

O-030-09

**TRADE MARKS ACT 1994**

**IN THE MATTER OF a joint hearing  
in relation to registration numbers 1500089 & 2116673**

**STORM**

**in the name of Sun 99 Limited  
and the applications for revocation thereof,  
under numbers 83179 and 83180  
by Storm Products Inc.**

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### **Background**

1. Registration numbers 1500089 and 2116673 are for the mark STORM and stand in the name of Sun 99 Limited (hereafter Sun).
2. On 10 March 2008, Storm Products, Inc (hereafter Products) applied on Forms TM26(N) to revoke both registrations (in the case of 2116673, in respect of Class 25 only). In relation to 1500089, sections 46(1)(a) and (b) were pleaded, with revocation dates of 20 January 2001 and 1 December 2007 respectively. In relation to 2116673, sections 46(1)(a) and (b) were pleaded, claiming dates of revocation as being 16 May 2003 and 1 December 2007, respectively.
3. The applications for revocation were served upon Sun's address for service, A1 Trade Marks (hereafter A1) on 20 March 2008. The accompanying letters from the Trade Mark Registry specified that the latest date for Forms TM8 and counterstatements to be received, if Sun wished to oppose the applications, was 20 June 2008. The letters expressly stated that this period for filing a defence could not be extended.
4. The Registry wrote to Sun's address for service, A1, on 10 July 2008 stating that no Forms TM8 and counterstatements had been received by the due date and that the Registrar was minded to treat Sun as not opposing the applications because it had failed to comply with the conditions of rule 31(3) of the Trade Mark Rules 2000 (as amended). The Registry stated that Sun had a right to a hearing or to file written submissions in this matter.
5. On 15 July 2008, the Registry received a letter from Mr Philip Redman of A1 which stated that the Registry's letter of 20 March 2008, which served the applications, had not been received by A1. The Registry replied on 16 July 2008 enclosing proof that it had checked Royal Mail's website which clearly showed the documents were received and signed for by P.A. Redman on 25 March 2008. The applications had been correctly served.
6. A1 replied the following day, stating that further investigations confirmed that the applications had been received, requesting a hearing. Mr Redman wrote:

“Our investigations have shown that this was part of a complex matter being handled by our Client’s Solicitor and hence had not been immediately evident from our records.

It is believed that the Attempted Revocation was instituted as a result of disappointing negotiations arising out of certain Community Trade Mark Oppositions.

Regrettably our Client’s Solicitor is absent from his office due to illness. This may account for any lack of response in the present matter. As soon as we are able to contact him we will enquire as to any steps which may have been taken in the Revocation unknown to us and also as to the present status of negotiations towards an amicable settlement.

Unfortunately also, our Client contact, Mr Steve Sun, Managing Director, is absent on business in Hong Kong until 3 August 2008.”

A further letter from A1, undated but received in the Registry on 24 July 2008, stated that Sun’s solicitor was still ill and absent from his office, but that he had been in contact directly with Mr Sun regarding the pursuit of an amicable settlement.

### **The registered proprietor’s request for postponement**

7. The hearing was listed for Thursday 18 September 2008, at 10.30am by video conference. On 15 September 2008, Mr Redman requested an adjournment because Mr Jasani, sun’s solicitor, had suffered a family loss and the funeral was arranged for the day of the hearing. I did not deem this sufficient to postpone since A1 was the address for service and all correspondence thus far had come from A1. Mr Redman duly filed his skeleton arguments on 16 September 2008 as did Maguire Boss, Products’ professional representatives. Mr Redman stated that the owner of the trade marks was in Hong Kong on 27 March 2008 when A1 forwarded him Forms 26(N), also writing to Mr Paresh Jasani, asking for instructions, receiving no reply. Mr Redman said:

“This did not cause concern to A1 as the Proprietors frequently instructed Mr Jasani directly in Litigation matters without referring to A1.”

He added that the applications for revocation had been initiated as a result of Sun’s opposition to Products’ application for a Community trade mark. Mr Redman submitted that instructions were not received from Mr Sun because he was in Hong Kong following the death of his mother on 29 March 2008. Instructions would normally have been issued to A1 or Mr Jasani. He stated that Sun had every intention of defending its trade marks since they had been and were in use.

8. On 17 September 2008, the day prior to the hearing, Mr Jasani faxed a detailed postponement request stating that he had to attend his brother-in-law’s funeral. Mr Jasani stated that A1 had been used for

“external support purely for dealing with new applications, renewals and matters of that nature, as opposed to litigious matters. They have never been

instructed to carry out any advocacy work for the registered proprietor and they are not instructed to represent the registered proprietor at the hearing for this purpose.”

I viewed this statement as rather surprising since Mr Redman had represented Sun 99 at a joint hearing on revocation number 82655, 10 May 2007 (decision O-186-07) and was listed as Sun’s representative for the substantive hearing on that case, which was to (and did) take place on 27 November 2008. Bearing this in mind, together with the fact that A1 was the address for service, and considering the likely inconvenience caused to the applicant by a postponement, when both sets of skeleton arguments had already been received, I refused the request.

### **The first, adjourned joint hearing**

9. Mr Jasani, in a telephone call to the registry later on the day prior to the hearing stated that he was going to file a Form TM33 to appoint himself as address for service; however, no Form TM33 materialised by close of play. Very late that day – between the times 10.21pm and 10.46pm - a substantial amount of documentation, including a counterstatement (not Form TM8) and witness statements from Mr Sun, Mr Redman and Mr Jasani, with exhibits, were emailed to the Registry’s hearings clerk directly by Mr Sun and copied to the applicant’s representative. One of the copy recipients was Jonathan Hill of “8newsquare.co.uk”; it transpired, one hour before the commencement of the hearing, that Sun was to be represented by counsel. No skeleton argument from Mr Hill had been received, and the applicant’s representative, Mr David Tate, was en route from Cambridgeshire. It was unlikely that Mr Tate had seen any of the documentation, or been informed that counsel were representing Sun. In addition, there had been no time to book a shorthand writer to compensate for the absence of Mr Hill’s skeleton argument.

10. At the hearing, Mr Hill informed me that he had only been instructed at 4pm the previous day and had advised Sun that the documentation be filed prior to the hearing. Mr Tate said that he had not seen any of the documentation until ten minutes before the hearing. In the circumstances, and since the hearing could potentially have resulted in the termination of the proceedings, I took the view that both Mr Tate and I should have had time to consider the documents before a hearing could take place. I therefore, reluctantly, adjourned the hearing, awarding the applicant its costs, and stating that the hearing should be reappointed without delay but at Mr Tate’s convenience.

11. On 24 September 2008, Mr Paresh Jasani appointed himself as Sun’s address for service by way of a Form TM33, enclosing Forms TM8.

### **The applicant’s requests for postponement**

12. For completeness, I will briefly record the circumstances of the applicant’s own subsequent requests for postponement.

13. Mr Tate emailed the Registry on 7 October 2008 asking for the reappointed hearing to take place after 27 November 2008. He wished to observe a representative for Sun who was to be cross-examined at the substantive hearing on

82655, stating that this would enable Products (who were unconnected with case 82655) to decide whether to challenge the evidence filed in these proceedings. Mr Tate attached a copy of a witness statement which had been filed by a 'cash register expert' on 82655, which called into question till receipts exhibited with the witness statement of Anna Lee. Since till receipts had not been filed in these proceedings and different witnesses, different goods and a different trade mark registration were involved, I took the view that there was no justification for postponing the joint hearing until after 27 November 2008. Mr Tate repeated his request on 8 October 2008. I maintained my refusal to delay the hearing, but accommodated his concern that I might exercise my discretion and allow the proceedings to continue on the basis of evidence which may have been fabricated. If, and only if, I allowed the proceedings to continue, I would delay setting the period for the applicant to file its evidence under rule 31A(1), irrespective of any initiation date set by rule 31A(6), and set the period running from the date of the hearing officer's decision in relation to case 82655.

### **The hearing**

14. The reappointed hearing took place before me on Thursday 13 November 2008, by video conference. Sun was represented by Mr Jonathan Hill of Counsel, instructed by P.G. Jasani, Solicitor. Products was represented by Dr Peter Colley of Counsel, instructed by Maguire Boss. Following the hearing, I issued a letter to the parties confirming my decision, dated 14 November 2008. The substantive content of my letter said:

"I was referred by both sides to the correctness or otherwise of the Registrar's practice notice TPN 1/2006 and to how I should interpret the criteria listed in *Music Choice* in determining whether an exercise of discretion is appropriate under rule 31(3) of the Trade Mark Rules 2000 (as amended). Having reviewed all the evidence (three sets of witness statements from the registered proprietor and two from the applicant) and the skeleton arguments and submissions made at the hearing, I have decided to exercise my discretion under rule 31(3) to allow the registered proprietor to be treated as opposing the applications.

There were good arguments on both sides and I was addressed on several issues, which I have factored into my assessment where relevant. Bearing in mind the criteria in *Music Choice*, I consider that the fairest and least prejudicial course of action is to allow the registered proprietor the opportunity to substantiate its claim that it has used the mark STORM on clothing within the relevant periods, to be tested as the applicant sees fit during the remaining stages of the proceedings.

### Case management

The inextensible period for filing Forms TM8 has passed and, although filed, they will not be admitted. However, following the approach in *Music Choice* and TPN 1/2006, I am admitting the counterstatements under rule 57. Furthermore, under rule 31A(6), I admit Mr Sun's first and second witness

statements and the evidence attached thereto for the purposes of meeting the requirements of rule 31(3). The witness statements of Mr Tate, for the applicant, and the third witness statement of Mr Sun will be placed on file but are not admitted as evidence in relation to the substantive issue since they related to the issue before me. Should the applicant wish to re-file any part of Mr Tate's evidence as substantive evidence during the proceedings, it is free to do so. Mr Sun's first witness statement also contained matter relating to the interim issue before, but it is simpler to admit it as it is, rather than to require it to be re-filed.

Both sides will be aware of the applicant's request to postpone the hearing until its representatives had been able to observe the cross-examination of one of the registered proprietor's witnesses in a substantive revocation hearing listed for 27 November 2008 (82655 STORM). I declined that request and, in my letter of 9 October 2008, gave a direction that if I exercised my discretion to allow the proceedings to continue under rule 31(3) (as I have done), then I would also exercise my discretion under rule 31A (6) and set the period running for the applicant to file its evidence from the date of the hearing officer's decision in 82655. That direction stands, unless the applicant notifies the Registry that it wishes the period for filing its evidence to commence before that date.

I also direct, under rule 62(1)(g) of the Trade Mark Rules 2008, that the proceedings be consolidated.

### Costs

I directed at the aborted hearing of 18 September 2008 that the applicant receive an award of costs, on a compensatory basis for that adjourned hearing, which I understand has been paid. I have decided not to award costs for this interim hearing, but instead to carry that over to form part of the consideration of costs by the hearing officer if the revocation actions proceed to a substantive decision."

15. Products subsequently filed a Form TM5 seeking a statement of reasons for my decision, which I now give.

### **Evidence**

16. By the time of the second joint hearing, a total of seven witness statements and accompanying exhibits had been filed: one from Mr Redman, one from Mr Jasani, three from Mr Sun, and two from Mr Tate. The evidential content related to the use or the disputed use of the STORM marks and also to matters pertaining to the missing of the 20 June 2008 deadline for filing a defence.

17. Philip Redman's witness statement is dated 17 September 2008. He says he has acted as trade mark attorney for Sun for some twenty years and although on occasion he/A1 has represented Sun before the Registry, the normal practice is for

Sun to be represented in such matters by Mr Paresh Jasani. He wrote to Sun on 27 March 2008 by email with a copy to Mr Jasani, asking for instructions and sending copies of the official letters of 20 March 2008 (Mr Redman does not name an individual to whom the email was sent). He did not receive any instructions, but explains that Mr Steve Sun, the managing director of Sun was in Hong Kong at the time Mr Redman sent his email regarding the applications for revocation. Mr Redman states that Mr Sun made frequent trips to Hong Kong at this time because his mother was ill; she died on 29 March 2008. The remainder of the witness statement details the exchange of correspondence between A1 and the Registry, already detailed elsewhere in this decision.

18. Paresh Jasani's witness statement is dated 17 September 2008. He says he is a solicitor who has provided legal services to Sun since 1991, including corporate and commercial work, intellectual property work and litigation support, which extends to filing and managing oppositions, the majority of which are overseas, rather than in the UK. He says:

“The Company uses the form called A1 Trade Marks for all of its general “front line” trade marks work including filing and renewing trade marks and sometimes dealing with oppositions both in and out – though this would be mostly in the UK.”

(I note that this statement appears to contradict what Mr Jasani said about A1 in his letter of the same date, as per paragraph 8 of this decision).

Mr Jasani states that Mr Sun's mother died in March 2008 and both this fact and the fact that most of Mr Sun's personal fortune was at risk in a major property deal in Spring 2008 led him to be far less attentive to his business affairs than usual, resulting in the failure to instruct either A1 or Mr Jasani until after the 20 June 2008 deadline had passed. Mr Jasani says that Sun had been negotiating with Products and that the latter could have been in no doubt that Sun was 'commercialising' clothing under the STORM brand covering at least the relevant periods in these proceedings.

19. Steve Sun's first witness statement is dated 17 September 2008. He is the founder, owner and sole director of Sun 99. He gives some turnover figures and exhibits photographs of UK STORM shop windows and clothing, together with invoices and advertising details. The remainder of the witness statement is devoted to explaining events surrounding the failure to instruct a defence to be made to the applications for revocation by the due date.

20. Mr Sun states that his mother died on 29 March 2008, while he was in Switzerland (in contrast to Mr Redman's statement that he was in Hong Kong). Exhibit SS-10 is a copy of his mother's death certificate. Mr Sun states:

“11. I have always been close to my mother and with a successful business I take the family responsibility of looking after her. I handle all of the business communications (including court and litigious work) arising in the business

myself. I believe late March was the same time that my trade mark agent A1 Trade Marks wrote to me via e-mail with notice of the revocation application. I did not see the email as I was unable to work. I get a hundred or so emails each day. I was away in Hong Kong attending to my mother's funeral and due to my grief unable to work. I did not return to the UK for approximately four weeks but then had to go back to the Far East again for a few weeks. It seems that I missed the e-mail from A1 due a combination of being absent from the office, my poor state of mind and the sheer volume of e-mails that had built up due to the backlog. I use the law firm PG Jasani for my corporate commercial work and litigious work, including intellectual property disputes. As I did not see the A1 Trade Marks e-mail, I did not instruct the firm to do any work on this revocation action.

12. In March of this year a major property deal in Woolwich, worth in excess of £11m, I was involved in went into crisis. This happened when I found out by accident in March this year that my intended partners had been misleading me in relation to important aspects of that deal. It took several weeks of legal work in April, June and July to finally resolve the situation and ultimately I was successful with ejecting these partners from the deal. However, this added to the personal difficult situation I was in and my poor state of mind. In short, in addition to losing my mother, I found out that my partners on the biggest commercial deal I had done in my life were cheating me.

13. I believe that it is clear from the face of this witness statement and the supporting evidence that the Registered Proprietor has traded in clothing in the UK under the STORM brand for the relevant period in issue in this matter. It would be a gross injustice to lose the value of the registered trade mark and the goodwill I have built-up over the last twenty years or so, due to a technicality founded on human frailty at a time of my life when I was not in a proper state of mind."

21. Mr Sun's second witness statement, dated 10 November 1998, corrects some errors relating to statements made in his first witness statement regarding details of use of STORM, which he says were made in a hurry (to be filed late at the Registry on the evening prior to the adjourned joint hearing).

22. Mr Sun's third witness statement is dated 12 November 2008 and is filed in reply to Mr Tate's witness statement of 10 November 2008. Mr Tate is a trade mark attorney and represents the applicant in these proceedings. He states that his Internet investigations had revealed no trade in clothing by Sun and that Sun had not provided any evidence of any such trading during negotiations between the parties. (I note these dated prints are outside of the relevant pleaded periods). He also states that the invoices in Mr Sun's exhibit SS-7 are invoices to Sun's franchisees or associated companies and cannot be relied upon by Sun to show its use of STORM. Mr Tate exhibits details of a number of overseas, Community and UK actions which involve Sun, intended to demonstrate Sun's allegedly lax attitude towards its intellectual property; in other words, Sun's failure to fail its defence by the due date in these proceedings is typical of its dilatory behaviour. Mr Tate stated that the counterstatement says that Sun believed that an application to revoke was highly



unlikely, which implies that Sun was at least aware that an application might be made. He adds that Section 46(3) of the Trade Marks Act 1994 does not require a proprietor to believe that an application was 'likely' to be made, only that an application 'might be made'. Mr Tate further stated that the longer proceedings take at the Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM), the more likely it is that a counterclaim for revocation may be filed because earlier rights that were less than five years old at the time the opposed community trade mark was published may become vulnerable to revocation on non-use as the years go on.

23. Mr Sun's response in his third witness statement goes into greater detail about the events in March 2008. He also refutes the allegations about other trade mark proceedings, stating that Sun has a portfolio of over 250 worldwide registrations and that there are continuous oppositions, applications and strategic actions that are in play. He states that it is reasonable to pursue trade mark applications and disputes and then over time to decide upon an alternative course of action.

24. Mr Sun states that the day on which Mr Redman sent him the email regarding the applications for revocation by Products, on 27 March 2008, he was on his way to Switzerland with no access to email.

"I had to be in Switzerland for the world's largest watch fair that takes place annually in Basle. The outgoing flight was at 8.00 a.m. with a check in time of 6 a.m. When I heard my mother had died on 29 March, I immediately took a flight via Heathrow and again I did not access my e-mails whilst I was away. I do not recall ever seeing the e-mail from Mr Redman and the matter only came to my attention in July as previously explained, after the Registry had written to Mr Redman.

25. The final, short, witness statement was filed by Mr Tate, in reply. This is dated 12 November 2008 and exhibits internet archive prints which list other items sold by Sun under the STORM mark, but which do not mention clothing.

### **Submissions of the parties**

26. Mr Hill, for Sun, referred to the law relating to the Registrar's discretion under rule 31(3), particularly *Music Choice Ltd's Trade Mark* [2006] RPC 13 and *Lowden v Lowden Guitar Company* [2005] RPC 18, submitting that Patten J's discretion in the latter, on the scope of the discretion, was in fact *obiter*. Drawing upon *Music Choice* and the Registry's Tribunal Practice Notice (TPN) 1/2006, Mr Hill argued that I should allow Sun to oppose the application:

- i) there is clearly evidence of use of STORM on clothing;
- ii) the explanations surrounding the missing of Mr Redman's email of 27 March 2008 were highly credible and perfectly understandable;
- iii) the difficulties surrounding the first hearing were not caused by Sun, but by its representatives;

- iv) the effect on Sun and its licensee would be drastic if it were to lose its registrations;
- v) no unfair prejudice would be suffered by Products if the action were to continue, save for being deprived of an unfair windfall victory;
- vi) there are related proceedings at OHIM between the parties.

27. Dr Colley, for Products, submitted that *Lowden* was the correct, binding approach in a case such as this. He argued that Mr Sun's lackadaisical attitude to his trade mark portfolio and his legal representation could not wholly be excused by the loss of his mother and that he should have seen the email from A1 on his return to work. Dr Colley did not accept that Mr Sun was the sole person able to act, since his wife, Anna Lee, had filed evidence in the 82655 case. Dr Colley's position was that Sun persistently failed to conduct its business affairs in a responsible manner and that it should not benefit from the narrow discretion available because, once again, it had missed a deadline through its own fault. He also asked me to view Mr Sun's evidence with caution since "it is perfectly plain that Mr Sun is more than capable of making errors when he is making witness statements." Dr Colley took me through a selection of Mr Tate's evidence to show me Sun's behavioural trends, evidential discrepancies, and lack of use of STORM on clothing at the relevant dates.

## Decision

28. Rule 68 of the Trade Mark Rules 2000(as amended) states:

### **"Alteration of time limits (Form TM9)**

**"68.—(1)** The time or periods—

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

(b) specified by the registrar for doing any act or taking any proceedings,

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 fit and upon such terms as she may direct.

(2) Where a request for the extension of a time or periods prescribed by these Rules—

(a) is sought in respect of a time or periods prescribed by rules 13 to 13C, 18, 23, 25, 31, 31A, 32, 32A, 33, 33A or 34, the party seeking the extension shall send a copy of the request to each person party to the

proceedings;

(b) is filed after the application has been published under rule 12 above the request shall be on Form TM9 and shall in any other case be on that form if the registrar so directs.

(3) The rules excepted from paragraph (1) above are rule 10A(2) (failure to file address for service), rule 11 (deficiencies in application), rule 13(1)(time for filing opposition), rule 13A(1) (time for filing counter-statement), rule 23(4) (time for filing opposition), rule 25(3) (time for filing opposition), rule 29 (delayed renewal), rule 30 (restoration of registration), rule 31(3) (time for filing counter-statement and evidence of use or reasons for non-use), rule 32(3) (time for filing counter-statement), rule 33(6) (time for filing counterstatement), and rule 47 (time for filing opposition).

(4) Subject to paragraph (5) below, a request for extension under paragraph (1) above shall be made before the time or period in question has expired.

(5) Where the request for extension is made after the time or period has expired, the registrar may, at her discretion, extend the period or time if she is satisfied with the explanation for the delay in requesting the extension and it appears to her to be just and equitable to do so.

(6).....

(7) without prejudice to the above, in the case of any irregularity or prospective irregularity in or before the Office of 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.”

29. Rule 31 states:

“(1) An application to the registrar for revocation of a trade mark under section 46, on the grounds set out in section 46(1)(a) or (b), shall be made on Form TM26(N) and be accompanied by a statement of the grounds on which the application is made.

(2) The registrar shall send a copy of Form TM26(N) and the statement of the grounds on which the application is made to the proprietor.

(3) The proprietor shall, within three months of the date on which he was sent a copy of Form TM26(N) and the statement by the registrar, file a Form TM8, which shall include a counter-statement, and be accompanied by –

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

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

otherwise the registrar may treat him as not opposing the application.

(4) The evidence of use of the mark shall –

(a) cover the period of non-use alleged by the applicant on Form TM26(N), or

(b) where the proprietor intends to rely on section 46(3), show that use of the mark commenced or resumed after the end of that period but before the application for revocation was made.

(5).....

(6).....”

30. Tribunal Practice Notice 1/2006 says:

**“Revocation and invalidation proceedings before the Trade Marks Registry**

**The exercise of discretion under rules 31(3), 32(3) and 33(6) of the Trade Marks Rules 2000 (as amended)**

Rules 31(3), 32(3) and 33(6) of the Trade Marks Rules 2000 (as amended) read as follows:

“31(3) The proprietor shall, within three months of the date on which he was sent a copy of Form TM26(N) and the statement by the registrar, file a Form TM8, which shall include a counter-statement, and be accompanied by -

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

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

otherwise the registrar may treat him as not opposing the application”.

“32(3) The proprietor shall, within six weeks of the date on which he was sent a copy of Form TM26(O) and the statement by the registrar, file a Form TM8 which shall include a counter-statement, otherwise the registrar may treat him as not opposing the application.”

“33(6) The proprietor shall, within six weeks of the date on which he was sent a copy of Form TM26(I) and the statement by the registrar, file a Form TM8, which shall include a counter-statement, otherwise the registrar may treat him as not opposing the application.”

The use of the word “may” appearing in rules 31(3) and 33(6) have been the subject of judicial comment in *George Lowden and The Lowden Guitar Company Limited* [2004] EWHC 2531, and in *Music Choice Limited and Target Brands, Inc* CH/2005/APP 0423/0749. The consequences of the decision in *Lowden* were, inter alia, dealt with in Tribunal Practice Notice 1/2005.

In *Lowden*, Mr Justice Patten held that the breadth of the discretion under rule 31(3) was very limited and could only be exercised in relation to factual errors on the Form TM26(N) and/or statement of case. However, in *Music Choice*, Mr Geoffrey Vos QC sitting as a Deputy High Court Judge, held that in an invalidation case, the registrar had a general discretion under rule 33(6), to treat the proprietor as either opposing or not opposing the application (see Annex A). In addition, Mr Vos expressed reservations about the correctness of the approach adopted in *Lowden* (see Annex B).

Given the apparent tension between these two decisions, and, as the word “may” appearing in the respective rules should, in the Trade Marks Registry’s view, be given the same meaning and scope, the Trade Marks Registry has reviewed its practice.

The Trade Marks Registry remains of the view that it is not permissible to allow the late filing of Form TM8. However, with immediate effect, where a late filed defence is filed in revocation or invalidation proceedings before the Trade Marks Registry, the Trade Marks Registry will (on request) now consider exercising the discretion in rules 31(3), 32(3) and 33(6) on the basis indicated by Mr Vos in *Music Choice*. As the exercise of the discretion is a judicial function, it is anticipated that consideration of the exercise of the discretion will only be given by a Hearing Officer following a joint hearing, and not by the Case Work Examiner dealing with the case administratively. In determining whether the proprietor will be treated as opposing the application, considerations of the sort outlined in *Music Choice* will be taken into account (see Annex C).

If the proprietor is treated as opposing the application, the Hearing Officer will give directions as to the filing of a counter-statement and evidence under rules 31A(6), 32A(6), 33A(6) and, if appropriate, rule 57.

## **Annex A**

“64. In my judgement, in an invalidation case, at least under the new Rules, there is a general discretion in the Registrar to treat the proprietor as “not opposing the application”. If the discretion is exercised in favour of treating the proprietor as opposing the application, it follows that he can be permitted to

file a counter-statement in order to set out his grounds of opposition. It is also then open to the Registrar to direct filing of evidence on both sides under Rule 33A(6).”

## **Annex B**

“55. It is then necessary to examine whether the reasoning in *Lowden* is either applicable to the situation, and if so, correct. In my judgement, it is not applicable for the reasons that Mr Arnold has advanced. But even if it were, I harbour some doubt as to the correctness of the decision.....

58.....I would take issue with Patten J’s formulation of the restriction on the discretion so as to make it exercisable only on the basis that “*the proprietor is not entitled to defend the factual basis of the application.*” This is tantamount, in a non- use case, to saying that the application will succeed unless there are insufficient grounds in the application, because the onus is on the proprietor to prove use....”

## **Annex C**

“65. Having decided that there is a general discretion in the registrar, it would be inappropriate to set out factors which would circumscribe the exercise of that discretion. Plainly, however, the discretion must be exercised on the premise that the time limit in Rule 33(6) is inextensible, and that there must be compelling reasons for the proprietor to be treated as opposing the application, notwithstanding his failure to comply with an inextensible time limit.

67. The factors that are, in my judgement relevant to the exercise of the discretion in this case include:

- (1) The circumstances relating to the missing of the deadline including reasons why it was missed and the extent to which it was missed.
- (2) The nature of the applicant’s allegations in its statement of grounds.
- (3) The consequences of treating the proprietor as opposing or not opposing the application.
- (4) Any prejudice to the applicant by the delay.
- (5) Any other relevant considerations, such as the existence of related proceedings between the same parties.”

31. Rule 31(3) clearly states that if no Form TM8, counterstatement and two copies of evidence of use of the mark (or reasons for non-use) are filed within three months of the date on which the registered proprietor was sent a copy of the Form TM26(N) by the registrar, that the registrar “*may treat him as not opposing the application*” (my emphasis). Rule 68 (3) specifically proscribes the extension of time for compliance

with the requirements of rule 31(3). The word 'may' indicates that the registrar has a discretionary power. Dr Colley's position is that the power is a narrow one, as per *Lowden*, whilst Mr Hill, unsurprisingly, prefers the approach of *Music Choice*, as expressed in TPN 1/2006. TPN 1/2006 articulates the Registrar's view that there is a synthesis between the discretions in rules 31(3) and 33(6) of the Trade Mark Rules 2000 (as amended).

32. As is frequently the case in proceedings before the Registrar, the consideration of whether the discretion is appropriate in these proceedings is not black and white, but is instead finely balanced. One week after the Forms TM26(N) were served, A1, Sun's address for service, emailed Sun which, it transpires, means that A1 emailed Mr Steve Sun, managing director of Sun, to inform him that the applications had been filed. This email was copied to Mr Jasani, Sun's solicitor. No instructions were received and the due date for filing a defence (20 June 2008) was missed. No follow-up contact or reminders about the application appear to have been made to Mr Sun. Mr Sun states that he handles all of the business communications (including court and litigious work) arising in the business himself. The single and only email about the applications was sent to Mr Sun on 27 March 2008. On that date he was on his way to Switzerland and he states that he did not check his emails whilst away in Basle at the watch fair. Two days later Mr Sun's mother died in Hong Kong and he went immediately to Hong Kong. Mr Sun states that by the time he accessed his emails, the backlog was very large, since he receives a hundred or so a day. He missed the email sent two days before his mother died owing to a combination of personal stress and a multitude of electronic correspondence.

33. Against that is the applicant's proposition that Mr Sun is not the only official in Sun able to act in relation to litigation. Products bases this contention upon the fact that in the proceedings relating to revocation 82655, Mr Sun's wife, Anna Lee, filed evidence. I do not accept that this demonstrates that other employees were able to give instructions; it is plausible that Ms Lee was instructed by Mr Sun via perhaps A1 or Mr Jasani to present her evidence. This is speculation on the part of Products and does not assist this case.

34. Products also submits that Sun should face the consequences of its legal representatives' disarray and lack of cohesion. I accept that a proprietor or applicant cannot abrogate all responsibility to its representative but this case is not as clear as that; Sun employs A1 and Mr Jasani. One might say that the strategy of using two different legal representatives is open to complication. In Sun's case, it has used A1 and Mr Jasani for twenty or so years. It seems to me that Mr Sun, a busy individual with, as the evidence from Mr Tate shows, a large portfolio of trade marks globally, is satisfied that A1 and Mr Jasani liaise when necessary and that his intellectual property affairs are taken care of by the people he pays to do just that. However, it also seems to me that Mr Redman and Mr Jasani do not have clearly delineated roles when dealing with Sun's trade marks. On the one hand, Mr Jasani on 17 September 2008 claimed that he is used for heavier litigation and A1 is used only for formalities, filing and renewals, but then also claimed on the same day in a witness statement that A1 is also sometimes used for oppositions. Mr Redman, in his skeleton argument of 16 September 2008, stated that the lack of instructions from Sun did not cause concern to A1 as Sun frequently instructed Mr Jasani directly in litigation matters without referring to A1. There appears to have been a breakdown

in communication between A1 and Mr Jasani, compounded by Mr Sun's mother's death and the problem with the property deal with which Mr Jasani was dealing.

35. Products views this apparently disjointed business approach as typical of the 'cavalier behaviour' of Sun towards its global trade mark portfolio and cites numerous examples in Mr Tate's evidence of 10 November 2008 (three days prior to the hearing) to demonstrate Sun's lack of action, ill-considered action and filings, oppositions and abandonments in various jurisdictions. Mr Sun, in his third witness statement two days later and the day prior to the hearing refuted the allegations, giving explanations. Mr Tate's theories about the statuses of Sun's various trade marks around the world are borne of conjecture, since he was not a party to the various global filings and disputes; Mr Sun, in the time available, tried to refute and explain them. They have provided me with no assistance in this case. What I have to consider is what caused the missing of the date in these proceedings and whether it is justifiable to allow Sun to contest the applications. Such a judgment should not be based upon the applicant's theories about what has happened to Sun's trade marks in other jurisdictions and whether this indicates a behavioural pattern which I should construe as meaning that Sun had no intention to defend these proceedings.

36. Products also disputes the content of Sun's evidence of use, filed to meet the requirements of rule 31(3). Such evidence is generally not the complete evidence relied upon (although it can be if the proprietor so wishes) and Mr Hill said at the hearing that the exhibits were intended to be illustrative of Sun's use of STORM, not conclusive. I consider that Sun's evidence at this stage overcomes the hurdle of rule 31(3) in demonstrating that it has an arguable defence to the applications for revocation, bearing in mind the comments of Kitchin J in *Moo Juice* [2006] R.P.C. 18.

"The scheme which I have summarised clearly contemplates that the proprietor should have an opportunity to supplement its evidence even if the applicant for revocation chooses to file no evidence. The purpose of r.31(3) is to establish that the proprietor has an arguable or viable defence to the attack mounted upon the registration and to provide the applicant for revocation with sufficient information to enable him to investigate the use of the mark upon which the proprietor chooses to rely."

For this reason, the joint hearing was an inappropriate stage to contest whether or not use within the relevant periods had been substantiated. Should Products wish to file, for example, the internet material and allegations about internal sales to demonstrate absence of use, it is free to do so at the appropriate stage. Products is also free to challenge the veracity of evidence at the appropriate stage should it have reason; however, I do not regard the fact that a different witness of Sun (Anna Lee) was called for cross-examination in a case involving a different applicant for revocation, for different exhibits and for different goods and dates is something which affected the matter before me.

37. In my view, the circumstances surrounding the missed date justified the exercise of discretion in line with the *Music Choice* criteria. The extent of the delay was to a degree dependant upon the contact from the registry which highlighted the missed date and does not alter my perception of those circumstances. The prejudice caused to the applicant in terms of delay and the implications for the related



proceedings at OHIM are outweighed by the consequence for Sun, should it be deprived of the opportunity to defend its registrations, and the implications for Sun itself regarding the OHIM proceedings. Taking all factors into consideration, which I acknowledge to be finely balanced, it seems to me that the exercise of the discretion was both fair and proportionate.

38. Products received costs to compensate for the adjourned hearing of 18 September 2008. In the days leading up to the hearing of 13 November 2008, there was another flurry of activity from both sides in the form of evidence and exhibits. Mr Tate's exhibits caused most of this activity, and I did not find the exhibits relating to other Sun trade marks helpful. I decided that any award of costs should be held over until the conclusion of the substantive proceedings.

**Dated this 5<sup>th</sup> day of February 2009**

**Judi Pike  
For the Registrar,  
The Comptroller General**