O-296-17

TRADE MARKS ACT 1994

IN THE MATTER OF A JOINT HEARING

IN RELATION TO APPLICATION NO 3192024

BY SECTION BOYZ LTD

TO REGISTER

The Section Boyz

AS A TRADE MARK

IN CLASSES 25 & 41

AND

NOTICE OF OPPOSITION 408979 THERETO

BY

SATCHMO WALLACE

BACKGROUND

1) On 19 October 2016, Section Boyz Ltd ('the applicant') applied to register **The Section Boyz** as a trade mark for certain goods and services in classes 25 and 41. The application was published for opposition purposes on 06 January 2017. The deadline for filing Notice of Threatened Opposition (Form TM7a) or Notice of Opposition (Form TM7) expired on 06 March 2017.

2) On 28 February 2017, Satchmo Wallace ('the putative opponent') filed Form TM7a against the application, extending the opposition period for a further month. The deadline for filing Form TM7 therefore expired on 06 April 2017.

3) On 06 April 2017, Axiom Stone Solicitors ('ASS'), the legal representative for the putative opponent, filed Form TM7 on the latter's behalf under a covering letter. The letter was also accompanied by Form FS2 (fee sheet). In relation to the FS2 the letter stated "you will note that we have made a bank transfer to the UKIPO's bank account details".

4) On 12 April 2017, the registrar wrote to the parties by email notifying them that the opposition fee had been received on 10 April 2017 by bank transfer. The letter also explained that a Form TM7 is not considered to be filed until the appropriate fee has been received and therefore the Form TM7 was deemed to have been filed outside of the three month opposition period which expired on 06 April 2017. The letter stated that a refund of the fee would be issued in due course.

5) Later the same day, a letter was filed by ASS. I note that the letter stated, inter alia, the following:

> "Our letter of 6 April 2017 enclosing the TM7, Statement of Grounds and Form FS2 specifically stated that **"we have made a bank transfer to the UKIPO's bank account details".**
>
> Unfortunately through an error in our accounts department the payment was made by 3 day BACs and not an instant bank transfer. Our client's application

to oppose the trademark application filed by Section Boyz Limited under application number UK00003192024 should not be prejudiced by our error."

6) On 18 April 2017, the registrar wrote to the parties acknowledging receipt of ASS's letter of 12 April 2017 and confirmed that the comments therein were insufficient to allow the TM7 to be accepted as validly filed. The letter made reference to the guidance in the Tribunal Work Manual (2.7 Payment of Fees). The putative opponent was given a deadline of 2 May 2017 to request a hearing on the matter if it so wished.

7) On 20 April 2017, ASS requested to be heard and filed detailed written submissions in support of the acceptance of the Form TM7. As these are largely identical to the submissions set out in the later filed skeleton argument filed prior to the hearing (and which form part of the official record), I need not set them out here.

8) A hearing took place before me on 30 May 2017 by telephone. The putative opponent was represented by Mr Toby Matthews of ASS. The applicant did not attend nor did it file written submissions in lieu.

The Hearing

9) There were three main threads to Mr Matthews' arguments. The first was the clarity of guidance on the matter of payment of the opposition fee and the date on which payment is deemed to have been made. He argued that, bearing in mind what he considered to be the lack of clarity in the legislation, particularly with regard to the meaning of '…that form shall be accompanied by the fee…" (my emphasis) in Rule 2 of the Trade Marks (Fees) Rules 2008 ('the fees rules'), one would have expected there to be some kind of warning/guidance on the FS2 sheet to the effect that payment by bank transfer must be in cleared funds in order to be deemed paid. As there is no such guidance/warning, it was, in his submission, reasonable for ASS to believe that a payment instructed by BACs transfer on 6 April 2017, and its statement on the FS2 and covering letter to the effect that it had paid by "bank transfer", would be deemed sufficient to meet the requirement of the fee

accompanying the Form TM7 and for the notice of opposition to have been filed in time.

10) The second thread of Mr Matthews' argument (which overlapped with the first) focused further upon the definition of the word 'accompanied' in rule 2 of the fees rules. In his submission, as those rules do not provide any definition of the term 'accompanied', one must consider the plain English meaning of that word which is to "to occur, co-exist or to be associated with". He submitted that it cannot be asserted that the requirements for a payment to be in cleared funds is covered by the aforementioned rule.

11) The third thread to Mr Matthews' argument related to an alleged irregularity on the part of the registrar. He contended that it was not unreasonable for ASS to have expected the IPO to check the incoming payment upon receipt of the TM7 and FS2. In support of this contention, Mr Matthews referred me to two decisions. The first was *evolution* [1] where the Hearing Officer noted that Rules 74 and 77 of The Trade Marks Rules 2008 ('TMR') empower the registrar to rectify irregularities. The second was *SeaMor* [2]. In the latter case a Form TM7 was filed with an FS2 which stated that a cheque was enclosed to pay the £200 fee. However, the cheque had not, in fact, been enclosed and this was not noticed by the finance section of the IPO until after the opposition period had expired. In that case, the registrar exercised its discretion under rules 74 and 77(5) of the TMR to admit the TM7 despite the fee not being paid within the relevant period on the basis that, if the TM7 and FS2 had been sent straight to the finance section on the date of receipt, in line with normal practice, the missing cheque would have been noticed and the IPO would have notified the opponent of the deficiency, enabling it to make alternative payment within the relevant period. Mr Matthews argued that, in the instant case, ASS had confirmed the method of payment (bank transfer) and the amount that was going to paid (£200). In his submission, had the finance section checked on 6 April 2017 whether that payment had been received and found that it had not cleared, it could have alerted ASS the same day enabling it to pay the fee on time. In this connection, he pointed out that the TM7 and FS2 has been faxed to the IPO at 12.18pm which

[1] BL O-132-16 (paragraph 26).
[2] BL O-496-12 (paragraphs 69 -76)

should have allowed the IPO sufficient time that same afternoon to check the documents and alert the opponent to the deficiency. As it did not do so, he contended that there has been irregularity in procedure which should be rectified.

12) Finally, Mr Matthews brought my attention to CPR 7APD.5.1 which provides for the ability of a claim to be “issued” when it is received by the court, not necessarily when it is actually issued.

DECISION

13) The relevant part of Section 38 of the Trade Marks Act 1994 (‘the Act’) reads:

> "38 (1) When an application for registration has been accepted, the registrar shall cause the application to be published in the prescribed manner.
>
> (2) Any person may, within the prescribed time from the date of the publication of the application, give notice to the registrar of opposition to the registration.
>
> The notice shall be given in writing in the prescribed manner, and shall include a statement of the grounds of opposition.”

14) Section 79(1) of the Act states:

> “There shall be paid in respect of applications and registration and other matters under this Act such fees as may be prescribed.”

15) Rules 4(1) and (2) of the TMR provide:

> “4(1) The fees to be paid in respect of any application, registration or any other matter under the Act and these Rules shall be those (if any) prescribed in relation to such matter by rules under section 79 (fees).
>
> (2) Any form required to be filed with the registrar in respect of any specified

matter shall be subject to the payment of the fee (if any) prescribed in respect of that matter by those rules."

16) Further, the fees rules state:

"1(2) These Rules shall be construed as one with the Trade Mark Rules (2008)."

17) Under the heading 'Fees Payable', Rule 2 of the fees rules states:

"...(2) In any case where a form specified in the Schedule as the corresponding form in relation to any matter is specified in the 2008 Rules, that form shall be accompanied by the fee specified in respect of that matter (unless the 2008 Rules otherwise provide)." (my emphasis)

18) The combined effect of the above provisions is that, in order to give notice to the registrar of opposition, an opponent who has filed Form TM7A must file Form TM7 within three months from the date the application was published for opposition purposes[3] and, in accordance with Rule 2 of the fees rules, the form shall be accompanied by the fee.

19) I will begin by considering Mr Matthews' second thread of argument concerning the meaning of 'accompanied' and his contention that there is no requirement that a payment by bank transfer must be in cleared funds before it can be deemed to have satisfied that requirement. In *TITAN* [4] the Hearing Officer stated (albeit in respect of the Trade Mark Rules 2000):

"34. In summary I take the view that the Trade Marks Rules and the Trade Marks (Fees) Rules are to be read together; payment of the fee is an integral part of the process of filing an opposition; the word "accompanied" should be given its normal meaning; no separate time period (prescribed or specified) arises in relating to the opposition fee; the fact that no such separate provision

[3] In accordance with Rules 17(2) & (3) of the TMR.
[4] BL O/460/01

is made is consistent with the intention behind the statutory provisions to provide certainty in opposition proceedings; it puts opponents and applicants on an equal footing (no extension of time being available to the latter for filing a counterstatement) and it is consistent also with the fact that where, as in the case of an application for a trade mark, payment may be made separately from the filing of the form, the Rules make express provision to this effect."

20) Mr Matthews has stated that the word 'accompany' should be construed as meaning "to occur, co-exist or to be associated with". I note that this is the same definition considered by the Hearing Officer in *LOGICAL* [5] where he said:

> "To conclude on this point, I adopt the definition of the word 'accompanied' provided in Mr Engelman's skeleton argument. Collins English Dictionary defines 'accompanied' to include inter alia "to occur, co-exist, or be associated with". On the basis of this definition it seems to me that the drafters of the statutory instrument intended that the form should be associated with the fee whether that was provided in cash, in cheque form or when deducted from a deposit account held by the Patent Office. Thus, in summary, whilst a form and fee need not be received at the same moment in time, there is no general provision whereby a form may be filed on one date and then the fee filed on another without the loss of the filing date. Except where the Act or Rules provide otherwise (as in the case of the application for registration), a filing date can only be accorded where both the fee and form have been received by the Office." (my emphasis)

21) I also note that in *evolution* [6] the hearing officer considered the specific issue of payment by bank transfer and when such a payment is deemed to have been received. Having referred to the same provisions and case-law as I have set out above, she said:

> "20. The upshot of these provisions and their interpretation is that in order for an opposition to be deemed validly filed, the opposition fees must be paid

[5] BL O/382/00 (page 6)
[6] BL O/132/16

within the opposition period. Although it is not necessary that payment is made and notice is filed at the same moment in time, the time constraints introduced by Section 38 of the Act apply to both the filing of the notice of opposition and the payment of the fee. It is clear, therefore, that in order to decide the matter in front of me, I must turn to the question of whether the date on which fee is deemed to have been be paid, in the circumstances of the case, is within the opposition period.

21. The date on which fees are deemed to have been be paid, for the purpose of meeting an opposition deadline, will depend on the method of payment utilised. The IPO permits payment of fees to be made by credit or debit card, deductions from IPO deposit accounts, cheques and bank transfers. Mr Cregan submitted that had a cheque been received on the last day of the opposition period, it would have been accepted as payment made on time despite the funds themselves not yet having been cleared; thus, there cannot be a requirement that payments made by bank transfer must be cleared. However, in my view, this is not the correct approach and
there is a fundamental difference between a cheque and a bank transfer which comes down to the distinction between 'payment' and 'cleared funds'. What is required for an opposition to be considered as validly filed is the receipt, within the opposition period, of the payment (of the fee). As I have said, the date when payment is deemed to have been received depends on the method of payment. The IPO's practice is that a cheque is regarded as payment and if one is received for the appropriate fee within the opposition period, it is deemed as payment received on time. This is the position regardless of whether or not the funds have cleared before the expiry of the opposition period. This practice is in accordance with the law as to when payment by cheque is deemed to have taken place, as outlined in the Court of Appeal's decision in *Homes v Smith,* 2000 WL 418, in which Lord Woolf stated:

> "The general position in law as to the payment by cheque is clear. Where a cheque is offered in payment, it amounts to a conditional payment of the amount of the cheque which, if accepted, operates as a

> conditional payment from the time when the cheque was delivered […]. If the cheque is not met on presentation, the payment is subject to a condition subsequent which means that the sum which was due becomes due once more".
>
> 22. Whilst a cheque is regarded as payment, a bank transfer is not. It is an instruction given to a bank to pay a sum in the recipient's bank account. It is not regarded as a 'payment' until the funds are actually cleared into the recipient's bank account. Although there is no clear provision to this effect in the Trade Mark Directive, a similar position is outlined in the Community Trade Mark Fees Regulation at Articles 5(1)(a) and 8(1)(a), which state that in relation to fees paid by payment or transfer to a bank account held by the Office "the date on which payment shall be considered to have been made to the Office" is "the date on which the amount of the payment or of the transfer is actually entered in a bank account held by the Office".
>
> 23. The Register's practice mirrors the above. Given that the putative opponent's payment, made by bank transfer, was not received until 22 December 2015, the fact is that it was received after the expiry of the opposition period."

22) *Evolution* is directly on point. Whilst I am not bound to follow that decision, I come to the same view as the Hearing Officer in that case and for the same reasons that she gave. This is so despite Mr Matthews' contention that the case-law in *Home v Smith* concerning payment by cheque is, in his view, outdated. I am not aware of, and Mr Matthews did not bring my attention to, a more recent authority which may have persuaded me to come to a different view on the matter. As the opponent's payment by bank transfer in the instant case was not received until 10 April 2017, it did not accompany the Form TM7 filed on 06 April 2017 and therefore the latter was filed outside of the relevant period.

23) Having reached the above conclusion, I will turn to consider the first and third threads to Mr Matthews' argument which are both premised upon there having been

some sort of irregularity on the part of the registrar whether through default, omission or other error. Rules 74 and 77(5) of the TMR provide:

> "74.—(1) Subject to rule 77, the registrar may authorise the rectification of any irregularity in procedure (including the rectification of any document filed) connected with any proceeding or other matter before the registrar or the Office.
>
> (2) Any rectification made under paragraph (1) shall be made—
>
> (a) after giving the parties such notice; and
>
> (b) subject to such conditions, as the registrar may direct."

And:

> "77.-
> …
> (5) 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."

24) Dealing first with the contention that the FS2 should have carried some sort of warning to the effect that a payment made by bank transfer would need to be in cleared funds in order to be deemed paid, I am not persuaded by this argument. To my mind, there is no such obligation on the IPO. The responsibility lies with a putative opponent to satisfy itself that it has done everything that needs to be done in order to meet the requirement of filing a notice of opposition within the prescribed period which necessarily includes satisfying itself that it has paid the fee on time.

25) Turning to Mr Matthews' reliance upon the decision in *Seamor* and his claim that a similar situation has arisen in the instant case such that I should allow the Form TM7 to be admitted on the basis of an irregularity in procedure, I am not persuaded by this contention. The facts in *Seamor* are very different to those here. In that case the method of payment which had been ticked on the FS2 (i.e. cheque) was clearly missing. This was an obvious omission which should have been easily identified by the IPO as an irregularity of which the putative opponent should have been notified. It is not surprising, given the ease by which such an omission can be identified, that notification of such irregularities to putative opponents is the normal practice of the IPO. However, there is nothing obviously irregular about ticking 'bank transfer' on the FS2 and confirming in the accompanying letter that **"we have made a bank transfer to the UKIPO's bank account details"**. The IPO was, in line with normal practice, entitled to take that information on face value as meaning that the bank transfer had been paid in time. There was no obligation on the IPO to check with the putative opponent which method of bank transfer it had used. The responsibility of ensuring that the 'bank transfer' it had referred to had cleared into the IPO bank account by the deadline lay solely with the putative opponent. I find that there has been no irregularity in procedure capable of being rectified under the provisions of rules 74 and 77(5).

26) Finally, Mr Matthews' reference to CPR 7APD.5.1 does not assist the putative opponent. Procedures before the registrar relating to the filing of forms and the requisite accompanying fees are governed by the specific provisions of the TMA, TMR and fees rules set out earlier in this decision, not by the CPR.

Summary

27) None of the arguments put forward by Mr Matthews, either individually or collectively, have assisted the putative opponent. I refuse to admit the Form TM7. The application shall proceed to registration. In the absence of any appeal against this decision, the opposition fee (£200) will be refunded shortly after the expiry of the appeal period.

COSTS

28) In the circumstances, I make no award of costs.

Dated this 26th day of June 2017

Beverley Hedley
For the Registrar,
the Comptroller-General