, since I am not satisfied that the registered proprietor's failure to file its Form TM8 and counter-statement on time was due to any failure in the postal services.

35. I note that in *OMITEC Trade Mark* Simon Thorley QC sitting as the Appointed Person held that the Registrar had power under rule 68(1) to extend the time limit under rule 31(2) for filing evidence of evidence or reasons for non-use in a case where a Form TM8 and counter-statement had been filed in due time. His reasoning was that the parenthesis in rule 68(3) "(time for filing counter-statement)" restricted the application of that sub-rule to the filing of the counter-statement and Form TM8. I have to say that I am doubtful whether this is correct in view of the wording not only of rule 68(3), which suggests to me that the purpose of the parenthesis is not to qualify but to aid in identification of the relevant provision, but also of rules 31(2) and 31(3); but since the point does not arise for decision in the present case, it is unnecessary for me to reach any conclusion on the matter.

*Rule 31(3)*

36. The word "may" in rule 31(3) indicates that, if no counterstatement etc is filed within the time limited, the Registrar has a discretion as to whether or not to treat the registered proprietor as not opposing the application: see *FIRETRACE Trade Mark* [2002] RPC 15 at [20], *CARTE BLUE Trade Mark* [2002] RPC 31 at [47], *OMITEC Trade Mark* at 11 and *OIOI Trade Mark* at 7. (By contrast, rule 13(3), which provides that where a notice on Form TM8 and counter-statement are not filed by an applicant in opposition proceedings "he

shall be deemed to have withdrawn his application for registration", gives the Registrar no discretion: *KML Invest AB's Trade Mark Application* at [10].)

37. Because rule 31 is concerned with applications for revocation for non-use under section 46(1)(a) and (b), that is to say, revocation on the basis of post-registration events, section 72 has no bearing on how that discretion should be exercised. The position is different if the application is for a declaration of invalidity under section 47 and rule 33: see *FIRETRACE Trade Mark* at [16]-[18]. (I would add that it was said in *FIRETRACE Trade Mark* that the position under rule 32 was the same as under rule 33, but in my opinion the position under rule 32 is the same as under rule 31.)

*The hearing officer's decision*

38. At the hearing I suggested that the registered proprietor could argue that the hearing officer had not properly exercised his discretion under rule 31(3) because he had not purported to exercise a discretion at all, but treated the consequence of revocation as following automatically from the registered proprietor's failure to file a counter-statement etc. On reflection, I do not consider that this is right. Although the hearing officer did not express himself as exercising a discretion, it does not necessarily follow that he did not appreciate that he had a discretion or that he failed properly to exercise that discretion.

39. There is, however, a more fundamental objection to the hearing officer's decision, which is that, as in *OIOI Trade Mark*, he took a decision under rule 31(3) adverse to the registered proprietor without giving the registered proprietor an opportunity to be heard, contrary to rule 54. (By contrast, in both *FIRETRACE Trade Mark* and *CARTE BLUE Trade Mark* the registered proprietor was given a hearing before the hearing officers exercised their respective discretions under rules 32(2) and 33(3) and rule 31(3) respectively, while in *OMITEC Trade Mark* the registered proprietor was notified that it had failed to file evidence in compliance with rule 31(2) and given an opportunity to rectify the omission.) In *Adidas SARL's Trade Mark* [1983] RPC 262 at 266

lines 30-32 Forbes J held that, before exercising the similar discretion which existed under rule 50 of the Trade Marks Rules 1938 adversely to an opponent who had failed to file evidence in time, the Registrar ought to give the opponent a hearing pursuant to rule 116 of the 1938 Rules. I agree with Mr Hobbs in *OIOI Trade Mark* at 10 that the same is true in the present situation.

40. Like Mr Hobbs, I consider that this is a serious procedural irregularity. Rule 54 is an application of the fundamental common law principle of *audi alteram partem*[3] and of parties' rights to a fair hearing under Article 6 of the European Convention for the Protection of Human Rights and Fundamental Freedoms. It is therefore important that it be complied with. Furthermore, it is only by complying with rule 54 that the Registrar can deal justly with what Mr Thorley in *OMITEC Trade Mark* described as the "apparently draconian" effect of rule 68(3) in a case where the registered proprietor's failure to comply with the time limit under rule 31(2) is due to circumstances outside its control.

41. What ought to have occurred is that, upon the registered proprietor's failure to file a Form TM8, counter-statement and evidence within the time stipulated by rule 31(2), the Registrar should have notified the registered proprietor that he proposed to exercise the discretion under rule 31(3) to treat it as not opposing the application for revocation unless the registered proprietor requested a hearing or made written submissions in lieu thereof.

42. It follows that the hearing officer's decision was irregularly made.

*Judgment in default*

43. It is noticeable that the 2000 Rules contain no provisions analogous to CPR rules 13.2 and 13.3, which provide:

> 13.2 The court must set aside a judgment entered under Part 12 [that is, a judgment in default] if judgment was wrongly entered because-

[3] Hear the other side.

(a) in the case of a judgment in default of an acknowledgement of service, any of the conditions in rule 12.3(1) and 12.3(3) was not satisfied;

(b) in the case of a judgment in default of defence, any of the conditions in rule 12.3(2) and 12.3(3) was not satisfied; or

(c) the whole of the claim was satisfied before judgment was entered.

13.3(1) In any other case, the court may set aside or vary a judgment entered under Part 12

(a) the defendant has a real prospect of successfully defending the claim; or

(b) it appears to the court that there is some other good reason why–

(i) the judgment should be set aside or varied; or

(ii) the defendant should be allowed to defend the claim.

(2) In considering whether to set aside or vary a judgment entered under Part 12, the matters to which the court must have regard include whether the person seeking to set aside the judgment made an application to do so promptly.

44. Judgments falling within CPR rule 13.2 are irregular and therefore must be set aside *ex debito justiciae*,[4] that is to say, without enquiring into the defendant's prospects of defending the claim.

45. By contrast, CPR rule 13.3 applies to judgments that have been regularly obtained and gives the court a discretion as to whether they should be set aside or not. The philosophy underlying rule 13.3 is that a regularly obtained judgment should not lightly be set aside, but if the defendant has a real prospect of successfully defending the claim or there is some other good reason why he should be allowed to defend the claim, then it would generally be unjust to allow a judgment in default to stand unless there has been undue delay in making the application or some other good discretionary reason for refusal.

[4] Literally "out of the obligation of justice" i.e. as of right.

*Appeal to an Appointed Person*

46. In the absence of any provisions corresponding to CPR rules 13.2 and 13.3, the registered proprietor's only recourse is to appeal. By virtue of section 76(1) of the 1994 Act, an appeal lies from any decision of the Registrar under the Act (except as otherwise expressly provided), including one involving an exercise of discretion. It is therefore open to the registered proprietor to appeal against the hearing officer's exercise of discretion under rule 31(3). Where the appellant appeals to an Appointed Person, CPR rule 52.11 does not apply to the appeal, but nevertheless the general practice of the Appointed Persons is to apply the principles established by rule 52.11 and the case law interpreting it by analogy (see Tribunal Practice Notice 1/2003 at paragraph 11 and sundry decisions of the Appointed Persons since at least *REEF Trade Mark* [2002] EWCA Civ 763, [2003] RPC 5). CPR rule 52.11(2) and (3) provide:

> (2) Unless it otherwise orders, the appeal court will not receive-
>
> (a) oral evidence; or
>
> (b) evidence which was not before the lower court.
>
> (3) The appeal court will allow an appeal where the decision of the lower court was-
>
> (a) wrong; or
>
> (b) unjust because of a serious procedural or other irregularity in the proceedings before the lower court.

47. Accordingly, the registered proprietor can appeal, not on the basis that the hearing officer's decision was wrong, but on the basis that it was unjust because of a serious irregularity in the proceedings below. Furthermore, in an appropriate case, further evidence can be received on such appeal (see e.g. *DU PONT Trade Mark* [2003] EWCA Civ 1368, [2004] FSR 15).

48. For the reasons I have given, I consider that the hearing officer's decision is analogous to a judgment to which CPR rule 13.2 applies. Since it was irregularly made, it must be set aside on the ground of serious irregularity

without enquiring into the registered proprietor's prospects of success. Thus I do not need to consider the factors identified by CPR rule 13.3 for that purpose. As will appear, however, I consider that similar factors are relevant to the exercise of discretion under rule 31(3) of the 2000 Rules.

*Re-exercising the discretion*

49. It follows that I must either remit the matter to the hearing officer to exercise his discretion afresh under rule 31(3) or exercise the discretion myself. Ordinarily I would wish to take the latter course in the interests of procedural economy. The problem which arises in the present case is that the registered proprietor only put forward its full case as to why the discretion should be exercised in its favour at the hearing. As noted above, the applicant had understandably decided not to attend the hearing and therefore was not in a position to comment on the registered proprietor's full case.

50. As to the basis upon which the discretion should be exercised, it appears to me that CPR rule 13.3 provides an appropriate guide albeit that that provision applies after judgment has been entered and rule 31(3) applies beforehand. If a registered proprietor establishes that (a) it has not complied with the time limit under rule 31(2) for a good reason, such as not receiving the application for revocation, (b) it has a real prospect of successfully defending the application or that there is some other good reason why it should be permitted to defend and (c) there is no other good discretionary reason why it should be denied relief, then I consider that the tribunal's discretion under rule 31(3) should be exercised in its favour so as to permit it to defend the application. In my judgment, a system which did not permit a registered proprietor to defend an application for revocation in such circumstances would not comply with Article 6 ECHR since it would unjustifiably deprive the registered proprietor of its right to a hearing on the merits of the application: cf. *Cachia v Faluyi* [2001] EWCA Civ 998, [2001] 1 WLR 1966, *Goode v Martin* [2001] EWCA Civ 1899, [2002] 1 WLR 1828 and *Beer v Austria* (Application No. 30428/96, European Court of Human Rights, Judgment of 6 February 2001) and contrast *CIBC Mellon Trust Co Ltd v Stolzenberg* [2004] EWCA Civ 827 at [161].

51. Accordingly, if the applicant had been present at the hearing, and, having heard the applicant's comments on Mr Golightly's account and the documents he tendered, I had concluded that (a) the registered proprietor had inadvertently not received the letter dated 17 November 2003, (b) the documents tendered provided the registered proprietor with a real prospect of successfully defending the application or some other good reason for allowing the registered proprietor to defend the application and (c) there were no other good discretionary grounds for refusing the registered proprietor relief, I would have exercised the discretion in favour of the registered proprietor. It would not, however, be fair to the applicant to reach this conclusion without giving it the opportunity to respond to the registered proprietor's full case as presented at the hearing.

52. In the circumstances, I have decided that the right course is to give the applicant the opportunity to consider the registered proprietor's full case and make further submissions, but to make directions designed to enable the dispute to be resolved without a further hearing if at all possible.

*What if discretion is exercised in favour of the registered proprietor?*

53. This still leaves the problem of what role the registered proprietor should be permitted to play in the application for revocation in event of discretion being exercised in its favour. Although rule 31(3) allows for the possibility that the Registrar may exercise his discretion not to treat the registered proprietor as not opposing the application, the remainder of rule 31 is extremely unclear as to what should happen in that situation. On the face of it, rule 31(4) would not apply because no Form TM8 or counter-statement would have been filed; nor would rule 31(6) apply for the same reason. It would be pointless, however, to allow the registered proprietor to defend the application without also allowing it to file evidence of use as required by section 100.

54. A similar problem faced the hearing officer in *FIRETRACE Trade Mark*, and he resolved it by exercising the Registrar's powers under rule 57 to require documents, information or evidence to be filed to order the filing of a

statement of case as to the registered proprietor's defence to the applications, and thereby effectively to re-set the time periods under rules 32(4) and 33(4). While this course is not easy to reconcile with the drafting of the relevant rules, it has the merit of being a pragmatic method of doing justice. My own preference in the circumstances of the present case would be to exercise the power to admit evidence under rule 31(8) on appropriate terms: cf. *OMITEC Trade Mark* at 11. I do not consider that it would be appropriate to require the registered proprietor to file a statement of case.

Conclusion

55. For these reasons, I shall make the following order:

(1) Unless within 28 days of the date of this decision the registered proprietor files a witness statement verified by a statement of truth which confirms the accuracy of the account given by Mr Golightly at the hearing as summarised in paragraph 14 above and sets out the evidence of use or reasons for non-use upon which the registered proprietor wishes to rely to defend the application for revocation, the hearing officer's decision will be set aside but the discretion under rule 31(3) will be exercised against the registered proprietor with the result that the appeal will be dismissed without a further hearing.

(2) If the registered proprietor does file such evidence, the applicant shall inform the Registrar within 28 days of the evidence being sent to it whether it consents to the appeal being allowed or not. If the applicant does consent, the appeal will be allowed without a further hearing.

(3) If the applicant consents to the appeal being allowed, the evidence of use or reasons for non-use filed by the registered proprietor will be admitted under rule 31(8) on terms that (a) the applicant shall have three months (to run from the end of the 28 day period mentioned in (2) above)) in which to file any evidence in answer and (b) the registered proprietor shall have three months (to run from the date on

which a copy of the applicant's evidence is sent to it) to file evidence strictly in reply if so advised.

(4) If the applicant does not consent to the appeal being allowed, the appeal will be listed for a further hearing before me.

Costs

56. I will reserve the costs of the appeal to date. If there is a further hearing, they can be dealt with then. If the appeal is either dismissed or allowed without a further hearing, I will entertain written submissions with regard to costs provided that they are filed within 14 days of the Treasury Solicitor notifying the parties that the appeal stands dismissed or allowed by consent as the case may be.

11 November 2004 RICHARD ARNOLD QC

S.J. Golightly of the registered proprietor appeared for his company.
Mike Knight and Keven Bader appeared for the Registrar.
The applicant did not appear and was not represented.