

**TRADE MARKS ACT 1994**

**IN THE MATTER OF Application No.2024826 by Sepia Products Inc to register the trade mark GENIUS and Device in Class 16 and opposition thereto under No. 45204 by Montblanc-Simplo GmbH. Interim decisions in respect of a request by the applicants for an extension of time and the opponents to cross examine and for a stay in the proceedings.**

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### **BACKGROUND**

The above opposition proceedings were scheduled for a main hearing on 11 March 1999. In  
a letter of 5 March 1999 the trade mark attorneys for the opponents, Castles, advised that they  
15 were seeking a stay in the proceedings on the basis of an action that was taking place before  
the High Court.

On 10 March 1999 the trade mark attorneys for the applicants, DW and SW Gee, sent, by  
facsimile transmission, a request for an extension of time in order to file evidence in chief.  
20 The transmission included an unsigned statutory declaration by Mr. S W. Gee setting out what  
he considered to be the position in relation to the conduct of the proceedings by the various  
legal representatives of the applicants. At the Hearing a duly signed copy of this declaration  
was handed over, and returned in order that copies of the declaration could be made.

At the Hearing counsel for the opponents, Mr. Phillip Roberts, requested that he be allowed  
25 to cross-examine Mr. Gee on the contents of his declaration. (The applicants were represented  
by Ms Jacqueline Reid of Counsel.)

### **INTERIM DECISION**

#### Request for cross examination

Rule 49 of the Trade Mark Rules 1994 (as amended) reads:

35 “49.-(1) Where under these Rules evidence may be admitted by the registrar in any  
proceedings before him, it shall be by the filing of statutory declaration or affidavit.

(2) The registrar may in any particular case take oral evidence in lieu of or in addition  
40 to such evidence and shall, unless he otherwise directs, allow any witness to be cross-  
examined on his statutory declaration, affidavit or oral evidence.”

Mr. Roberts submitted that Mr. Gee should be cross-examined owing to the late filing of the  
unsigned declaration, which did not allow the opponents time for full and considered analysis,  
and because much of what was in the statutory declaration was hearsay. He also stated that  
45 there was a presumption in the Rules that cross-examination should be allowed. I do not

consider that there is a presumption in the Rules in favour of cross-examination.

5 Rule 49(2) determines that cross examination of witnesses should normally be permitted in any particular case where the Registrar, at his discretion, takes oral evidence in lieu of or in addition to written evidence. But where the Registrar had not agreed to accept oral evidence, then there is no presumption in favour of cross examination. This follows on the understanding that the purpose of rule 49 is to establish a clear preference for written evidence in proceedings before the Registrar (see rule 49(1)).

10 However, in this case I considered it appropriate to allow Mr. Roberts to examine Mr. Gee so that I could give fair consideration to Mr. Gee's evidence. I therefore exercised the Registrar's power under Rule 52(1) and directed that Mr. Gee (who was present at the hearing) be cross-examined on oath.

15 The request by the applicants for an extension of time in which to file evidence under Rule 13(6) - their evidence in chief.

20 Background.

25 The evidence in chief of the applicants was due on 4 December 1997. This date was advised to the previous agents of record, Trade Mark Owners Association (TMOA) by an official letter of 5 September 1997. A further official letter dated 19 December 1997 was issued to TMOA advising them that as no evidence had been filed by the applicants for registration the case was ready for a hearing or a decision from the papers. A copy of this letter was sent to DW and SW Gee, who had become the agents of record, on 22 December 1997. DW and SW Gee sent a letter dated 31 December 1997 requesting a hearing to be arranged. On 3 November 1998 the Registrar wrote to both parties to advise them that a hearing had been scheduled for 11 March 1999. On 3 February, at their request, copies of form TM7, TM8 and the statement of grounds and counterstatement were sent to the agents for the applicants. On 10 March 1999 the agents for the applicants sent a facsimile transmission to the Trade Marks Registry which included an unsigned declaration by Mr. S.W.Gee which contained the reasons for the request for an extension of time in which to file evidence in support of the application. The declaration stated that the applicants desired an extension of two months from 11 March 1999 within which to file evidence.

35 Decision.

40 At the Hearing of the 11 March 1999 I refused the request for an extension of time. I give here the full reasons for that decision.

45 As a preliminary point to hearing submissions re. the extension of time request I noted that the request did not comply with the rules relating to requests for extensions of time in opposition cases. This matter is covered by Rule 62(2) which reads:

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

(a) is sought in respect of a time or periods prescribed by rules 13, 18, 23 or 25, 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.”

The application for an extension of time was not on form TM9. However, I decided that it would be captious not to allow submissions and a make decision on this point. On the basis that counsel for the applicants would give an undertaking that form TM9 would be filed to regularise the situation I allowed the request for an extension to be considered. Such an undertaking was given.

The applicants are asking for an extension of time under Rule 62(5) which states:

“Where the request for extension is made after the time or period has expired, the registrar may, at his discretion, extend the period or time if he is satisfied with the explanation for the delay in requesting the extension and it appears to him to be just and equitable to do so.”

In the exercise of my discretion there are therefore two issues upon which I must be satisfied, if I am not satisfied on either one the request for an extension will be refused. I must be both satisfied with the explanation for the delay in the request **and** (*my emphasis*) consider that to grant the request would be just and equitable.

Ms. Reid submitted that to allow the extension of time would be just and equitable. She stated that as the opponents had requested a stay of proceedings on other grounds it could not be argued that they would suffer a hardship or prejudice if an extension was granted. She referred me to order 3/5/2 of The Supreme Court Practice which states inter alia:

“The object of the rule is to give the court a discretion to extend time with a view to the avoidance of injustice to the parties (Schafer v. Blyth [1920] 3 K.B. 140; Saunders v. Pawley (1885) 14 Q.B.D. 234 at 237). "When an irreparable mischief would be done by acceding to a tardy application, it being a departure from the ordinary practice, the person who has failed to act within the proper time ought to be the sufferer, but in other cases the objection of lateness ought not to be listened to and any injury caused by delay may be compensated for by the payment of costs" (per Bramwell L.J., in Atwood v. Chichester (1878) 3 Q.B.D. 722 at 723, CA).

The submission by Ms Reid is in conformity with the decision of Mr. Hobbs, acting as the appointed person, in the Liquid Force case (currently unreported). However, in that case the decision related to Rule 62(1) which gives a broader discretion to the Registrar than Rule 62(5). The discretion arising from the wording “as he thinks fit”. There is clearly a more specific test under Rule 62(5). It also must be noted that the Registrar is not bound by the Rules of the Supreme Court (ST. TRUDO (1995) RPC 370)

Ms. Reid argued that to allow the extension of time and the consequent admission of evidence by the applicants an injustice would be avoided.

5 However, Ms. Reid's submissions addressed the condition of the second part of Rule 62(5) which has to be satisfied but I did not consider that they adequately dealt with the first part which requires that I am satisfied with the explanation for the delay in requesting the extension. The issues relating to satisfying me that the explanation for the delay in requesting the extension of time were valid were encompassed by the declaration of Mr. Gee and the cross-examination of Mr. Gee by Mr. Roberts.

10 Mr. Gee's declaration runs to 13 paragraphs. I give a summary of the contents below:

15 He states that he makes the declaration from information in his file and from information supplied by the applicants' sales and managing directors.

20 He declares that the applicants were formerly represented by TMOA and that the principals providing instructions at the applicants do not speak English. Consequent upon this the applicants receive information from the United Kingdom and provide information to the United Kingdom via a Taiwanese agent. Mr. Gee declares that the applicants were formerly represented by Lee & Li who were also the opponents' Taiwanese agents. Mr. Gee declares that the applicant was informed when instructing Lee & Li that their representing both parties did not present a problem.

25 Mr. Gee declares that he is informed that the applicant received no information about their right to adduce evidence into these proceedings. He states that he does not know if the cause of this lay with TMOA or Lee & Li.

30 Mr. Gee declares that on 29 November 1997 he was instructed by Long River International Patent & Trademark Office (Long River), the applicants' newly appointed Taiwanese agent. Mr. Gee declares that he was informed by Long River that the most recent information that they were aware of had been provided by the United Kingdom agents in December 1996.

35 Mr. Gee goes on to state that on 15 December 1997 he wrote to the Trade Marks Registry enclosing a form TM33 (the form for recording a change of representative) and requesting a status report on the opposition proceedings.

40 Mr. Gee states that his own file is incomplete. He goes on to declare that he believes that the opponents' evidence was filed in late August 1997 and therefore that the deadline for the filing of the applicants' evidence would have been late November or early December 1997. He states that on 22 December 1997 the Registry wrote to me enclosing a copy of their letter dated 19 December 1997 to TMOA in which they indicated that the period of filling the applicants' evidence had passed without the filing of any evidence.

45 Mr. Gee goes on to state that he obtained documents relating to the proceedings directly from the Registry and not from Long River; he therefore believes that Long River's file is also incomplete.

Mr. Gee states that as far as he was aware the applicants had chosen not to file evidence or had no evidence that they could file. He states that he considers that he would have made this assumption in the light of the applicants' lack of action.

5 He declares that he obtained instructions to request a Hearing and wrote to the Registry accordingly on 31 December 1997.

10 Mr. Gee declares that the opponents obtained an ex party interlocutory High Court injunction on 4 February 1999 and seized certain of the applicants' goods at a trade show in Birmingham on 7 February 1999. He states that an inter partes Hearing has yet to be fixed.

15 Mr. Gee declares that the reason no evidence has been provided by the applicants was not due to any disinterest in pursuing this application on their part, but because of a complete breakdown in the chain of communication between the former United Kingdom and Taiwanese agents and the applicants, for reasons unknown to the applicants. He states that the situation only became apparent to him when he was able to take instructions directly from the applicants' principals, which occurred during the week of 11 March 1999.

20 Mr. Gee states that the application for an extension of time is made on the basis of allowing the tribunal to decide the case on its merits rather than on the evidence of the opponents only. He states that as the opponents have requested a stay the adjourning of the Hearing for reasons for granting an extension of time to the applicants will not prejudice them.

25 Finally Mr. Gee requests that the applicants are allowed two months to file evidence.

Mr. Roberts cross-examined Mr. Gee.

30 In the cross-examination there was some elucidation of elements of Mr. Gee's declaration. However, there were questions that Mr. Gee was unable to answer because of a lack of knowledge or because they were covered by privilege; also other answers must be considered as being speculation.

35 Mr. Gee speculated that his firm had received instructions in the instant case as they had previously done a lot of work for Long River. He stated that he had received a letter of instruction on 8 December 1997. He advised that the applicants had advised him that Long River took over the case in July 1997. Mr. Roberts questioned Mr. Gee about the English language skills of the applicants. It transpired that Mr. Gee had had telephone conversations in English with officials of the applicants. He, however, stated that an interpreter had been present in the meeting that had taken place between himself and the applicants on 9 March 40 1999. The substantive legal issues had been dealt with through the means of the interpreter. Mr. Gee stated that the sales director for the applicants had advised him that the applicants had not been advised of their right to file evidence in support of their application on 9 March 1999. Under further questioning Mr. Gee declared that he had not contacted TMOA since taking 45 over the prosecution of the application until the week of the scheduled Hearing, and then with the intent of completing his file. He stated that Long River had not advised him why there had been a lack of action in relation to the current application.

Mr. Gee's declaration, put succinctly, sets forth to justify the granting of the extension of the time on the basis that the applicants had not been properly or fully instructed as to the need for filing evidence in support of their application in order to counter the evidence of the opponents. He declares that "the reason no evidence has been provided by the Applicant was not due to any disinterest in pursuing this application on their part, but because of a complete breakdown in the chain of communication between the former U.K. and Taiwanese Agents and the Applicant, for reasons unknown to the Applicant. This situation only became apparent to me when I was able to take instructions directly from the Applicant's principals." Mr. Gee also mentions geographical and language difficulties.

Behind Mr. Gee's argument there is a presumption that the applicant arrogates all responsibility for his application to his agent, that he does not have a duty to make sure that the proceedings are prosecuted diligently. I do not consider that this view is correct. The parties in proceedings do have a responsibility in relation to the progressing of the proceedings as much as their representatives. I also consider that the position of Mr. Gee is contradictory to the SAW case (1996) RPC 507, which in many ways deals with similar circumstances to the matter in hand.

At page 509 lines 8-19 Jacob J states:

"In my judgement no reasons were put forward to explain the conduct of these **applicants** (*my emphasis*) during at least most of the six months period. A firm called Pickering Kenyon wrote to the Registrar on 20 December 1994 saying that they now acted for the opponents and:

"We learned on December 16, due to a breakdown in communication between ourselves and our clients and their intermediaries that evidence for this opposition had to be filed as a matter of urgency."

That makes it abundantly plain that the matter had only just become urgent and that the explanation offered does not in any way deal with why that happened."

As I have emphasised in the text Jacob J. refers to the applicants, not to their current or quondam representatives.

At line 28 Jacob J quotes with approval the comments of the Registrar:

"However, in exercising discretion in cases such as these, it is relevant as to what the party did during the period allowed for the filing of evidence, not what they did subsequently".

In the instant case the evidence of Mr. Gee indicates in paragraph 11 of his statutory declaration that the applicants did nothing until the very week of the scheduled hearing.

In the Practice Direction arising out of the SAW case the Registrar stated:

““difficulties in communication with the overseas client” or the “need to work through instructing principals” are unlikely to be convincing reasons for granting extensions given the ability of principals”.”

5 Consequently the element of the argument for an extension of time which derives from above is not telling. I note from correspondence filed in respect of the request for a stay in the proceedings that the applicants have their own extensive Web pages in English which indicate that they have successfully prosecuted trade mark applications in Benelux, Canada, France, Germany, Italy, North Korea, Slovenia, Thailand, USA and Vietnam. However, as this is not  
10 evidence before me I attach no weight to it.

There is a fatal fissure in the declaration and replies under cross-examination of Mr. Gee, his declaration and replies relate significantly to the actions and beliefs of his client. Under cross-examination Mr. Gee on several occasions could not give answers to questions or gave  
15 conjectural answers as the matters were outside his knowledge. The fact is that there is no first hand evidence from the applicant to explain why the extension should be required. Much of the declaration of Mr. Gee is hearsay or educated speculation. (As the proceedings commenced before 31 July 1997 they are not covered by the Civil Evidence Act 1995 (Bairstow v. Queens Moat House Plc (1998) 1 All ER 343) but are encompassed by the ST.  
20 TRUDO case and the practice direction arising therefrom.) The appropriate deponents for an explanation of the failure to file evidence would be the applicants; only they could give a clear explanation of events from their point of view. I therefore can give no weight to Mr. Gee’s statements as to the actions or absence of actions of his client.

25 Taking the best view I could of all the relevant facts, I was not satisfied with the explanation for the delay and I therefore refused the request for an extension of time.

Request for a stay of proceedings.

30 At the Hearing of the 11 March 1999 I granted a stay of the proceedings at the request of the opponents. I give herein the full reasons for that decision.

Although the request by the applicants for an extension of time and the request by the  
35 opponents for a stay tend towards the same effect i.e. a delay in these proceedings, the two matters are discrete issues. Each has to be judged on its individual merits.

Counsel for the opponents argued that the two sets of proceedings have common elements of such a nature that the decision of the High Court will affect the applicants’ ability to use the trade mark in suit; emphasising that Section 5(2) is mirrored in Section 10(2), which is the  
40 basis of one of the grounds in the High Court action. He also argued that to allow the proceedings to continue would be to potentially allow the applicants to benefit from the provisions of Section 11 of the Act. The latter argument is not one that I find persuasive. One of the advantages gained from registering a trade mark is the protection engendered by Section 11, I do not consider it an attractive argument that proceedings should be stayed because an  
45 applicant gains the very protection for which he has filed the application in the first place.



Counsel for the applicants has argued that this matter should now be dealt with expeditiously; that to make the current application hostage to the decision of the High Court would bring unacceptable delay. She compared the instant case unfavourably to the decision of the Hearing Officer in an interlocutory hearing in respect of application no. 2005252 (SRIS 0/002/99) as in that case there was a fixed and relatively close date set for proceedings in the Court of Appeal; there was therefore a clear finite date for the period of the stay. She also argued that the decision of the High Court will not necessarily be determinate upon this tribunal. Ms Reid considered that there was a substantial difference between the position in the instant case and that in *Sears v Sears Roebuck & Co* (1993) RPC 385. In that case one of the parties had undertaken that if the other were successful in their substantive Chancery action then they would not contest the rectification and opposition proceedings in the Registry. This is not the position in the instant case.

In reaching my decision to allow a stay of proceedings I first took into account *Agfa A.G. v Ilford Ld* (1960) RPC 108 at page 113. In that case Roxburgh J stated

"But where does the balance of convenience lie? The High Court is one step further on if the Registrar reaches a decision, there is an appeal from him to this Court."

I bore the above very much in mind, the question of the inferiority of this tribunal is of importance in reaching a decision.

Counsel for the opponents also referred me to the recent interlocutory hearing in relation to application no. 2005252 in support of their request for a stay. I do not consider that that case has a bearing upon the instant case. The stay in those proceedings was granted on the basis that the decision of the Court of Appeal would determine the interpretation of Sections 1 and 3 of the Trade Marks Act 1994, a fundamental issue of Trade Mark Law. No such fundamental issues are before me in the current proceedings.

The proceedings upon the basis of which the stay is requested are infringement and passing-off proceedings before the High Court. The trade mark in suit is not the subject of the proceedings before the Court. It is the device element only that is in contention. However, I note from page 6 para 1b of the writ of 3.2.99 that the action relates to "under or by reference to the Montblanc Star or any device confusingly similar thereto." I also take into account the nature of the goods in respect of which the application has been made and the subsequent possibility of the use of the trade mark in suit on such goods as writing instruments. (The *Bulova Accutron* case (1969)RPC 102 is relevant to my considerations in this context.) It seems to me therefore that the validity and ability to use the trade mark in suit will very possibly be affected by the decision of the Court.

*Sears v Sears Roebuck* (1993) RPC 395 is the case most relevant to the current request for this stay of proceedings. I would note, however, that to a certain limited extent it has been overtaken by the Registrar's powers under the 1994 Act in relation to such issues as discovery and cross examination (see at page 393 lines 36-46). At page 338 lines 32 - 35 Lindsay J refers to Halsbury's Laws of England:

"If there are two courts faced with substantially the same question or issue, that question or issue should be determined in only one of those courts, and the court will if necessary stay one of the actions. The same principle applies to proceedings other than actions."

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at page 390 lines 14-16

"His case, to my mind, encourages a common sense approach; that the court should look at the two matters broadly and ask whether the matters are substantially the same."

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at page 390 lines 31.33 quoting from Harman LJ in *Airport Restaurants Ltd v Southend-on-Sea Corporation* [196] 2 All ER 888.

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"It does seem to me to allow two sets of proceedings to go on about the same, or practically the same matter, in two different courts at one and the same time must prima facie be a course which the court should avoid."

at page 390 line 47-49

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"Adopting the broad approach suggested by *Thames Launches*, I ask whether the matters with which I am concerned are substantially the same."

at page 391 lines 12-16

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"I do not need to say, nor do I say, that the High Court proceedings will of themselves determine the proceedings in the Registry. Nor do I need to say that there is no issue in the Registry which is also not an issue in the High Court. I do, however, say that the matters are substantially the same. The multiplicity ground, in my judgement, is made good."

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The High Court proceedings relate to both infringement and passing off action. It is quite possible that the Registrar, for instance, will come to a different decision to the court in relation to Section 5(2), taking into account the trade mark in suit will be compared as a whole against the earlier rights claimed by the opponents as per *Sabel BV v Puma AG* (1997 RPC 199) and *Canon v MGM* (1999) RPC 117.

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However, it is clear that the court will have to take a view on various elements relating to the respective trade marks of applicant and opponent. As the court is a higher authority I must consider their decision, even if eventually within its context, it does not eventually sway me. Owing to the difference in the cases I do not consider that the actions in the High Court will estop these proceedings either by issue or cause of action. I consider that I need to take the broad approach of *Thames Launches* and Harman L.J.'s comments in *Airport Restaurants Ltd v. Southend-on-Sea Corporation* on the undesirability of the same or practically the same matter being before two different courts. In the instant case we have practically the same matter arising from accusations of infringement and passing off disputes between the identical

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parties.

As stated before I also take account of the fact that validity and ability to use the trade mark in suit may be affected by the action before the High Court.

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It is of course important to emphasise that any decision in relation to the opposition will be based on the evidence adduced into these proceedings and so the result of the proceedings in the court will not automatically determine these opposition proceedings. But it cannot be desirable to arrive at a situation where potentially two mutually contradictory decisions are reached - particularly when one of the fora is at a higher level of the judicial process. (Especially when the decision of the court could lead to the trade mark in suit being unusable in the market place.) I also consider that any Hearing Officer in these proceedings will need to take cognisance of any decision emanating from the High Court in relation to the infringement and passing off actions.

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I decided that the current proceedings in relation to this opposition shall be stayed pending the outcome of the proceedings before the High Court arising out of the writ of 3.2.99. I further ordered under Rule 51 of The Trade Mark Rules (1994) (as amended) that the opponents send the Registrar within two weeks of the decision of the court a copy of the final order of the court arising from the proceedings or if the proceedings do not continue that they advise the Registrar within two weeks of their cessation. I believed that this decision was in keeping with the broad approach of Thames Launches.

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If either or both parties wish for these opposition proceedings to continue, following the judgement of the court and the advising of the decision to the Registrar, a Hearing will be appointed as soon as possible in order to expedite matters in the current proceedings. In order to effect this the normal four month period of notification of date will be eschewed but the date of the reconvened hearing will be not less than one month from the date of notification.

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I make no award of costs for this hearing at the current time but the costs should be taken into account at the conclusion of the proceedings in the normal way.

**Dated this 31 day of March 1999**

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**D.W. LANDAU**  
**For the Registrar**  
**the Comptroller General**

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