

**TRADE MARKS ACT 1938 (AS AMENDED)
AND TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATIONS NOS. 1355427, 1355423 AND 1355433
BY KIRKBI AG.
TO REGISTER TRADE MARKS IN CLASS 28**

AND

**OPPOSITION NOS. 48009, 48010 AND 48011
BY RITVIK TOYS INC.
AND A REQUEST BY THE OPPONENT TO SUBSTITUTE
RITVIK HOLDINGS INC. AS THE OPPONENT IN THESE PROCEEDINGS**

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BACKGROUND

These applications for registration are in respect of a series of trade marks in each case. The trade marks consist of patterns of raised knobs or studs all applied to the surfaces of a toy brick. In each case the applications were advertised in Trade Marks Journal No. 6196 on 8 October 1997. The applications for registration stand in the name of Kirkbi AG. A Form TM7, Notice of Opposition, was filed against each application by Ritvik Toys Inc. on 5 January 1998. The applicants submitted Forms TM8 and counterstatements on 10 March 1998 and subsequently the opponents submitted their evidence on 18 September 1998.

On 7 September 1998, Lovell White Durrant, the opponent's Trade Mark Agents wrote to the Trade Marks Registry asking the Registry to note that there had been a change of opponents. They stated that on 30 June 1998 Ritvik Toys Inc. amalgamated with its parent company, Ritvik Holdings Inc. The opposition was therefore to proceed in the name of Ritvik Holdings Inc. A copy of the memorandum of agreement giving effect to the amalgamation was enclosed and confirmation was given that the new opponent had had sight of all documentation filed, would stand by the grounds and statements made in the notice of opposition. They were also aware of and accepted liability for costs for the whole of the proceedings. Clifford Chance on behalf of the applicants for registration in a letter dated 7 October 1998 to the Trade Marks Registry stated that the oppositions filed by the opponent, Ritvik Toys Inc., were not based on any alleged prior rights which had been transferred to Ritvik Holdings Inc. and accordingly they submitted that the substitution of Ritvik Holdings Inc. in place of the original opponents should not be allowed.

On 23 November 1998 the Trade Marks Registry wrote to Lovell White Durrant stating that it had been decided that the change of opponents could proceed. Clifford Chance, on 7 December 1998, under the provisions of Rule 48(1) of the Trade Mark Rules 1994, sought a hearing on the matter. The Hearing took place on 3 February 1999 via the video conference facility. The applicants for registration were represented by Mr Peter Taylor of Clifford Chance and the opponents by Mr Justin Turner of Counsel instructed by Lovell White Durrant.

Mr Turner first of all referred me to an affidavit dated 2 February 1999 by Mr Don Donath, Barrister and Attorney with particular knowledge of the relationship between what I describe as the first opponents, Ritvik Toys Inc. and the proposed opponents Ritvik Holdings Inc. In essence, this states that he was the Attorney that implemented the winding up of Ritvik Toys Inc. into its sole shareholder Ritvik Holdings Inc. and it was necessary for Ritvik Toys Inc. to be wound up and to transfer to Ritvik Holdings Inc. all of its property. I quote from Section 2 of the agreement between the first opponent and the proposed opponents, this states:

“THAT in consideration of the mutual promises contained herein, the COMPANY (Toys) hereby transfers, conveys and assigns unto the SHAREHOLDER (Holdings), its successors and assigns, by way of liquidating dividend, all of its property and assets of every nature and kind whatsoever, including, but without limiting the generality of the foregoing;

- (a) All of the property of the COMPANY, moveable or immoveable, real or personal, of every kind and wheresoever situate, including any rights the COMPANY may have to any freehold or leasehold property, or any leases and licenses to which the COMPANY may be entitled.
- (b) All choses in action, including all the book and other debts due or accruing due to the COMPANY and the full benefit of all securities for such debts and including all claims for refunds of income taxes and other amounts, if any, and
- (c) All cash on hand and in bank and all shares and other securities owned by the COMPANY”.

In Mr Donath’s view the term “all of the property” used in the agreement and signed by the two parties would include all rights in any litigation which was then in progress and any rights that the former might have to commence any future litigation.

The substance of Mr Turner’s submissions were that the opponents had not changed in that it was the holding company rather than their wholly owned subsidiary which was now intending to pursue the opposition and that all of the pleadings currently entered would be adopted by the holding company. He considered that the change in opponents was the result of commercial decisions by the respective companies in Canada and the fact that the respective companies were incorporated in different jurisdictions within Canada required the winding up of the first opponent into the proposed opponent and that was the principle cause of the problem. In his view this technical point should not rule out the change of opponent and in that connection I was referred to *LANGLEY v NORTH WEST WATER AUTHORITY* [1991] 3 All ER 610 where it had been held that the Court had inherent jurisdiction to make directions regulating its own procedures providing that no such direction was inconsistent with Rules of Court or other statutory provisions. In this particular case, submitted Mr Turner, there were no provisions in the Act or the Rules which prevented substitution of one opponent

for another, it was therefore a matter for the Registrar to exercise his discretion. He referred me also to COFFEEMIX, [1998] RPC 717, a decision of the Appointed Person which, inter alia, dealt with the Appointed Persons' inherent power to allow an amendment to a statement of case. In that case Mr Simon Thorley QC stated:

5 “In my judgement it would be correct for this tribunal to act in the same way as any other appellant tribunal and to allow amendments to the notice of appeal and supporting documents in appropriate circumstances so as to ensure that the matter before the tribunal is fully determined. There is, for example, often no objection to a new point of law being taken on an appeal. It would make no sense for an excusable omission in the statement of case not to be rectifiable”.

10 Mr Taylor for the applicants argued that in this particular case the Registrar should refuse the request because neither the first opponents nor the proposed opponents had any earlier right on which the opposition was based. In his view any exercise of the Registrar's discretion when there was a change of opponent should only be exercised in favour of proposed opponents when there was, for example, an existing registered trade mark on which the opposition was based. This was not so in this case and I was therefore urged to refuse the opponents' request.

20 **DECISION**

25 It was common ground between the parties and myself as the Registrar's Hearing Officer that the Trade Mark Registry's Work Manuals in relation to proceedings brought under the Trade Marks Act 1938 and the Trade Marks Act 1994 both indicated that the Trade Marks Registry would be prepared to allow a change of opponent in the exercise of The Registrar's discretion. However, I note that all proceedings under both Acts are also subject to the provisions of the Trade Marks Rules 1994.

30 The starting point for the consideration of the issue of whether one opponent may be replaced by another in proceedings before the Registrar must be the provisions of the Trade Marks Acts. Insofar as these proceedings are under the Trade Marks Act 1938 (as amended) the transitional provisions governing the treatment of proceedings in train when the Trade Marks Act 1994 came into force are set out in Schedule 3 of that Act. As are the provisions governing Opposition proceedings brought against applications for registrations proceeding under the Trade Marks Act 1938 (as amended). These are set out in Schedule 3 of the Trade Marks Act 1994 at paragraph 10(2). They have the effect that the rules regulating practice and procedure are exercised in relation to applications made under the Trade Marks Act 1938 (as amended) as well as to applications made under the Trade Marks Act 1994. No different provisions have been made for the application of any different rules in relation to opposition proceedings. The appropriate parts of the Acts state:

TRADE MARKS ACT 1938 (as amended)

45 **18.-(2)** Any person may, within the prescribed time for the date of the advertisement of the application, give notice to the Registrar of opposition to the registration.

TRADE MARKS ACT 1994

38.-(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.

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

The prescribed time and the prescribed manner are set out in Rule 13 of the Trade Marks Rules 1994 which apply to proceedings under both Acts. This states:

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13.-(1) Notice of opposition to the registration of a trade mark shall be sent to the Registrar on Form TM7 within three months of the date on which the application was published under rule 12, and shall include a statement of the grounds of opposition; the Registrar shall send a copy of the notice and the statement to the applicant.

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(2) Within three months of the date on which a copy of the statement is sent by the Registrar to the applicant the applicant may file, in conjunction with notice of the same on Form TM8, a counterstatement; the registrar shall send a copy of the Form TM8 and the counterstatement to the person opposing the application.

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(3) Within three months of the date on which a copy of the counterstatement is sent by the Registrar to the person opposing the registration, that person shall file such evidence by way of statutory declaration or affidavit as he may consider necessary to adduce in support of his opposition and shall send a copy thereof to the applicant.

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(4) If the person opposing the registration files no evidence under paragraph (3) above, he shall, unless the Registrar otherwise directs, be deemed to have abandoned his opposition.

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(5) If the person opposing the registration files evidence under paragraph (3) above or the Registrar otherwise directs under paragraph (4) above, the applicant shall, within three months of the date on which either a copy of the evidence or a copy of the direction is sent to the applicant, file such evidence by way of statutory declaration or affidavit as he may consider necessary to adduce in support of this application, and shall send a copy thereof to the person opposing the application.

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(6) Within three months of the date on which a copy of the applicant's evidence is sent to him, the person opposing the application may file evidence in reply by statutory declaration or affidavit which shall be confined to matters strictly in reply to the applicant's evidence, and shall send a copy thereof to the applicant.

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

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(8) Upon completion of the evidence the Registrar shall, if a hearing is requested by any party to the proceedings, send to the parties notice of a date for the hearing.

It appears to me therefore, in simple terms that the Trade Marks Acts and the Trade Marks Rules enable any person to give notice of opposition by means of a Form TM7 which must include a statement of the grounds of opposition. These must be sent to the Registrar within the three month period prescribed by Rule 13(1). Opposition can be based on absolute or relative grounds, but it would appear that it is not necessary for the person filing the notice of opposition to have an interest in an earlier trade mark in order to bring an opposition based upon Section 5 of the Act (relative grounds). In the past where the opposition was based (at least in part) on the fact that the trade mark the subject of the application for registration conflicted with an earlier trade mark of the opponent and therefore, it was claimed that registration would be contrary to Section 12(1) of the Trade Marks Act 1938 (as amended) or Section 5(2) of the Trade Marks Act 1994 (and, of course, the earlier trade mark was transferred to a third party before the conclusion of the opposition proceedings) the Trade Marks Registry allowed the new owner of the trade mark to “take over” the opposition proceedings. Even where the period prescribed for bringing such an opposition had expired. That practice, in my view, is outwith the provisions of the Trade Marks Rules now in force. The Act and the Rules envisage that a person (any legal entity) should have three months in which to notify the Registrar, following the publication or advertisement of an application for registration, of any opposition to the application. The Trade Marks Act 1994 at Section 37 and Section 18(2) of the Trade Marks Act 1938 (as amended) require that there be a prescribed time period for such opposition and this is contained in Rule 13. The provisions of Rule 62 of those Rules state that the period is not extendable.

In this case Ritvik Toys Inc. met the requirements set down in the Act and Rules and filed a Form TM7 and notice of opposition within the prescribed timescale. They were therefore the opponent within the meaning of the Rules and subject to their meeting the requirements of Rule 13, in particular Rule 13(4), the matter of their opposition to the registration of these applications could have been determined by one of the Registrars' Hearing Officers, from a study of the papers or after an oral hearing as well. However, it seems to me that the Rules are not met where a party does not file a Notice of Opposition form TM7 within the prescribed time but is able to circumvent this by seeking to be substituted as the opponent at a later stage, whatever the reason. To do so would, in my view, provide them, de facto, with an extension of time in which to oppose which the Rules expressly do not permit.

I note that in Rule 31, which deals with revocation, invalidation and rectification under the provisions of Sections 46, 47 and 64 of the Trade Marks Act 1994, at Rule 31(5) it states:

(5) Any person, other than the registered proprietor, claiming to have an interest in proceedings on an application under this rule may file an application to the Registrar on Form TM27 for leave to intervene, stating the nature of his interest and the Registrar may, after hearing the parties concerned if so required, refuse such leave or grant leave upon such terms or conditions (including any undertaking as to costs) as he thinks fit.

It seems to me that had the legislature intended that one party could be substituted for another party in opposition proceedings, or that otherwise some arrangement should be made for one party to take the place of another party, or in some way intervene in opposition proceedings then a rule such as Rule 31(5) would have been included under the provisions of Rule 13. In the case of *LANGLEY v NORTH WEST WATER AUTHORITY* it was stated that the

County Court had inherent jurisdiction to make directions regarding its own procedures provided that such directions were not inconsistent with the Rules of the Court or any other statutory provisions. In my view the Registry's practice in relation to the substitution of parties under the provisions of the Trade Marks Rules 1994 has hitherto been at variance with those Rules in allowing the substitution of the parties. Therefore, in reaching the view that I have I believe that I am coming within that judgement.

I also take note of the comment by Ferris J in ST TRUDO [1995] RPC 379 lines 19-20 where he said:

"Before the Registrar the Rules of the Supreme Court have no part to play;"

Also the view of Lloyd-Jacob J In the matter of HOLT & COY (LEEDS) LTD's application for a Trade Mark, 1957 RPC page 295 lines 16-19, where he said "The Legislature, by indicating the procedure, has required the Trade Marks Registry and this Court to exercise its jurisdiction in accordance with such procedure, taking its merits and its demerits as necessary components of such exercise".

Insofar as the COFFEEMIX case is concerned I would agree that there is an inherent jurisdiction within this tribunal to allow amendments to pleadings but that does not extend to amendment of all the associated documentation such that the substitution of parties can take place.

In the circumstances I must hold that the Trade Marks Registry has no power under the Trade Marks Acts 1938 (as amended), Trade Marks Act 1994 or Trade Marks Rules 1994 (as amended) to allow the substitution of one party for another in opposition proceedings.

Lest it be thought that Rule 60 of the Trade Marks Rules 1994 could be used as a vehicle for substitution I have to hold that it does not. This states:

60-(1) Any irregularity in procedure in or before the Office or the registrar may be rectified, subject to paragraph (2) below, on such terms as he may direct.

(2) In the case of an irregularity or prospective irregularity-

(a) which consists of a failure to comply with any limitation as to times or periods specified in the Act, 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) which 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 him should be rectified,

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

(3) Paragraph (2) above is without prejudice to the registrar's power to extend any time or periods under Rule 62 below.

5 This is concerned with irregularities in procedure in or before the Office as a result of which in particular a time period is not complied with and which may be rectified on terms directed by the Registrar. This is not a case which falls in my view to be considered as an irregularity in procedure. Therefore I rule out the possibility of using Rule 60 in circumstances such as those described above to substitute one party for another in opposition procedures.

10 In the event that I am found wrong in holding that the Registrar does not have any power to substitute one party for another under the provisions of the Trade Marks Acts and Rules I go on to consider whether the exercise of the Registrar's discretion in favour of the opponent in this case would be justified.

15 No full explanation has been given as to why it was thought necessary at this particular time to undertake the restructuring of the original opponent and the proposed opponent in such a way as the latter acquired all of the property etc. of the former. It seemed to me therefore to be a normal commercial decision. That being so, I saw no reason why the applicant for registration in this case should be in any way prejudiced by the substitution of one party for another. In
20 reaching this view I took particular notice of the fact that neither opponent has a proprietorial interest in any earlier right which may be prejudiced as a result of the registration of these applications. The opposition is based entirely upon absolute grounds under the provisions of Section 3 of the Act. It seemed to me therefore that the opponent in this case would not be disadvantaged if as a result of my ruling the opposition was deemed to be withdrawn, (because
25 the first opponent no longer existed), with the result that the proposed opponent had to commence invalidation action.

In this decision I have considered all the material available to me and all the submissions made.

30 **Dated this day 18 of March 1999**

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M KNIGHT
For the Registrar
40 **The Comptroller General**