

O-031-06

TRADE MARKS ACT 1994

**IN THE MATTER OF AN INTERLOCUTORY HEARING IN RELATION TO
APPLICATION NO. 2313456 IN THE NAME OF SOLS & FONDATIONS
AND**

**IN THE MATTER OF OPPOSITION THERETO UNDER NO. 91582 BY
MAGNEX LIMITED**

TRADE MARKS ACT 1994

IN THE MATTER OF an interlocutory hearing in relation to application No. 2313456 in the name of Sols & Fondations and in the matter of opposition thereto under No. 91582 by Magnex Limited

Background

1. On 17 October 2002 Sols & Fondations filed an application for registration of the trade mark CLAYSTOP. The application is numbered 2313456. Following examination, the application was published for opposition purposes on 8 January 2003.
2. Notice of opposition against the application was filed on behalf of Magnex Limited on 21 March 2003. Thereafter, the opposition proceedings continued with both sides eventually filing evidence. Following the completion of the filing of evidence, the case was reviewed by a Hearing Officer in line with usual practice, in order to determine whether the proceedings were such that a substantive decision could be taken from the papers and without recourse to a hearing.
3. By way of a letter dated 25 August 2005, the parties were advised of the Hearing Officer's opinion that a hearing was appropriate. Following an exchange of correspondence, the substantive hearing was arranged and was set to take place on 14 December 2005.
4. On 10 October 2005, DMH Stallard, representing the opponent, sought permission to cross examine three individuals who had provided witness statements on behalf of the applicant. There then followed a further exchange of correspondence culminating in Boulton Wade Tennant, acting on behalf of the applicant, objecting to the request. On 17 October 2005 the Trade Marks Registry issued its preliminary view that the request for cross examination of the applicant's witnesses should be granted.
5. By way of a letter dated 31 October 2005, the applicant then sought permission to cross examine the opponent's witnesses. The Trade Marks Registry responded to the request by reverting back to the applicant requesting further information. Further information was later provided and comments were sought from the opponent.
6. At this point, the opponent filed a request for permission to amend the grounds of the opposition. In a letter dated 10 November 2005, the opponent sought to introduce two new grounds of attack; under sections 3(1)(b) and 3(1)(c) of the Act. The Trade Marks Registry sought comments on the request from the opponent.
7. There was a further exchange of correspondence leading to a letter dated 23 November 2005, wherein the Trade Marks Registry advised the parties of its preliminary views on the outstanding issues. These were that the applicant's request to cross examine the opponent's witnesses should be granted and that the opponent's request to amend the statement of grounds should be refused. The opponent requested

to be heard. At this point arrangements were made for the substantive hearing to be vacated with the interlocutory hearing being substituted in its place.

The Hearing

8. At the hearing, the applicant was represented by Mr Brandreth of Counsel. Mr Chacksfield of Counsel represented the opponent. There were two issues to be determined. Firstly, the request for cross examination of witnesses and secondly, the opponent's request to amend the pleadings to include new grounds of opposition.

9. On the cross examination issue the registrar's preliminary view had been that each party should be allowed to cross examine two named witnesses of the other party. Both parties made it clear to me that they had reached agreement on this and that no dispute therefore existed. Neither party made any substantive submissions on the point at the hearing. Having satisfied myself that given the nature of the grounds of opposition and the evidence of the witnesses and the information on file, the cross examination was appropriate, I confirmed the preliminary view. As to the request to amend the pleadings, I upheld the preliminary view and refused the request.

10. I confirmed my decisions later the same day in a letter which stated:

“Requests for cross examination of witnesses

I indicated that I would grant the requests. An order for the attendance at the substantive hearing of Messrs Diamond, Moscrop, Lewis and Muller will follow in due course. It is noted that although the order will be made in respect of all four gentlemen, the parties are still in discussion on this point and it may be that cross examination of Mr Muller may be dispensed with on the day.

Amendment of pleadings

My decision was to uphold the registrar's preliminary view and refuse the amendment. There was no dispute that the registrar has the discretion to allow amendments. The request was made, as the opponent accepted, some two and a half years after the opposition was originally filed and after the case had been set down for a substantive hearing and no adequate reasons were given as to why the request could not have been made earlier. Taking all relevant factors into account, including the features of the case, I was not persuaded that the amendment was justified.

Costs

The prime issue for my consideration was the opponent's request to amend the pleadings. Having found against the opponent, the applicant is entitled to an award of costs. Although I consider an award above the norm is appropriate, I do not consider that an award of full costs, as requested by the applicant, is justified. The opponent will be ordered to pay the applicant the sum of £500. An order for costs will follow in due course, subject, of course, to any appeal being lodged against my decision.”

11. Following the issue of my letter, DMH Stallard filed a Form TM5 requesting a statement of the grounds of my decision. As the preliminary view in respect of cross examination was no longer in dispute and the attendance of witnesses was agreed

between the parties, I do not intend to set out in full the reasons for my decision to uphold the preliminary view on this point. For the benefit of any appellant body however, I will set out some brief reasons for my decision.

12. The original notice of opposition includes grounds based on Section 3(6) of the Act. The ground is founded on an allegation as to how the trade mark in suit was selected and the knowledge of various individuals at that time. Those individuals have provided evidence on this point and, in my opinion, because of the nature of the objection and the substance of the evidence, the request to cross examine those witnesses to test that evidence is justified.

13. The opponent's request for amendment of the pleadings had been the subject of much correspondence prior to the hearing and both parties provided skeleton arguments. In addition, both chose to file evidence setting out the background to the case and making submissions. I do not know why they both chose to go to the time and expense of putting this material in the form of witness statements but I took all material into account in reaching my decision. I do not intend to summarise that evidence in full but will refer to it as necessary in this decision.

Submissions

14. Mr Chacksfield began by setting out the basic timescale of these proceedings. The application in suit had been filed in October 2002, opposition had been lodged against it in March 2003 and the filing of evidence had been completed in August 2005. Mr Chacksfield acknowledged that the request to amend the grounds of opposition was made late on in the proceedings.

15. Mr Chacksfield went on to submit that the proceedings had been "leisurely" and that there was no suggestion from the applicant that the additional grounds sought to be included were weak: the only objection from the applicant had been one relating to procedure because of the lateness of the request. He submitted that I should bear in mind the overriding objective; the registrar is required to deal with cases justly and the correct approach to take requires a balancing of potential injustices. The applicant had not shown, he said, that it would suffer any real prejudice by the amendment. Mr Chacksfield reminded me that the Courts allow very late amendments sometimes even after the hearing of the case.

16. Mr Chacksfield referred me to Mr Copping's witness statement which explained:

"It is accepted that the amendment has been made very late in the course of the proceedings. The frank position is that the amendment deals with a point which was only picked up when Counsel was first involved- prior to that date we had been concentrating on the points raised by our client, whom can hardly have been expected to know the full extent of trade mark law. As soon as this was picked up on, an application was made to amend the Statement of Grounds. This was done at the earliest opportunity."

17. Mr Chacksfield added that the lateness of itself was not relevant. What had to be considered, he said, were the consequences that flow from that lateness. The request to add new grounds was not the sole reason for the delay; the prior request for cross

examination had already led to the need to re-set the substantive hearing. This was, said Mr Chacksfield, a paradigm example of a prejudice that could be compensated for by an award of costs. The opponent's original position on making the request to add new grounds was that their inclusion would not necessitate the filing of evidence by either side. That position has shifted somewhat and the submission was now that if evidence was necessary, it was a quick and easy decision to establish what was required.

18. For his part, Mr Brandreth referred me to the Trade Mark Registry's Work Manual, Chapter 15 at paragraph 8.3 which states the registrar's position on requests to amend pleadings. Mr Brandreth submitted that this statement was entirely in accordance with current law.

19. Mr Brandreth went on to say that requests for amendments of the pleadings must be dealt with "in the round". The opponent had to explain why the request was made so late and prejudice had to be taken into account. The opponent was wrong to suggest that the applicant would not suffer prejudice; the proceedings had been at the stage of a final decision but even putting aside the delay, the applicant would suffer further prejudice by having to consider the "new" objections and identifying and preparing evidence.

20. Mr Brandreth countered the opponent's suggestion that no evidence would be needed. This was, he said, an attempt to bully the applicant, giving it no opportunity to establish the true position. The opponent had sought to include new grounds and the registrar's preliminary view was to refuse the request. On that basis, the applicant had not made any preparations to collate and file evidence as it was by no means certain it was necessary.

21. Mr Brandreth submitted it was not correct to say that the prejudice the applicant would suffer could be compensated for in an award of costs. The grounds of objection the opponent sought to add required evidence which would have to establish what the position was in October 2002; more than three years ago. That was much more difficult to establish in retrospect than it would have been had the grounds been raised at the outset. The additional costs of identifying and collating that evidence would not be compensated by any award of costs as such awards do not reflect the true costs involved. The request has delayed the substantive hearing and the consequent delay in the issue of a substantive decision means that the applicant is in limbo. It is unable to market and advertise the trade mark as it would otherwise have done had it achieved registration. The cross examination issue itself did not lead to delay which required the cancellation of the substantive hearing.

22. As to the potential strength of the grounds of objection now sought by the opponent, Mr Brandreth indicated that the applicant had chosen to make no comment thus far. This was because it was considered unnecessary to do so unless and until the registrar's preliminary view to refuse the request was overturned. That said, it would appear that a three year delay in identifying it, was suggestive that it was a weak issue.

23. As to Mr Copping's explanation for the delay, Mr Brandreth accepted that the opponent may not be well versed in trade mark law but submitted that their

representative solicitors did have a duty of care to act on the opponent's behalf. If there was negligence, that could be the subject of a separate claim elsewhere.

24. In reply, Mr Chacksfield criticised what he called the glossing over of the fact the applicant had no evidence. He said it was a hopeless argument to rely on the preliminary view to refuse the request to add new grounds. If the applicant had thought the new grounds were weak it would simply need one paragraph in a witness statement.

25. As to potential negligence, this was a strong allegation to make and was rejected at every turn.

The Law

26. There is no dispute that the registrar has the discretion to amend pleadings; the question to be addressed is whether that discretion should be exercised in this case.

27. Tribunal Practice Notice 4/2000 ("TPN") provides guidance as to what the registrar would expect to be contained in statements of case and counter-statements. The TPN also sets out the procedure adopted in relation to requests for amendment to these documents:

"Amendments to statements of case and counter-statements

22. As parties will be expected to file focussed statements of case and counter-statements, the Trade Marks Registry will consider requests to amend these documents later in the proceedings. Amendments may include adding or removing a ground of opposition/revocation or invalidity or correcting information contained therein. If an amendment becomes necessary parties should seek leave to make the amendment at the earliest opportunity. When seeking leave to amend full details of the amendment together with the reasons for the amendment should be submitted. Whilst each request to amend will be considered on its merits the Registry will aim to give favourable consideration to such requests on the basis that it is likely to avoid a multiplicity of proceedings and thus help resolve the dispute between the parties quickly and at less cost. If the amendment requires the other party to file an amended counter-statement or additional evidence, an award of costs to cover this may be made."

28. It is clear from the extract reproduced above that if a party seeks to amend its statement of case or counter-statement it should do so at the earliest opportunity and, when doing so, it should provide reasons to justify the request. The request will be considered on its merits.

29. I also bear in mind the comments of Neuberger J in *Willis Arnold Charlesworth v Relay Roads Limited (In Liquidation)* [2000] R.P.C. 300 which can be summarised as follows:

When considering a late application to amend the court should have regard to the overriding objective of CPR Rule 1.1. In particular the court should:

1. exercise its discretion in a way best designed to achieve justice;
2. consider whether the party could be compensated in costs, but should bear in mind the anxieties and legitimate expectations of the other party, the efficient conduct of litigation and the inconvenience caused to other litigants;
3. consider whether reasonable diligence has been shown and whether the amendment is likely to have an important influence on the result;
4. consider the features of the case and only accede to the application in exceptional circumstances.

30. The opposition process is a well established feature of the trade mark registration procedure. Opposition proceedings themselves essentially begin with the filing of pleadings setting out the respective parties' positions. This allows the parties to know the case against them and enables them to identify what, if any, evidence they may wish to file. Once the respective filing of evidence (if appropriate) is complete, the case is ready to be determined. Whilst in practice opposition proceedings can be somewhat complex, the fundamental procedural timetable is relatively simple and means that the parties should be clear about what they face from the very beginning.

31. Whilst the extract from the TPN set out above indicates that the registrar will aim to give favourable consideration to request to add new grounds, it also makes clear that each request will be considered on its merits. I have to give full consideration to all relevant circumstances.

32. The opponent seeks to add two new grounds of opposition under section 3(1)(b) and (c) of the Act. The request was made in a letter dated 10 November 2005 (received the next day) some two years and eight months after the opposition was filed which was three months after the completion of the filing of evidence and when arrangements were well in train for the appointment of the substantive hearing. The opponent does not deny it could have made the claim earlier but says it only did so when the case was reviewed by Counsel prior to the substantive hearing. Whilst it may be that the opponent made the request to amend shortly after the papers had been seen by Counsel, there is no evidence before me to indicate when Counsel actually saw them. In opposition and other inter partes disputes, I do not think it unreasonable to expect regular reviews to take place. There is nothing before me to indicate why these grounds were not identified as potential grounds at a much earlier stage. I am not satisfied that the request was made at the earliest opportunity.

33. Whilst the opponent has indicated that it wishes to rely on grounds based on section 3(1)(b) and (c) of the Act, the letter containing the request to amend does little more than recite the relevant section of the Act relied on. Nowhere is there any indication given of why the opponent thinks the mark is descriptive or devoid of distinctive character nor why the mark may serve to designate the kind, quality, intended purpose or other characteristic of the products. Without this particularisation, the actual basis of the intended new grounds are still somewhat uncertain. Given this

state of affairs, I think it was entirely reasonable for the applicant not to carry out any substantive work on the preparation of any counterargument and evidence.

34. The opposition proceedings having reached the stage of a main hearing, there was a legitimate expectation of a final determination of the case being made within a relatively short period. It cannot be desirable nor is it an efficient use of the tribunal system to reach that point and then effectively having to start the process from scratch in respect of completely new grounds. Indeed it seems to me that it would be unreasonable to do so in anything other than in the most exceptional circumstances.

35. The opposition as originally filed was based on grounds under sections 5(2)(b) and 3(6) of the Act. Evidence intended to support or deny these grounds has been filed and will allow the registrar to make a determination. Given the nature of the existing grounds, the introduction of new grounds under section 3(1)(b) and (c) at this stage will not, I believe, better enable the registrar to achieve justice. Certainly adding new grounds at this stage would lead to inconvenience; there would be additional costs and most certainly considerable delays.

36. I can see nothing in the features of this case to indicate that exceptional circumstances apply. Certainly, nothing was raised in submissions, written or oral, before me. On any reasonable view, I do not see that the fact that the potential objection appears only to have been thought of when reviewing the case prior to the substantive hearing, can be justification for adding those grounds at such a late stage.

37. Taking all the submissions and material before me into account, I upheld the registrar's preliminary view; I declined to exercise the discretion and refused the application to amend the statement of grounds so as to introduce objections under sections 3(1)(b) and (c) of the Act.

Costs

38. Having refused the opponent's request to amend the statement of grounds, the applicant was entitled to an award of costs in respect of the hearing. The applicant requested full costs and provided a statement of costs in the sum of just under £4000. Whilst I agreed that an award above the norm was appropriate I did not consider that the full award was justified. The first issue, cross examination, was but a brief matter; the amendment issue was not particularly complex and the law surrounding it is well established. Both parties had, in my opinion, increased costs somewhat unnecessarily, for example, by filing written submissions in the form of a witness statement.

39. That being the case and, subject to any appeal, I considered that the applicant was entitled to an award of costs. I determined that an award in the sum of £500, in respect of the interlocutory hearing, to be an appropriate amount.

Dated this 27th day of January 2006

**Ann Corbett
For the Registrar
The Comptroller-General**