

O-771-18

TRADE MARKS ACT 1994

**IN THE MATTER OF
UK TRADE MARK REGISTRATION NO. 3054283:**

VELOCITY CAPITAL

IN CLASSES 36, 38 & 42

IN THE NAME OF POLLEN CAPITAL LTD

AND

**THE LATE FILING OF FORM TM8 AND COUNTERSTATEMENT
IN DEFENCE OF THAT REGISTRATION**

**IN CANCELLATION PROCEEDINGS (NO. 502150)
BROUGHT BY VELOCITY TECHNOLOGY SOLUTIONS, INC.**

Background

1. Pollen Capital Ltd. (“**the Proprietor**”) owns a UK trade mark (registration number 3054283, “**the registration**”) for the word mark “VELOCITY CAPITAL”, registered for services in Classes 36, 38 and 42. The mark was applied for on 5 May 2014 and entered in the register on 5 September that year.
2. On 11 July 2018, by filing at the Registry a Form TM26(I), Velocity Technology Solutions, Inc. (“**the Applicant**”) applied to invalidate the registration, on the basis of claims under sections 5(2)(b) and 5(3) of the Trade Marks Act 1994 (“**the Act**”).
3. On 24 July 2018, the Registry sent the Form TM26(I) and statement of grounds to the Proprietor’s representatives of record – at that time Lewis Silkin LLP - along with a covering letter that stipulated that if the Proprietor wished to continue with its registration, then it was required, in accordance with rule 41(6) of the Trade Marks Rules 2008 (“**the Rules**”), to complete Form TM8, including a counterstatement, and to return the same within two months i.e. by no later than 24 September 2018. The letter stated that if the Form TM8 and counter-statement were not filed within this period “*(a period which cannot be extended)*” then “*in accordance with rule 41(6) ... the registration of the mark shall, unless the registrar otherwise directs, be declared invalid in whole or part.*”
4. The Proprietor did not file a Form TM8 by that stipulated date; therefore, on 9 October 2018, the Registry wrote to the effect¹ that in the absence of a defence filed within the prescribed period, the Registry was minded to treat the Proprietor as not opposing the application for invalidation. The letter gave the Proprietor until 23 October 2018 to challenge that position by requesting a hearing and by setting out fully in a witness statement why no defence was filed in the prescribed period.
5. On 23 October 2018, a Form TM8 was filed on behalf of the Proprietor, by Mr Aaron Newell of Lewis Silkin LLP, whose interest in filing the Form TM8 was marked to be as the representatives of record for the Proprietor. (The Registry has since received the required form changing the details of the Proprietor’s representatives on record at the Registry.)

¹ In an administrative error on the part of the Registry, the letter referred to provisions relevant to an application for revocation for non-use, rather than to an invalidation; nonetheless the essence of the communication was applicable and clear in light of the Registry’s initial letter (of 24 July 2018).

The Form TM8 included a counterstatement, denying the grounds of the claim and putting the Applicant to proof of its allegations. The Form TM8 also highlighted (in response to its question no. 6) related proceedings before the EUIPO under No. 2479619.

Witness Statement on behalf of the Proprietor

6. The late filed Form TM8 was accompanied by a witness statement by Mr Newell (“**the Witness**”), signed and dated 23 October 2018. The Witness explains that the failure to file the TM8 by the 24 September 2018 was inadvertent and due to an error by him or by someone under his supervision; paragraphs 3 – 23 of the witness statement then set out the circumstances that led to the missing of the deadline and why the Registry should exercise its discretion to admit the late-filed TM8 and for the matter to progress. The Witness states that the error was properly attributable not to a failure of vigilance, but rather to an excess of zeal in ensuring the firm’s records were up to date. The error was one of miscommunication or misunderstanding arising out of the Proprietor making changes to its professional legal representation. The witness statement makes the following key points:
 - i. The Applicant and the Proprietor are counterparties in EUTM Opposition No. 2479619, which has been ongoing since 20 February 2015.
 - ii. On 23 May 2018 the Proprietor informed the Witness that another firm had been appointed to take over representation for its marks in the UK and on the EUTM register, replacing Lewis Silkin LLP as representative.
 - iii. A note was therefore circulated to the administrative team in Lewis Silkin LLP to the effect that the Proprietor’s matters were no longer under the care of Lewis Silkin LLP, which, if asked, should assist with any handover to the new firm. The Witness’s communication to the administrative team was that all matters were "now" (as at May 2018) being handled by the new firm. Indeed, on 5 June 2018 the new firm had taken over care of the pending EUTM opposition. Accordingly, when the application for invalidation was filed on 11 July 2018 and notification received by the Witness on 24 July 2018, his understanding was that his firm was not responsible for matters relating to this client (as reflected in his notes and internal correspondence). This resulted in the

Registry's 24 July 2018 correspondence being incorrectly understood and recorded as relating to an inactive file, which misunderstanding resulted in the Form TM8 deadline being missed.

iv. The Registry's 9 October 2018 correspondence was eventually passed to the Witness directly by a new deadline manager in the administrative team who sought to confirm whether the file was in fact inactive, since Lewis Silkin LLP was at that stage still listed as representatives for the subject registration². The Witness investigated the matter as it was at odds with his understanding, and he thought that the Registry correspondence might have been directed to his firm in error. It was at this stage that the Witness realised his mistake in prematurely noting the client's records as transferred.

v. The Witness states that the error arose through "a desire to have the client's records as up-to-date as possible internally, as is the firm's standard practice. For matters relating to the replacement of representatives on the register there is often no elaborate handover process. Rather, all that is required is the new firm to substitute itself on the register as representative. This replaces the incumbent representative. It is common practice for new representatives to advise that they will take over as representatives and then for no further correspondence to be exchanged, as the replacement can be handled unilaterally by the new firm. It is also sometimes common practice for incumbent attorneys not to be forewarned at all in respect of representative changes in some cases."

vi. The Witness concedes that he was under the misapprehension that that was what had happened in respect of the subject registration "on the basis that it was foreshadowed by the new representatives, and indeed had happened in respect of the EUTM opposition between the parties in June of 2015 in respect of the main live matter that we were handling for the Owner."

7. Having outlined the circumstances (as at i – vi in the above paragraph), the Witness goes on to make points relating to the factors under case law in which the narrow discretion may be exercised to admit into proceedings a late-filed defence. I shall refer to those points

² I note that a Form TM33 filed on 13 November 2018 changed the recorded representative for the Proprietor to Basck Limited.

later in this decision, where I consider the relevant factors. Correspondence from the Registry dated 12 November 2018 acknowledged receipt of the Form TM8 and Witness Statement, but gave the preliminary view that the late-filed Form TM8 could not be admitted and set a date for a hearing on the matter, with skeleton arguments to be filed in advance.

Hearing and skeleton arguments

8. A short hearing took place before me on Wednesday 28 November 2018. Mr Geoffrey Smith of HGF Limited attended by telephone for the Opponent, having previously also provided brief skeleton arguments resisting the admission of the late defence. I shall refer to points made by Mr Smith in due course.
9. No-one attended for the Proprietor, although its new representatives of record - Basck Limited – filed ahead of the hearing what it described as “submissions of the owner of the trade mark.” These submissions related for the most part to the substance of the claims made by the Applicant in its statement of grounds and were therefore not directly relevant to the limited focus of the procedural hearing at hand. So far as the submissions related directly to the issue of the admissibility of the Form TM8 and counterstatement, the points made by Basck Limited did little more than maintain the position and arguments of the previous representative of the Proprietor as set out in the statement of the Witness dated 23 October 2018 (as I recounted it above).
10. At the hearing, I reserved my decision, but I set out my decision below, having reviewed all relevant papers filed and considered the parties’ arguments in light of the applicable law.

The legal principles

11. The combined effect of rules 77(1), 77(5) and Schedule 1 of the Rules means that the time limit in rule 41(6), which sets the period in which the defence must be filed, cannot be extended, other than in the circumstances identified in rules 77(5)(a) and (b) which state:

“A time limit listed in Schedule 1 (whether it has already expired or not) may be extended under paragraph (1) if, and only if—

(a) the irregularity or prospective irregularity is attributable, wholly or in part, to a default, omission or other error by the registrar, the Office or the International Bureau; and

(b) it appears to the registrar that the irregularity should be rectified.”

12. In this instance, since there has been no irregularity in procedure on the part of the Registry, consideration of rule 77(5) does not arise. The only possible basis on which the Proprietor may therefore be permitted to defend the invalidation proceedings is provided by the discretion inherent in rule 41(6), which reads:

“The proprietor shall, within two months of the date on which a copy of Form TM26(I) and the statement was sent by the registrar, file a Form TM8, which shall include a counter-statement, otherwise the registrar may treat the proprietor as not opposing the application and registration of the mark shall, unless the registrar otherwise directs, be declared invalid” [my emphasis].

13. The discretion available to the Registrar under rule 41(6) is narrow. To promote consistency and fairness the Registry must take account of relevant principles set out in previous decisions of appellate bodies such as the Appointed Persons. Sitting as the Appointed Person in *Kickz AG v Wicked Vision Limited* (O/035/11), it was Mr Geoffrey Hobbs QC who held that the discretion conferred in relation to the directly comparable provisions under rule 18(2) (which deals with filing of counterstatements in opposition proceedings) is one that can be exercised only if there are “*extenuating circumstances*”. And in considering the factors the Registrar should take into account in exercising that discretion, it was Ms Amanda Michaels QC, sitting as the Appointed Person in *Mark James Holland v Mercury Wealth Management Limited* (O/050/12) who held that there must be “*compelling reasons*”. Ms Michaels also referred to the guidance of Geoffrey Vos Q.C. sitting as a deputy judge of the High Court in *Music Choice Ltd’s Trade Mark* [2006] R.P.C. 13 (*‘Music Choice’*), where the relevant criteria were set out as follows:

- i. The circumstances relating to the missing of the deadline including reasons why it was missed and the extent to which it was missed.
- ii. The nature of the applicant’s allegations in its statement of grounds.

- iii. The consequences of treating the proprietor as opposing or not opposing the application.
- iv. Any prejudice caused to the applicant by the delay.
- v. Any other relevant considerations, such as the existence of related proceedings between the same parties.

Decision

14. Both parties referred directly or indirectly to the relevant case law and I note the following points in relation to the factors in the above paragraph:

i. The circumstances relating to the missing of the deadline including reasons why it was missed and the extent to which it was missed

15. The circumstances are as set out in the Witness Statement of Mr Newell - essentially a mistake as to the timing and/or extent of the handover of client representation in relation to the Proprietor's portfolio. Mr Smith states in his skeleton argument that transfer of cases from the care of one attorney to another is a common occurrence and should not result in missed dates if adequate procedures are in place. I find that a valid point; administrative error does not ordinarily suggest a compelling reason or extenuating circumstance, perhaps all the less so where the error is on the part of a professional representative.

16. However, the Witness provides some detail which casts light on the error, founded on a miscommunication and misunderstanding in circumstances where, by the time of the application for invalidation, responsibility had in reality already transferred for a pending EUTM opposition, and where earlier, in June 2015, transfer of responsibility in relation to another EUTM opposition between the parties had reportedly occurred with minimal interaction. The error might have been avoided by a measure of double-checking or further enquiry, but the mistake is perhaps more understandable and less egregious than other administrative lapses. In *Kickz*, for example, the Appointed Person found that the applicant had in that case been "the author of its own misfortune, there having been no adherence to any system or procedure for checking and dealing with [important received correspondence]"; it seems to me that the misapprehension or miscommunication in the present case could distinguish it from a simple failure to attend to correspondence. At any

rate, I bear the circumstances of that error in mind, tied up as they are with the related proceedings between the parties.

17. I also note that once brought to its attention by the Registry's letter of 9 October 2018, the source of the error was identified and the matter was addressed by filing both the Form TM8 and the witness statement by the 23 October deadline.

ii. The nature of the applicant's allegations in its statement of grounds

18. The application for invalidation is based on sections 5(2)(b) and 5(3) of the Act. The Proprietor states in its skeleton argument that the allegations raised by the Applicant in its statement of grounds are not time-sensitive and are based on standard arguments as to similarity between the respective marks and unfair advantage. It states that they are allegations already raised in the EUIPO proceedings referred to above and that the invalidity is, in effect, an extension of that ongoing matter in terms of the grounds raised.

19. The skeleton argument filed on behalf of the Applicant makes the point that the grounds of invalidity relied on "clearly raise significant issues as to the likelihood of confusion between the respective marks and are meritorious. This is not a spurious action."

20. I find that to determine the outcome of the application would require a careful multifactorial assessment as to whether the parties' marks are similar and are for goods and services that are identical with or similar to one another such that it is likely to confuse a notional average consumer. In this case, the requirement for proof of use for the Applicant to be able to rely on its earlier marks does not arise as such³, although evidential issues do arise in terms of the UK market in that the grounds include claims of a family of marks and of reputation. The Proprietor has set out its defence in the late-filed TM8 (and indeed in the submissions filed, somewhat prematurely, ahead of this procedural hearing). Whilst it is clearly not for this current hearing to make any decision on the substantive claims - and I make no comment on and take no great account of the merits or otherwise of the claims on either side - I find that the claims are clearly not devoid of substance such that it could have no prospect of success. In circumstances where the allegations were evidently spurious, there would prospectively be compelling reason not to terminate the proceedings

³ i.e. not subject to section 6A of the Act, since the earlier marks had not been registered for five years or more at the time that the Proprietor's mark was published for opposition.

to the disadvantage of the party who has filed a late defence. On the other hand, the fact that the allegations in this case are not spurious is not in itself reason to rule in the other direction. I take into account the allegations as one of the relevant factors, among the others.

iii. Consequences of treating the proprietor as opposing or not opposing the application

21. Self-evidently, the consequence for the Proprietor were the discretion not exercised in its favour would be that the whole of its registration would be declared invalid; contrastingly, if the discretion were exercised the case would proceed to be determined on its merits.
22. The skeleton argument on behalf of the Proprietor stated that if it is not permitted to defend its registration “the consequences could be significant” as it would “lose priority in respect of its registration and the parties' negotiating positions would be altered”. It stated that there is a long-running and overarching dispute between the parties that involves more than this present matter, and that to declare the Proprietor’s mark invalid on this procedural basis could adversely impact its position in the overarching matter between the parties, and potentially also vis-a-vis the other two opponents to the relevant EUTM application. It was argued that there is potential for the prejudice to the Proprietor to be “significantly disproportionate to that of the Applicant and, further, significantly disproportionate to the nature of the [administrative and communication] error made resulting in the late-filing of the TM8.”
23. It was argued on behalf of the Applicant that any prejudice suffered by the Proprietor is outweighed by “the need for procedural efficiency and timely conduct of proceedings combined with the narrow discretion of the Registrar to extend otherwise non-extendable deadlines”. The Applicant cited three previous decisions in support of that line of thinking. In terms of the role of precedent, I note that only one of the three was an appeal decision⁴, the other two were decisions by fellow first instance tribunal hearing officers. Whereas a decision by an Appointed Person may be persuasive precedent for the tribunal, each decision must ultimately be made on the basis of its particular facts. In line with the cited Mercury decision, prejudice to the Proprietor and a lack of great prejudice to the Applicant

⁴ - The decision of the Appointed Person in the Mercury case (cited above), referencing particularly at paragraph 36(v).

by a short delay may be insufficient factors alone to counterbalance a lack of any compelling reason to treat the Proprietor as defending its registration, notwithstanding its failure to comply with the inextensible time limit in rule 41(6); however, all relevant factors must be considered in the round and I note, for example, that none of the cases cited by Mr Smith involved the presence of related proceedings.

iv. Any prejudice caused to the applicant by the delay

24. Aside from a reference to a general public policy interest in proceedings before the Office being undertaken in an expeditious and efficient manner, the Applicant has brought to my attention no specific prejudice caused by the delay. On the part of the Proprietor, the Witness argues that because the Applicant has been involved in the related opposition proceedings for some time, which proceedings have been defended by the Proprietor, there is no prejudice to the Applicant if the present invalidity action proceeds. The Witness refers to the EUTM opposition between the parties having “been pending since February 2015” whereas the TM8 was filed “mere weeks after the actual deadline”; the Witness describes the delay as “immaterial” in the context of the ongoing dispute between the parties and that the Proprietor “is now taking all necessary steps to progress this issue and minimise and negate delay”.

v. Any other relevant considerations, such as the existence of related proceedings between the same parties

25. There are, at the EUIPO level, ongoing and pending opposition proceedings between the respective parties, now being carried forward by the new representatives. The Witness states that the opposed EUTM application has not been abandoned by the Proprietor who is maintaining it in the face of three separate oppositions, including that by the Applicant. I find the existence of the related proceedings to be a significant factor.

Conclusion

26. Taking account of the range of factors, this case seems to me to be one in which the discretion should be exercised in favour of the Proprietor. Particularly influential in my decision is the fact that there are related proceedings between the same parties on which the registration depends and the Applicant has not been specifically prejudiced by the

delay, which has not been protracted. The Proprietor considers that it has a valid case in defence of its registration, and taking account of all the circumstances, I find the late-filed defence should be admitted and the merits or otherwise of the case be duly heard; it seems to me that the consequences would be unduly harsh and disproportionate to deny the Proprietor that opportunity simply as a consequence of the misunderstanding between its representatives. **Accordingly, I set aside the preliminary view and find that the Proprietor's Form TM8 with counterstatement should be admitted into the proceedings⁵.**

COSTS

27. The matter of costs was raised on behalf of the Applicant, both in Mr Smith's skeleton argument and at the hearing. Clearly the Proprietor was entitled to challenge the preliminary view of the Registry and to request a hearing – indeed, the challenge has succeeded in the hearing. However, the late filing of the defence was admitted to be a mistake by the Proprietor's legal representative, and it is also reasonable for the representatives of the Applicant to have intervened in support of the preliminary view by providing (brief) skeleton arguments and attending the hearing (albeit that it too was, in the event, brief – around ten minutes). While I at this stage make no award for costs, it would seem to me appropriate, that **if and when a decision is made on the substance of the application for invalidation, then, whatever the outcome, some appropriate (modest) account should be taken of the Applicant's costs in this procedural matter.**

Dated this 3rd day of December 2018

Matthew Williams

For the Registrar

⁵ The effect of rule 70 is that an appeal against this procedural decision may be made independently of any appeal against the final, substantive decision, only with the leave of the registrar.