

O/796/18

TRADE MARKS ACT 1994

OPPOSITIONS 60000794, 795, 796, 799, 800 & 806

AND INVALIDATION APPLICATION 501986

BY MR GAVIN BOYER

AND

APPLICATIONS BY MS ELAINE STOCKBRIDGE

TO STRIKE OUT THE OPPOSITIONS/APPLICATION FOR INVALIDATION

BECAUSE OF AN ISSUE ESTOPPEL

OR

FOR SUMMARY JUDGMENTS IN FAVOUR OF MS STOCKBRIDGE

1. Trade mark 3187820 consisted of the following sign.



2. The application to register the mark was filed on 27th September 2016 and the mark was registered on 23rd December 2016. The mark was registered in relation to:

“Class 43: Restaurant services incorporating licensed bar facilities;
Restaurant services; Restaurants.

3. The proprietor of the mark was Gavin Boyer.

4. On 5th April 2018, Elaine Stockbridge applied for the registration of trade mark 3187820 to be declared invalid under s.47 of the Trade Marks Act 1994 (“the Act”). The grounds for invalidation 502028 were that (i) Ms Stockbridge was the owner of the goodwill and copyright of Ferrari’s restaurants, which was in liquidation, (ii) the signs COW & PIG and the logo mark the subject of trade mark 3187820 were distinctive of that goodwill, (iii) Mr Boyer was employed as a Manager at Ferrari’s restaurants and knows that the goodwill and copyright belonged to Ferrari’s, and (iv) the trade mark was an attempt to disrupt the business of the applicant as the successor in title to Ferrari’s. Ms Stockbridge claimed that the registration of the mark was therefore contrary to sections 3(6) (bad faith), 5(4)(a) (earlier unregistered mark), and 5(4)(b) (earlier copyright) of the Act.

5. Mr Boyer did not file a counterstatement and form TM8 within the statutory period allowed for doing so. Consequently, on 8th August 2018 the registrar issued a decision as follows:

“The registered proprietor did not file a counterstatement within the two months specified by Rule 41 (6) of the Trade Mark Rules 2008, and neither party requested a hearing or gave written submissions in respect of the official letter dated 5 July 2018. Such circumstances are covered by Rule 41(6) which states:

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

Under the provisions of the rule, the Registrar can exercise discretion. In this case, no reasons have been given why I should exercise this discretion in favour of the registered proprietor and I therefore decline to do so.

As the registered proprietor has not responded to the allegations made, I am prepared to infer from this that they are admitted.

Therefore, in accordance with Section 47(6) of the Act, the registration is declared invalid and I direct that it be removed from the register and deemed never to have been made."

6. Mr Boyer appealed to the Appointed Person, but his appeal was dismissed on 4th December 2018. Consequently, the registrar's decision became final. Trade mark 3187820 is invalid and the registration of the mark cancelled.

7. Trade mark 3187820 was the sole basis for Mr Boyer's oppositions 600000794, 795, 796, 799, 800 & 806 to Ms Stockbridge's applications 3259841, 3260153 (both in classes 30, 35 & 38), 3260150 (classes 16 & 38), 3279562 (class 43), 3278446 (class 43), 3281202 (class 43). Apart from 3260150 (which is a logo based on the letters C & P), these marks consist of, or include, the same or a similar logo to the Cow & Pig logo shown in paragraph 1 above. However, apart from 3259841, they do not include the words BRITISH KITCHEN.

8. Additionally, trade mark 3187820 was the sole basis for Mr Boyer's application to invalidate Ms Stockbridge's later trade mark 3260749 in classes 16, 25, 30, 35, 38 & 43, which consists of the following mark.



9. Mr Boyer applies to add further grounds of opposition to Ms Stockbridge's applications, and to his application to invalidate her existing trade mark. Referring to

Ms Stockbridge's claim that she owns the goodwill and copyright previously owned by Ferrari's, Mr Boyer says that:

"Mr Boyer, however, argues that there was a partnership at will between Ms Stockbridge, Mr Boyer and a Mr Greenwood under the terms of which it was agreed that the ownership of the goodwill would accrue to Mr Boyer. In addition, Mr Boyer alleges that he originally created the artwork for the COW & PIG logo and also commissioned and paid for the logo to be refined. As such, we believe that Mr Boyer is the owner of the copyright.

These cases raise complex issues of ownership both of the goodwill in the Trade Mark COW & PIG and the copyright and the question of bad faith. Clearly, the outcome of the IPO's assessment on these points will have a direct bearing upon the final decision in all the consolidated proceedings. It therefore makes sense for these grounds to be added and for the cases to be determined upon the evidence to be filed by both parties."

10. An application has been made on behalf of Ms Stockbridge that Mr Boyer's applications to add additional grounds to his cases should be struck out as *res judicata*. Alternatively, the oppositions/invalidation should be summarily dismissed.

11. These applications were considered at a case management conference ("CMC") on 7th December 2018. Mr Michael Edenborough QC represented Mr Boyer. Mr Aaron Wood represented Ms Stockbridge.

12. It is common ground that a default judgment can prevent the same matter being relitigated because it has become *res judicata*. The issue between the parties is whether it does so in this case. Mr Wood submits that Mr Boyer's failure to file a counterstatement in invalidation 502028 means that he is deemed to have admitted the allegations in Ms Stockbridge's application. He is therefore estopped from disputing the issue of whether Ms Stockbridge is the owner of the goodwill and copyright at issue in these proceedings.

13. Mr Edenborough submits that the registrar’s decision in invalidation 502028 was purely procedural. He points out that Rule 41(6) of the Trade Mark Rules states that where no counterstatement is filed the registrar “*may treat the proprietor as not opposing the application and registration of the mark shall, unless the registrar directs otherwise, be declared invalid.*” According to Mr Edenborough, this means that (i) there has been no determination of the merits of the application or the issues raised in it, (ii) Mr Boyer is not to be treated as having made admissions that he did not in fact make, and (iii) the sole basis for the invalidation of 3187820 is Rule 41(6).

14. Additionally, Mr Edenborough points out that in *Kok Hoong v Leong Cheong Mines Ltd*¹ the Privy Council held that:

“Default judgments, though capable of giving rise to estoppels, must always be scrutinised with extreme particularity for the purpose of ascertaining the bare essence of what they must necessarily have decided and they could estop only for what must “necessarily and with complete precision” have been thereby determined.”

15. Mr Edenborough submitted that “the bare essence” of the decision in invalidation 502028 was that trade mark 3187820 was invalid. No more could or should be taken from the registrar’s decision.

16. Additionally, Mr Edenborough drew my attention to the part of the judgment in *Kok Hoong*² in which Lord Radcliffe confirmed that even if there is an estoppel, it may not create a barrier to further litigation where there is a public interest which requires that the proceedings continue “*despite any rules of evidence as between themselves that the parties may have created by their conduct or otherwise.*” In this connection, Mr Edenborough submitted that it was part of Mr Boyer’s case that an invoice for services produced by Ms Stockbridge in the appeal proceedings was a forgery. There was therefore a serious matter at issue which should be determined as a matter of public policy.

¹ [1964] W.L.R. 150

² See page 1015 of the judgment

17. I reject Mr Edenborough's submission that the legal basis for invalidation in invalidation 502028 was only Rule 41(6). If that were the case the Trade Mark Rules would create a ground for invalidation which is not specified in the Act itself or, even more importantly, in the EU Trade Mark Directive. This is fatal to Mr Edenborough's submission because the Directive provides an exhaustive list of the grounds upon which a trade mark may be held to be invalidly registered. Failing to file a counterstatement is not such a ground. Consequently, accepting Mr Edenborough's submission would require me to interpret the interplay between the Act and Rules in a way that would create a non-conformity with the Directive. The well-known *Marleasing* principle prevents me from doing that, even if I considered that the result for which Mr Edenborough contends was arguable based on national legislation considered in isolation from EU law.

18. In my view, the grounds for invalidating trade mark 3187820 were the pleaded grounds based on sections 3(6) (bad faith), 5(4)(a) (earlier unregistered mark), and 5(4)(b) (earlier copyright) of the Act. I accept that Rule 41(6) was also relevant insofar as it provided the procedural mechanism through which those grounds succeeded.

19. The parties disagree as to whether the application of Rule 41(6) means that the Ms Stockbridge's claims in invalidation 502028 are to be treated as having been admitted by Mr Boyer. For my part, I consider that the wording of the Rule "...*may treat the proprietor as not opposing the application..*" is more consistent with a failure to deny the claims rather than an admission of them. However, in my view, the more important distinction is between matters that have actually been admitted, or been the subject of a substantive and final determination, and matters of fact that have been accepted by the registrar because the proprietor was treated as not opposing the application for invalidation.

20. In effect, the wording of Rule 41(6) requires the registrar to assume the facts are as claimed by the applicant. The words "may treat the proprietor as not opposing.." and the linked words "*unless the registrar directs otherwise*", provide the registrar with a discretion. That discretion can and must be used to avoid the consequences of an unopposed application where the facts, even if true, would be insufficient to

support the legal grounds relied upon by the applicant. Except where the registrar exercises his discretion in favour of the proprietor, Rule 41(6) stipulates the procedural consequences of the proprietor's failure to oppose the application, i.e. *"registration of the mark shall..... be declared invalid."* This makes it clear that the purpose of treating the proprietor as not opposing the application for invalidation is to dispose of the undefended application.

21. Against that background I turn to the guidance of the Privy Council in *Kok Hoong*. In my judgement, the *"bare essence"* of what was decided in invalidation application 502028 was that trade mark 3187820 was invalidly registered under sections 3(6), 5(4)(a) and 5(4)(b) of the Act. For the purposes of making that assessment, the proprietor was treated as not denying the applicant's claims as they applied to trade mark 3187820. That is *"what must "necessarily and with complete precision" have been thereby determined."*

22. I see no reason to regard Mr Boyer's non-denials in application 501028 as meaning that the facts underlying Ms Stockbridge's claims should be treated as having been finally determined for any purpose other than for the procedural disposal of that application.

23. I see three reasons why they should not be. Firstly, although a decision pursuant to Rule 41(6) is a default judgment of sorts, the legislature has placed stringent restrictions on the proprietor's capacity to contest such decisions. This is because appeals are limited to the question of whether, despite the absence of a counterstatement, the registrar should have exercised his discretion to treat the proprietor as opposing the application. If that discretion has been properly exercised against the proprietor (as it usually will have been in the absence of a defence), there is no effective basis to appeal against the consequential decision to invalidate the trade mark.³ Further, unlike default judgments of the court, the only circumstances in which such decisions can be set aside is where the proprietor can show that he did not receive service of the application for invalidation.⁴ The limited

³ See, for example, *Republic of Cyprus v John Pascalis Limited* [2018] EWHC 3226 (Ch)

⁴ See Rule 43 of the Trade Mark Rules 2008

scope to challenge decisions made under Rule 41(6) is consistent with the legal consequences of such decisions being strictly limited to the trade mark registration under attack.

24. Secondly, if final decisions under Rule 41(6) were capable of giving rise to issue estoppel in subsequent proceedings, this would potentially affect subsequent litigation by the parties before the courts, as well as before the registrar. The effect of a decision under Rule 41(6) could thereby have consequences which are wholly disproportionate and unrelated to the proprietor's failure to file a counterstatement in the invalidation proceedings before the registrar. For example, if the later trade mark has been used, the owner of the claimed earlier right in the invalidation proceedings could apply to the court for a summary declaration of infringement of the earlier right.⁵

25. Thirdly, the Trade Mark Directive requires that owners of unregistered rights be entitled to bring invalidation proceedings against later conflicting national trade marks. Although the principle of *res judicata* is recognised by EU law, it does not necessarily follow that related concepts of national law, such as issue estoppel, are sufficient to deny the owner of earlier unregistered rights their right to bring invalidation proceedings against later trade marks. This is of particular concern where the registrability of the trade mark under consideration was not the specific subject matter of the decision which is said to have created the estoppel.⁶ The concept of proportionality is an important aspect of EU law. This means that national rules on estoppel may conflict with rights established pursuant to EU law where the application of the national rule appears have a disproportionate effect on the right of the person claiming to own an earlier right when compared to the procedural failure on the part of the trade mark proprietor which led to the original 'final' decision.

26. Applying the guidance from *Kok Hoong*, I therefore find that the decision in invalidation 501028 should only be regarded as having finally determined that trade mark 3187820 was invalidly registered under sections 3(6), 5(4)(a) and 5(4)(b) of the

⁵ *Firecraft v Focal Point Fires* [2009] EWHC 2784

⁶ See *Apple and Pear Australia Ltd v Star Fruits Diffusion*, CJEU, Case C-226/15P at paragraphs 51 -64.

Act. By contrast, the factual assumptions that the registrar was required to make in order to dispose of that application should not be treated as final determinations of those facts. Consequently, there is no scope for a claim of issue estoppel in the proceedings covered by this decision.

27. I should add that differences between (i) the trade marks, (ii) the goods/services covered by the various marks, and (iii) the different filing dates of the trade mark applications compared to application 3187820, may have prevented an issue estoppel from arising in whole or in part, even if the decision in case 501028 was, in principle, capable of giving rise to an issue estoppel. However, in view of primary finding there is no need to go into that.

28. Similarly, there is no need to go into Mr Edenborough's alternative argument that public policy overrides estoppel in this case because of the allegation of forgery.

29. The application to strike out Mr Boyer's oppositions, and his application to invalidate Ms Stockbridge's later trade mark 3260749, is therefore rejected.

30. The application to decide these cases in favour of Ms Stockbridge by summary judgment is also rejected. This is because (i) there is no express power in the Rules for the registrar to dispose of defended cases through summary judgment, and (ii) the application is, in reality, just another way of asking for Mr Boyer's oppositions/application for invalidation to be rejected as issue estopped.

Dated this 12th Day of December 2018

Allan James
For the Registrar