

**IN THE COURT OF APPEAL (CIVIL DIVISION)**  
**CHANCERY DIVISION**  
**INTELLECTUAL PROPERTY**

**BETWEEN:-**

**SPECIAL EFFECTS LTD**

**Claimant/Respondent**

- and -

**(1) L'OREAL SA**  
**(2) L'OREAL (UK) LIMITED**

**Defendants/Appellants**

- and -

**SPECIAL EFFECTS (a partnership of JENNIFER ANN JONES and DAVID  
CHARLES JONES)**

**Third Party/Respondents**

- and -

**INTERNATIONAL TRADEMARK ASSOCIATION**

**Proposed Intervener**

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**SUBMISSION OF THE PROPOSED INTERVENER**

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**A. INTRODUCTION**

The International Trademark Association (INTA), through its European Amicus subcommittee, has prepared this Submission in relation to the case *Special Effects Ltd v. L'Oréal and others* (HC 05C012224, Court of Appeal 2006 0744) ("*Special Effects*").

In part 1 of this Submission INTA sets out the basis on which it seeks to intervene. In the remainder of this Submission, INTA sets out the comments it wishes to put forward in relation to the case (Part 2 summarises INTA's position and Part 3 sets out INTA's views in detail).

## 1. APPLICATION TO INTERVENE

### Form of Intervention

- 1.1 INTA wishes to intervene on behalf of its members in order to put its views to the Court of Appeal in the form of Section 2 of this Submission. INTA does not seek to participate any further than this in the case, and does not ask to make oral representations at the hearing.

### What is INTA?

- 1.2 INTA is a 128-year-old not-for-profit organisation of trade mark owners and practitioners from more than 180 countries throughout the world. INTA is dedicated to the support and advancement of trade marks and related intellectual property concepts as essential elements of commerce. Its current membership of over 4900 companies and firms crosses all industry lines, including manufacturers and retailers in industries ranging from aerospace to consumer goods and service providers. INTA's membership includes over 1000 companies, law firms and trade mark attorneys in all 25 Member States of the European Union (EU). L'Oréal is a member of INTA as are its solicitors, Baker & McKenzie. Special Effects is not a member but its solicitors, Pinsent Masons, are.
- 1.3 An important objective of INTA is to protect the interests of the public by the proper use of trade marks. In this regard, INTA strives to advance the development of trade mark and unfair competition laws and treaties throughout the world, based on the global public interest in avoiding deception and confusion. INTA has been an official non-governmental observer to the World Intellectual Property Organization (WIPO) since 1979 and actively participates in all trade mark related WIPO proposals. INTA has influenced WIPO trade mark initiatives such as the Trademark Law Treaty and is active in other international arenas, including the Asia Pacific Economic Cooperation Forum (APEC), the Association of Southeast Asia Nations (ASEAN), the European Union and the World Trade Organization (WTO).
- 1.4 Since 1916, INTA has acted in the capacity of advisor and has appeared as *amicus curiae* ("friend of the court") in the US and in other jurisdictions. (More information on the *amicus curiae* briefs and similar interventions or comments the association has filed in cases around the world is given in Annex 1 to this Submission).

## Basis of Application

1.5 INTA respectfully applies for permission to intervene in this case in order to submit its views on an issue which concerns all those who are affected by decisions of the UK Trade Marks Registry, including a large number of INTA members.

1.6 INTA believes that it is possible for it to intervene on the basis described by the Court of Appeal in *Roe v. Sheffield City Council* [2003] LGR 389 where the court commented:

"The most apparent value of interventions is in public law cases, where aspects of the public interest in a legal issue of general importance may be represented by neither of the two parties before the court ... . There is no reason in principle why the usefulness of interventions by third parties should be confined to public law cases....there is no reason in principle why the High Court in the exercise of its own inherent jurisdiction should not be able to act likewise" (per Sedley LJ at p413-414)

and:

"... there are situations where intervention may be appropriate even in a private law case. For example, where there is likely to be a strong policy element in the decision, the perspective of bodies representative of the differing interests involved may be extremely helpful in enabling the court to strike the right balance between the various policy considerations" (per Hale LJ at p 420).

1.7 INTA submits that a central issue addressed in *Special Effects*, namely the extent to which opposition proceedings may give rise to an estoppel preventing validity from being raised in subsequent proceedings, involves a strong policy element since the answer has and will continue to affect the way in which many trade mark disputes are conducted.

1.8 In the circumstances, INTA believes it is appropriate to adopt the procedure set out in RSC 54.17 and the Practice Direction at paragraph 13.3 in respect of judicial review cases which requires an intervener to apply to the Court identifying the claim, explaining who the applicant is, identifying why and in what form the applicant wants to participate in the hearing and detailing what order is sought on costs and on what grounds.

## **INTA's interest in the case**

- 1.9 INTA considers that the *Special Effects* case is important in the development of trade mark law. *Special Effects* raises questions about the extent to which arguments advanced in opposition proceedings can be heard again in later court proceedings. These issues are of considerable importance to many INTA members and are likely to affect their choice of where and how to conduct and resolve trade mark disputes. Some of INTA's observations on this point are supported by the experience of the UK Trade Marks Registry, as reflected in its letter at Annex 2 to this Submission.

## **Costs**

- 1.10 INTA seeks an order that INTA, and each of the parties in the case, bears its own costs in relation to INTA's intervention, because it is in the public interest for third parties interested in a matter which has an impact beyond the dispute between the parties to be able to contribute. INTA suggests that, given the work necessarily involved for the parties in preparing the case, the time required for consideration of this Submission is relatively very short and would not be expected to add to the length of the hearing.

## **2. INTA'S POSITION IN SUMMARY**

- 2.1 INTA comments only on one aspect of the case: the finding that the Defendants are precluded in trade mark infringement proceedings in the High Court by cause of action and issue estoppel from litigating issues previously considered by the Registry in opposition proceedings.
- 2.2 INTA believes that the application of estoppel in the manner contemplated in the High Court judgment in *Special Effects* [2006] EWHC 481 (Ch) given in this case will have a detrimental effect on the conduct of trade mark disputes in England.
- 2.3 INTA respectfully submits that:
- 2.3.1 It is not clear from the authority of earlier cases that the principles of cause of action estoppel and issue estoppel apply to:
- (a) issues of validity in trade mark cases at all; and

(b) decisions arising from the Registry in particular.

2.3.2 The doctrine of estoppel is founded on principles of public policy. Analysis of the public policy considerations in trade mark cases suggests that:

(a) cause of action estoppel and issue estoppel should not apply to decisions concerning validity arising from the Registry, where the Registry proceedings were opposition proceedings.

(b) the application of estoppel to opposition proceedings leads to undesirable consequences in practice.

2.3.3 The doctrine of abuse of process is a sufficient and appropriate safeguard against parties re-litigating issues in trade mark cases, since its application is focussed on the facts of the particular case.

These issues are discussed in turn below.

2.4 INTA respectfully submits that the Court should take the opportunity afforded by the appeal in *Special Effects* to establish that no cause of action or issue estoppel arises as a result of opposition proceedings before the Registry or, indeed, the Office for Harmonization in the Internal Market ("OHIM").

### 3. ANALYSIS

#### **Does estoppel apply in invalidity cases?**

3.1 INTA assumes for the purposes of this Submission that both the issues and causes of action raised in opposition proceedings before the Registry and the Court in *Special Effects* are found to be the same. The distinction between issue and cause of action estoppel is largely irrelevant for the purposes of this Submission.

3.2 INTA does not comment on the application of estoppel in circumstances where both sets of proceedings are Registry proceedings or both are Court proceedings.

3.3 Where one set of proceedings concerns invalidity and the other revocation, INTA notes that the basis for the analysis of the mark is

different, the first focussing on registrability at the date of application of the trade mark and the second on its subsequent validity some time later and in the light of the market conditions at that time. INTA believes that estoppel should not apply in such circumstances because these two sets of proceedings require analysis of different issues.

### **Estoppel arising as a result of invalidity proceedings before the Registry**

- 3.4 In *Hormel Foods Corporate v. Antilles Landscape Investments NV* [2006] EWHC 13 (Ch) ("*Hormel Foods*"), it was held that a party which had unsuccessfully attacked validity in the Registry in invalidity proceedings was estopped from subsequently attacking validity in the Court (notwithstanding the fact that it relied on different grounds in the subsequent action).
- 3.5 The Deputy Judge in *Hormel Foods* examined an extensive list of cases dealing with the issue of estoppel in the context of patent and registered design cases. Each, with the exception of *Buehler AG v. Chronos Richardson* [1998] RPC 609, concerned a case in which an issue or cause of action had been dealt with initially in the Court (rather than the Registry) and was the subject of further Court proceedings. It was on these cases that the Deputy Judge relied in reaching his conclusion that Hormel was estopped from arguing that the trade mark in suit was invalid.
- 3.6 It is submitted that these cases are not relevant where the proceedings said to give rise to the estoppel are Registry proceedings.
- 3.7 The Deputy Judge noted that there was no comparable authority in relation to trade marks and considered the matter as a question of principle. The Deputy Judge held that there was no reason why the estoppel principle should not apply, with the exception of the situation where the initial proceedings relate to validity and the subsequent ones to revocation. In such cases, the Deputy Judge concluded:
- "It might cause serious problems if an attack on validity ... was held to be an absolute bar to a later case for revocation".
- 3.8 Further, the Deputy Judge specifically pointed out that he was not considering the position where an unsuccessful party to opposition proceedings subsequently applies for a declaration of invalidity or seeks to raise invalidity as a defence to infringement proceedings.

- 3.9 INTA believes that the considerations that apply where the initial proceedings are opposition proceedings brought in the Registry or OHIM and the subsequent proceedings are brought in the Courts, are quite different from those that apply in respect of repeated litigation before the Courts and that estoppel should not apply in relation to oppositions.

### **Estoppel in the context of patent proceedings**

- 3.10 INTA notes that in *Buehler*, the Court of Appeal was asked to consider whether any estoppel arose as a result of an unsuccessful attempt before the European Patent Office to oppose the grant of a European patent. In his judgment in the *Buehler* case, Aldous LJ noted that:

“Once granted, the patent becomes a patent of the chosen contracting state. It is the courts of that contracting state that have to decide infringement and revocation [ie invalidity] and any decision of the European Patent Office does not preclude the courts of the contracting state from deciding all issues of infringement and revocation.”

- 3.11 These considerations led Aldous LJ to conclude that opposition proceedings before the European Patent Office were not capable of giving rise to an estoppel because any decision reached in such proceedings was not a final decision in the sense required for the application of the doctrine of estoppel.
- 3.12 INTA submits that the same conclusion should apply in the case of opposition decisions reached by the Registry and OHIM in relation to the validity of trade marks. INTA submits that there is no reason of principle why an unsuccessful party to opposition proceedings before the Registry or OHIM should be estopped from advancing as a defence to an alleged infringement any challenge to the validity of a trade mark that could have been raised in those Registry or OHIM proceedings, while an unsuccessful party to opposition proceedings before the European Patent Office is not subject to any such estoppel, even in respect of the particular arguments submitted by that party in the course of those proceedings.
- 3.13 The European Patent Office can revoke a European patent in full without affording the disappointed patentee any recourse to the courts of any contracting state. The Office is capable of reaching decisions that are final and definitive. Nevertheless, such decisions are not final in the

sense required to establish an estoppel to prevent an unsuccessful opponent from defending allegations of infringement by means of a further challenge to the validity of the patent in suit. INTA suggests that if this is true of the decisions of the European Patent Office, it should also be true of opposition decisions of the Registry and OHIM.

### **Estoppel in the context of a trade mark opposition**

- 3.14 The statutory regime that applies in relation to Community Trade Marks ("CTMs") draws a distinction between opposition proceedings and invalidity or revocation actions. INTA notes that under the statutory regime there is no provision for estoppel in relation to opposition proceedings for CTMs. In contrast, where an invalidity or revocation action relating to a CTM has been heard by OHIM and the decision has become final, in later proceedings before a CTM court there can be no invalidity or revocation attack (in infringement proceedings or otherwise), provided that the parties, subject matter and cause of action are the same (Article 96 of Council Regulation 40/94/EEC ("CTM Regulation")). The effect is equivalent to an estoppel.
- 3.15 INTA submits that this distinction is drawn in the statute because the circumstances are materially different when the initial challenge to the mark is made in opposition proceedings, as is reflected by the fact that there is no equivalent to Article 96 in relation to OHIM oppositions. OHIM is not prevented from hearing an application for invalidity where it has previously considered issues of invalidity in the course of opposition proceedings. It is suggested that there is no reason why national courts should be restrained from considering invalidity where there has previously been an opposition, and indeed, if this were the case for CTMs, the national court sitting as a CTM court would be deprived of its jurisdiction under the CTM Regulation to deal with counterclaims raising invalidity.

### **Public policy is an important factor in trade mark cases**

- 3.16 INTA suggests that the correct approach in any event, and particularly in the absence of authority on the application of estoppel to trade mark cases, is to conduct an assessment of the public and private policy issues which are fundamental to the application of estoppel. There may be particular circumstances in which a party should not be entitled to re-litigate particular issues but in such cases the conduct of a party is likely in any event to amount to an abuse of process. INTA considers that, as a



general rule, the application of the estoppel doctrine to Registry proceedings is undesirable and contrary to the public policy considerations that underlie the doctrine.

- 3.17 In cases concerning the validity of intellectual property, the balance of public and private interests is materially different from the balance in other cases. It is said that a balance must be struck between:
- (a) the public interest in the termination of disputes and in the finality and conclusiveness of judicial decisions; and
  - (b) the right of the individual to be protected from vexation by repeated litigation.

(See *Johnson v Gore Wood* [2002] 2 AC 1 (per Lord Bingham at p 491) and *The Doctrine of Res Judicata* (Third Edition, Spencer Bower, Turner and Handley), Chapter 1.)

- 3.18 In intellectual property cases however, estoppel does not necessarily achieve these ends. While it can end the litigation between two particular parties, it will often not bring finality since the intellectual property owner and other potential infringers may be left with doubts as to the validity of the intellectual property right and that intellectual property may be challenged in fresh litigation by a third party. Nor will it necessarily bring certainty. If a respectable challenge cannot be tested in Court because of a finding of estoppel, doubts as to the validity of the mark may remain for the rights owner and the public until there is subsequent litigation with a third party.

- 3.19 INTA suggests that there are a number of public interests which point away from the application of estoppel to trade mark oppositions:
- (a) *opposition proceedings play an important role in the registered trade mark system.* The benefits of allowing marks to be tested in early proceedings which are less complex than a High Court action outweigh the disadvantages of repeated litigation
  - (b) *the validity of registered trade marks is a matter of public importance* directed at protecting parties in private disputes from repeated litigation

- (c) *opposition proceedings are significantly different from invalidity and revocation proceedings.* The application of estoppel to an opposition decision does not do justice to the parties
- (d) *an estoppel applying to opposition decisions would have an inappropriate impact on matters of infringement.* Such an estoppel would limit parties' abilities to enforce their trade marks or mount defences to infringement, despite the fact that such issues are outside the jurisdiction of the registries
- (e) *such an estoppel is inconsistent with the Community Law under which the European trade mark regime is established*
- (f) *the practical effect is likely to be less efficient, more expensive and more protracted dispute resolution.* Parties wanting to ensure they are able to put forward their best case will be more likely to opt for more complex Registry proceedings or Court proceedings in place of opposition proceedings.

***The validity of registered trade marks is a matter of public importance***

3.20 In contrast with other disputes which concern only the immediate parties, intellectual property cases affect others who may wish to use or register the same or a similar mark. There is therefore an important further public interest in testing validity and ensuring that invalid rights do not go onto or remain on the Register. This must be balanced against the private interest that the owner of the mark has in retaining its right on the Register since, irrespective of the outcome of the particular dispute, there will be other third parties against whom the owner wishes to assert those rights or to whom it might seek to grant licences. In other circumstances where public interests are at stake, the courts have refused to apply concepts of estoppel, for example: in *R v. East Sussex County Council ex p. Reprotech (Pebsham) Limited* [2002] UKHL 8; [2003] 1 WLR 348 it was emphasised in paragraphs 29 et seq of the Opinion of Lord Hoffmann that concepts of estoppel should not be allowed to affect the outcome of planning determinations because:

“it is not simply a matter between the applicant and the planning authority in which they are free to agree on whatever procedure they please. It is also a matter which concerns the general public interest ...”.

- 3.21 Where a patent was said in private interest proceedings to be valid, there was no estoppel binding upon the parties in the context of a public interest petition for revocation of the patent subsequently brought by one of the parties: *Re Deeley's Patent* [1895] 1 Ch 687 (CA); *Shoe Machinery Co v. Cutlan* [1896] 1 Ch 108 (CA) at p. 113 per A.L. Smith LJ and p. 117 per Rigby LJ.
- 3.22 Estoppel is an absolute bar to litigation, absent a finding of special circumstances (*Thoday v Thoday* [1964] 1 All ER 41). It is submitted that this is an inappropriately inflexible approach in trade mark cases.

### **The distinction between opposition proceedings and invalidity proceedings**

- 3.23 INTA respectfully submits that the Chancellor in *Special Effects* should not have concluded that the logic of the *Hormel Foods* case should apply to opposition proceedings before the Registry. The Chancellor acknowledges (in paragraph 44 of the judgment) that there are differences between the practice and procedure of the Registry in opposition proceedings and the practice and procedure of the Court in infringement proceedings where invalidity is raised as a defence.
- 3.24 There are significant differences in the procedure adopted by the Registry and the Court. For example, in the Registry:
- (a) the practice and procedure are different;
  - (b) oral evidence and cross examination are rarely used;
  - (c) the rules regarding costs are different (and generally less costs are recoverable);
  - (d) although hearing officers are highly experienced and specialised they need not be and often are not qualified lawyers;
  - (e) disclosure is rarely ordered (and the Registry has indicated that it is unlikely to order standard disclosure in accordance with Part 31 Civil Procedure Rules);
  - (f) the Civil Procedure Rules do not apply to the Trade Marks Registry;

- (g) the context in which the proceedings arise is different; and
- (h) different and more extensive relief can be sought in Court proceedings in comparison with the Registry.

These differences are likely to be more pronounced still in opposition proceedings.

- 3.25 The Registry procedure includes the possibility of preliminary indications of the Registry's view at an early stage before evidence is filed. If the preliminary indication is accepted by both parties, the Registry's decision on the application becomes final and cannot be appealed.
- 3.26 In practice, the differences in the procedure for an opposition and an invalidity hearing before the Court are generally markedly different. Although it is possible for proceedings in the Registry to be conducted in a similar manner to proceedings before the Court, this is not usually the case because the parties choose to adopt a more simplified procedure.
- 3.27 INTA recognises nonetheless that, in some cases, Registry proceedings may be conducted in a very similar manner to Court proceedings, involving extensive submissions and evidence and that it is possible for a party to act oppressively in seeking to press exactly the same issues in subsequent Court proceedings. However, if estoppel did not apply, this would not remain unchecked. The doctrine of abuse of process is better suited to the control of such conduct.
- 3.28 Further, the role and context in which issues are considered differs between opposition and invalidity proceedings.
- 3.29 The role of opposition proceedings is to bring to the attention of the relevant Examiner certain objections to the registration of a trade mark, whether based on absolute grounds or relative grounds, that might otherwise escape the notice of that Examiner. The effect of a successful opposition is that the trade mark is never registered, with the result that an item of intellectual property for which an application has been made never comes into existence.
- 3.30 Invalidity proceedings enable a third party to challenge the validity of a trade mark that, absent success in such proceedings, is to be presumed valid. The purpose of such proceedings is to correct an error at the examination stage. The effect of successful invalidity proceedings is that

an item of property that has been acquired by the proprietor is deemed never to have existed. INTA submits that, even if a decision of the Registry in invalidity proceedings can be regarded as final in the sense required to raise an estoppel, the same cannot be said of a decision reached in opposition proceedings. The registered trade mark system therefore inherently recognises that decisions reached in opposition proceedings are not to be regarded as final. INTA submits that this is reflected in the separate scheme for pre-grant oppositions and post-grant revocation and invalidity actions under the CTM Regulation.

- 3.31 Moreover, a party seeking to invalidate a registered trade mark has a choice of forum. It can consider the risk of estoppel arising in later infringement proceedings in making that choice. A party wishing to participate in the examination of a trade mark application by means of opposition proceedings has no such choice of forum.

**Simpler cheaper opposition proceedings are a valuable tool**

- 3.32 In trade mark matters, there is a well established dual system allowing for marks to be challenged before the Registry and/or the Courts. Proceedings before the Registry are intended to provide access to a specialist tribunal that is generally quicker, informal, simpler and cheaper than High Court proceedings. In practice, parties do generally adopt a simple procedure. This is of great benefit as it enables users of the trade mark system to object to problematic marks at an early stage at relatively low cost. It is valuable for the opponent to be able to mount an attack, and for the proprietor to obtain an indication of the risk of invalidity through the initial proceedings while leaving them both able to defend their positions should the issue become important commercially. This enables parties to test arguments with a relatively low investment, often at an early stage where, if they encounter difficulties one or other will change their plans to avoid or modify its use of a mark or the parties may settle on a coexistence arrangement. It is also of benefit to the public since it enables marks of doubtful validity to be tested readily and cheaply and at an early stage and in more depth than may be feasible on examination (it being well recognised that it is not in the public interest for invalid marks to remain on the Register).
- 3.33 Given that the procedure, as adopted in practice by the parties and the Registry, is generally simpler than those of the High Court, INTA submits that allowing both opposition and invalidity attack is, in most cases, is not unduly burdensome. Where it is, justice is better served by limiting a

party's right to take action based on the particular circumstances of the case (through the abuse of process doctrine) rather than applying a blanket estoppel.

### **Estoppel arising from opposition proceedings has an inappropriate effect on infringement issues**

- 3.34 INTA notes that the Chancellor concludes (at paragraph 59 of the *Special Effects* judgment) that the Defendant's failure in opposition proceedings before the Registry not only estops the Defendant from challenging the validity of the Claimant's trade mark in subsequent infringement proceedings, but also, because the Defendant relied in part on s.5(4)(a) Trade Marks Act 1994 for the purposes of its opposition, estops the Defendant from making any claim or counterclaim against the Claimant for passing off.
- 3.35 INTA submits that this conclusion is inconsistent with the provisions of s.2(2) Trade Marks Act 1994, according to which "nothing in this Act affects the law relating to passing off". In *Inter Lotto (UK) Limited v Camelot Group plc* [2003] EWCA Civ 1132, the Court of Appeal stated (at paragraph 36 of the judgment) that the "clear effect" of this provision is to "confirm that the law of passing off is preserved, notwithstanding any apparent conflict or overlap with the provisions of the Act". The registered trade mark system is independent of and without prejudice to the law of passing off. INTA therefore respectfully submits that it cannot be right that one effect of opposition or invalidity proceedings within the Registry is to deny a party the right to advance a passing off claim in subsequent proceedings before the Court. Moreover, the Chancellor's judgment on this point also has the effect of conferring on the Registry the capacity to determine questions of passing off with sufficient finality to establish an estoppel. INTA submits that this is an extension to the Registry's competence that cannot be reconciled with its statutory remit. The Courts are uniquely qualified to decide issues of trade mark infringement and passing off. Such matters are not within the jurisdiction of either the UK Registry or OHIM.

### **Estoppel arising from infringement proceedings is incompatible with Community Law**

- 3.36 INTA notes that, if the Chancellor is right to conclude that failure in the course of opposition proceedings before the Registry gives rise to an estoppel, the same must be true of failure in the course of opposition

proceedings before OHIM in relation to a CTM. Accordingly, if the Chancellor's judgment is upheld, it would follow that the Claimant's failure in the course of opposition proceedings before OHIM estops the Claimant from commencing proceedings for infringement of its national mark, at least on the basis of s.10(2) Trade Marks Act 1994. This would be to permit OHIM (or the Registry on different facts) to determine questions of infringement. Again, INTA submits that the effect of the Chancellor's judgment in *Special Effects* would be to extend the competence of OHIM or the Registry beyond the statutory limits.

- 3.37 INTA further submits that if the English Courts were to apply principles of estoppel in relation to opposition proceedings that would be incompatible with Community law. There is no provision in the CTM Regulation limiting OHIM's ability to hear invalidity issues on the basis of earlier national decisions at opposition stage.

**The practical effect of an "automatic estoppel" will be less efficient resolution of trade mark disputes**

- 3.38 If estoppel were to extend to opposition proceedings, a prospective opponent would have two choices:

- (1) to challenge the registration of what it considers to be an unregistrable mark, using all its resources, in the hope of improving the examination of that application and risk being estopped from defending itself against any future infringement claim, or
- (2) to risk allowing that mark to be registered while retaining the possibility of defending itself in subsequent proceedings (albeit at a substantially greater cost than participation in opposition proceedings).

- 3.39 The practical effects are likely to be:

- (a) Registry proceedings will increase in length, complexity and expense. This is confirmed by the UK Trade Marks Registry in its letter which forms Annex 2 to this Submission.
- (b) Appeals are also more likely which will stretch the resources of the Registry.

- (c) The quicker resolution offered by preliminary indications is likely to become unattractive if a party taking part will as a result lose the right to defend itself in infringement proceedings by counterclaiming for invalidity.
  - (d) loss of the benefits of recent Registry streamlining. The opposition procedure in the Registry has been simplified in recent years to facilitate the filing of oppositions which are also likely to become even more important from next year when examination on relative grounds will be abolished. However, if opposition proceedings are to be treated as a last chance to attack a mark that may represent an infringement risk, the benefits of these improvements are likely to be lost;
  - (e) marks of doubtful validity will remain on the Register unless and until infringement proceedings are brought;
  - (f) the parties and the public will be deprived of the views of highly skilled Registry hearing officers;
  - (g) an increase in trade mark disputes brought in the High Court, rather than in the Registry and an increase in the cost of dealing with trade mark disputes (and front loading those costs); and
  - (h) the parties' positions and use of the relevant marks are likely to become more entrenched by the time proceedings are brought, making settlement more difficult.
- 3.40 It is submitted that the end result will be less efficient and more costly proceedings. This is particularly likely to have an adverse effect on small and medium-sized enterprises which have a limited budget for trade mark issues.
- 3.41 To extend the doctrine of estoppel to opposition proceedings would be to create a significant conflict between the private interests of prospective opponents and the public interest in a thorough, rigorous yet cost effective examination process.

#### **Abuse of process as a safeguard**

- 3.42 It is of course possible for parties to conduct their cases in the Registry in a manner more akin to Court proceedings and then to seek to raise the



same issues in Court proceedings using similar procedure. It is submitted however that the appropriate safeguard to deal with these instances is the doctrine of abuse of process. If in fact a party had simply pressed the same issues using drawn out procedures in both the Registry and the Court this might be seen as a misuse of the process of the Court.

- 3.43 It was argued in *Special Effects* that abuse of process would apply in addition to estoppel. While the judgment does not contain an express conclusion on the issue, it seems to be implied that abuse of process would, or at least could, apply.
- 3.44 In *Johnson v. Gorewood* [2001] 1 All ER 481 in the House of Lords, Lord Bingham of Cornhill said that the assessment of abuse of process should be a:
- “broad, merits based judgment which takes account of the public and private interests involved and also takes account of all the facts of the case, focussing on the crucial question whether, in all the circumstances, a party is misusing or abusing the process of the Court by seeking to raise before it the issue that could have been raised before”.
- 3.45 It is submitted that this is an entirely proper test for assessing whether it is appropriate for Court proceedings to be brought subsequent to Registry opposition proceedings.
- 3.46 The doctrine of estoppel extends to cover not only arguments that were made in initial proceedings but those that could have been raised but were not (as acknowledged in paragraph 49 of the judgment in *Special Effects*). In the context of trade mark disputes, this can have undesirable consequences. In particular, a party may be estopped from running an argument that might well be fatal to validity and an invalid mark will remain on the Register unless and until another party challenges (and there will be some disincentive to do so where others have failed). It is suggested that this issue is also better dealt with under the doctrine of abuse of process, which allows the court to look at all the circumstances of the case in deciding whether a particular argument will be permitted or should have been raised before.
- 3.47 It is submitted that the doctrine of abuse of process is more flexible than estoppel and allows for a balancing of the special public and private

issues which arise in intellectual property cases and to take account of the particular facts of each case.

### **Other jurisdictions**

- 3.48 INTA understands that the Courts in Australia have considered similar issues and concluded that trade mark opposition proceedings are not sufficiently “final” to prevent the parties from revisiting the issues in subsequent proceedings (*Health World Limited v. Shin Sun Australia Pty Limited* [2006] FCA 647 (Federal Court of Australia) at paragraphs 31 to 48).
- 3.49 So far as INTA is aware, no European country has a doctrine which operates to prevent a party from attacking the validity of a mark in Court proceedings where that mark has already been the subject of an attack by the same party in opposition proceedings in the Registry. In some jurisdictions the differences between Registry and Court proceedings are greater and there is more scope for Court proceedings to cover different issues from those raised in the opposition proceedings but this is not always the case. The effect is that, in other jurisdictions, parties are accustomed to a two limb system, allowing for an attack on a mark in the Registry and subsequently in the Courts. It is submitted that such a system should be retained in England.

### **Conclusion**

- 3.50 INTA respectfully submits that the Court should reverse the Chancellor’s decision in the *Special Effects* case and hold that no estoppel arises as a result of opposition proceedings.
- 3.51 INTA submits that there are good reasons to hold that an estoppel should not arise as a result of any unsuccessful challenge to a trade mark in opposition proceedings before the Registry or OHIM. Alternatively, the particular status of trade marks as registered rights of public interest amounts to a “special circumstance” in which it is appropriate that estoppel should not apply.

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