

O-286-20

TRADE MARKS ACT 1994

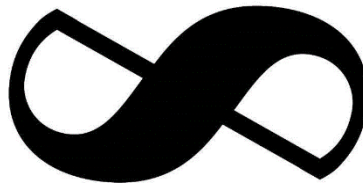
**IN THE MATTER OF REGISTRATION NO. 3341405
IN THE NAME OF SCHUMACHER GMBH**

AND

**AN APPLICATION FOR A DECLARATION OF INVALIDITY
UNDER NO. 502571
BY PORSCIA FASHION, INC.**

Background

1. Trade mark registration number 502571 (“the registered mark”) for the mark shown below stands in the name of Schumacher GmbH (the proprietor”):



The mark was applied for on 27 September 2018 and registered on 18 January 2019.

2. On 19 April 2019, Porscia Fashion, Inc. (“the applicant”) applied for a declaration of invalidity based upon ss. 5(1), 5(2)(a), 5(2)(b) and 5(3) of the Trade Marks Act 1994 (“the Act”). It also claimed that its mark was entitled to protection as a well-known mark under article 6*bis* of the Paris Convention (s. 56(1) of the Act).

3. The proprietor applied for summary judgment or, in the alternative, striking out of the applicant’s claim. It says that there is a co-existence agreement between the parties. As a result of this agreement, the proprietor submits that the applicant has consented to the registration and/or is estopped from applying to invalidate the registration. In addition, or alternatively, it says that the application was filed in breach of the agreement. Consequently, it argues that the application for invalidity has no real prospect of success and that there is no other compelling reason why the case or issue should be disposed of at trial. It contends that summary judgment is appropriate. In the alternative, the proprietor says that the application should be struck out because it discloses no reasonable grounds for bringing the claim, for the same reasons as above, and that to bring the claim in breach of the agreement is an abuse of process.

4. A case management conference was held on 27 August 2019, before a different hearing officer, to determine the management of the application for invalidation. The parties were given time to file evidence in respect of the proprietor’s request for strike out/summary judgment. In his letter of 30 August 2019, the hearing officer indicated that

the applicant should file “any evidence (again, under cover of a witness statement) which went to the validity of the agreement itself”. A period was also allowed for the parties to file submissions on this discrete issue, after which a decision would be made. Confidentiality appears to have been granted, with the mutual consent of the parties, in respect of the co-existence agreement and references to its contents. The decision which follows is redacted accordingly.

5. Both parties filed evidence and submissions. This decision is taken following a careful review of all of the papers.

Evidence

Proprietor's evidence

6. The proprietor's evidence in support of its claims consists of the two witness statements of Alexander Gomoll, the second of which was filed in response to the applicant's evidence and submissions. Mr Gomoll is a “German-qualified attorney-at-law” and a partner at the proprietor's legal representatives in Germany. He is the attorney who advised the proprietor in relation to the co-existence agreement.

7. Mr Gomoll's evidence is that he wrote the agreement [REDACTED] [REDACTED] and he gives examples of various details which were included in order to ensure its validity under the applicable law.

8. The co-existence agreement is produced at confidential exhibit AG1. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

9. [REDACTED]

10. [REDACTED]

[REDACTED]

11. [REDACTED]

Applicant's response

12. The applicant's response consists of a witness statement by Porscia Yeganeh, the president of the applicant and written submissions. Although Ms Yeganeh filed a good

deal of evidence, none of it relates to the matter at hand. However, the following is said in submissions in respect of the co-existence agreement (original emphasis):

“the coexistence agreement signed in 2015 [REDACTED] was unduly drafted by Schumacher’s attorneys and my attorney at that time. I was not aware of the incompleteness of such agreement, being that my first language is not English. I signed under the understanding and agreement [REDACTED] [REDACTED]. I found out about our wrong agreement when I got notice from my surveillance watch about this new applicant, which was Schumacher again, applying in a different nation, UK. We subsequently sent them an email to pursue an amicable solution first, and that’s when they used the coexistence agreement as a defence but **I figured out all the defects of the agreement: e.g. [REDACTED] [REDACTED] which every agreement or contract MUST have.** Thus, I felt completely deceived by such agreement drafted by the Schumacher’s German lawyer. Now I am aware that such agreement was signed by both parties **mistakenly**, and I know that such agreement **is now void and null in its entirety**, since I am completely disagree with such agreement due to it was bad drafted with incomplete terms with such unfair claims being that since the time it was signed I hold better rights of date of use and more jurisdictions covered with my PP logo than Schumacher.

Moreover, I have realized that the “ICON II” logo which I am applying to be cancelled, resembles the identical design referred to as “ICON I” [REDACTED] [REDACTED]. All that was changed was the font style. So, the incompleteness of the agreement and the similarity of her “ICON II” were the triggers of my nonconformity and the starting of these proceedings. Hence, I have realized that the registered Schumacher logo is extremely similar to mine and puts in real danger my almost 20 years of fashion career”.

Proprietor's reply evidence

13. Mr Gomoll's second statement is very brief. However, he confirms that the alleged deficiencies in the contract identified by the applicant ([REDACTED]) are not legal requirements for a valid contract under the relevant legal provisions ([REDACTED]).

Relevant provisions

14. The Trade Mark Rules 2008 ("the Rules") contain no provisions on summary judgment or strike out. However, it has long been recognised that registrar has the power to regulate his own procedures provided that he neither creates a substantial jurisdiction where none existed, nor exercises that power in a manner inconsistent with the express provisions conferring jurisdiction upon the registrar.¹ In other words, the tribunal has an inherent power to fill gaps where the statutory procedural rules are silent, provided that is necessary and it is proper to do so. Consequently, I am satisfied that the registrar has the power to strike out a claim if it has no prospect of success, discloses no reasonable grounds or is abusive.

15. In *Jonson (A.P.) v Gore Wood & Co. (A Firm)* [2001] 2 W.L.R. 72; [2002] 2 A.C. 1, the House of Lords made the following comments regarding abuse of process at [22]:

"The rule of law depends upon the existence and availability of courts and tribunals to which citizens may resort for the determination of differences between them which they cannot otherwise resolve. Litigants are not without scrupulous examination of all the circumstances to be denied the right to bring a genuine subject of litigation before the court (*Yat Tung Investment Co. Ltd v. Dao Heng Bank Ltd.* [1975] A.C. 581 at 590 *per* Lord Kilbrandon, giving the advice of the Judicial Committee; *Brisbane City Council v. Attorney-General for Queensland* [1979] A.C. 411 at 425 *per* Lord Wilberforce, giving the advice

¹ See *Pharmedica GmbH's International Trade Mark Application* [2000] RPC 536 at [541].

of the Judicial Committee). This does not however mean that the court must hear in full and rule on the merits of any claim or defence which a party to litigation may choose to put forward. For there is, as Lord Diplock said at the outset of his speech in *Hunter v. Chief Constable of the West Midlands Police* [1982] A.C. 529 at 536, an

“inherent power which any court of justice must possess to prevent misuse of its procedure in a way which, although not inconsistent with the literal application of its procedural rules, would nevertheless be manifestly unfair to a party to litigation before it, or would otherwise bring the administration of justice into disrepute among right-thinking people. The circumstances in which abuse of process can arise are very varied; those which give rise to the instant appeal must be unique. It would, in my view, be most unwise if this House were to use this occasion to say anything that might be taken as limiting to fixed categories the kinds of circumstances in which the court has a duty (I disavow the word discretion) to exercise this salutary power”.

One manifestation of this power was to be found in RSC Order 18 rule 19 which empowered the court, at any stage of the proceedings, to strike out any pleading which disclosed no reasonable cause of action or defence, or which was scandalous, frivolous or vexatious, or which was otherwise an abuse of the process of the court. A similar power is now to be found in rule 3.4 of Part 3 of the Civil Procedure Rules”.

16. Rule 3.4 of the Civil Procedure Rules (“CPR”) reads as follows:

“(1) In this rule and rule 3.5, reference to a statement of case includes reference to part of a statement of case.

- (2) The court may strike out a statement of case if it appears to the court –
- (a) that the statement of case discloses no reasonable grounds for bringing or defending the claim;
 - (b) that the statement of case is an abuse of the court's process or is otherwise likely to obstruct the just disposal of the proceedings; or
 - (c) that there has been a failure to comply with a rule, practice direction or court order”.

17. Part 24.2 of the CPR concerns summary judgment and reads:

- “**24.2** The court may give summary judgment against a claimant or defendant on the whole of a claim or on a particular issue if –
- (a) it considers that –
 - (i) that claimant has no real prospect of succeeding on the claim or issue; or
 - (ii) that defendant has no real prospect of successfully defending the claim or issue; and
 - (b) there is no other compelling reason why the case or issue should be disposed of at a trial”.

18. In *Aquila WSA Aviation Opportunities II Limited v Onur Air Tasimacilik AS* [2018] EWHC 519 (Comm), Cockerill J summarised the principles regarding summary judgment at [27]. She said:

- “i) The Court must consider whether the defendant has a 'realistic' as opposed to a 'fanciful' prospect of success, see *Swain v Hillman* [2001] 2 All ER 91, 92.
- ii) The dividing line has been indicated in the authorities which state that:
 - a) A claim is 'fanciful' if it is entirely without substance: see Lord Hope in *Three Rivers District Council v Bank of England* [2001] UKHL 16 at [95].

b) A 'realistic' prospect of success is one that carries some degree of conviction and not one that is merely arguable: see *ED & F Man Liquid Products v. Patel* [2003] EWCA Civ 472.

iii) The overall burden of proof remains on the claimant to establish the negative proposition that the defendant has no real prospect of success and (where that is relevant) that there is no other reason for a trial: Henderson J in *Apovodedo v Collins* [2008] EWHC 775 (Ch) at [32].

iv) Short points of law and construction can be suitable for summary determination if the Court is satisfied that it has before it all the evidence necessary for the proper determination of the question and that the parties have had an adequate opportunity to address it in argument since (if a point is bad in law) the sooner it is determined the better: see *ICI & Polymers v TTE Trading* [2007] EWCA Civ 725 at [12] per Moore-Bick LJ;

v) The object of the rule is to winnow out cases that are not fit for trial. It follows that the Court must avoid conducting a 'mini-trial' without disclosure and oral evidence. The Court should avoid being drawn into an attempt to resolve those conflicts of fact which are normally resolved by a trial process where the trial judge will have many advantages over the judge at summary judgment. The Court should bear in mind what evidence can reasonably be expected to be available at trial: see *Doncaster Pharmaceuticals Group Ltd v. Bolton Pharmaceutical Co 100 Ltd* [2006] EWCA Civ 661, Mummery LJ at [17];

vi) The Court should be alive to the warning in *Easyair* [2009] EWHC 339 (Ch):

"If it is possible to show by evidence that although material in the form of documents or oral evidence that would put the documents in another light is not currently before the Court, such material is likely to exist and can be expected to be available at trial, it would be wrong to give summary judgment because there would be a real,

as opposed to a fanciful, prospect of success. However, it is not enough simply to argue that the case should be allowed to go to trial because something may turn up which would have a bearing on the question of construction.””.

Decision

19. The proprietor has provided evidence of a co-existence agreement signed by the parties to these proceedings before the filing date of the mark at issue. There is nothing in the agreement itself to suggest that it was not in operation at the date of application, nor that its provisions are no longer in force. The agreement [REDACTED]

[REDACTED]. There is nothing in the representation of the mark which would fall foul of the specific conditions regarding representation at clause 7 of the agreement. Prima facie, it appears that the applicant is bound by the terms of the agreement, specifically clause 7, and that the application to invalidate the registration is in breach of that agreement.

20. However, the applicant has made a number of submissions regarding the validity of the agreement. Despite the case management instruction to file evidence on this point, none of the allegations is in evidential format. I also note that the agreement is not governed by English law but, although both parties had the opportunity to file both evidence and submissions, apart from the brief comments of Mr Gomoll there is nothing in the parties' comments to assist me in determining how the relevant law on validity or formation might be materially different from English law. I will therefore proceed on the basis that, at least insofar as the matters raised by the applicant are concerned, the same broad principles apply.

21. There is no suggestion that the agreement was not signed by or on behalf of the applicant. Rather, the first claim is that the agreement is invalid because of defects of

form. The applicant has filed no evidence to support these assertions, which concern the territorial scope of the agreement and its duration. I see no reason why these issues would prevent the agreement from being valid: absent statutory or other provisions to the contrary, parties are generally entitled to agree whatever they choose, including the geographical scope or length of any contract. I have had no assistance from the applicant regarding the relevant law which would make good the assertions that the agreement is invalid. Mr Gomoll, who drew up the agreement and appears to be qualified to practise in the territory concerned, gives sworn evidence that the alleged deficiencies are not, in fact, required for a valid contract and that he knows of no reason why the agreement would be void.

22. The applicant has filed no evidence at all regarding its assertions. Nor has it suggested that there is evidence available which would support its allegations as to the formal defects of the contract. It has not, for example, identified any statute or case law which would support its assertion and undermine the otherwise unchallenged evidence of Mr Gomoll. I also remind myself that the applicant was specifically directed to file evidence on the validity of the contract: it can have no basis for thinking that further evidence would be invited. On the basis of the evidence and argument before me, the applicant has not established that the contract is invalid based on deficiencies of form.

23. The second claim advanced is that the agreement was signed “mistakenly” by the parties, that the applicant “found out about our wrong agreement” only later and feels deceived by the agreement. I note that Ms Yeganeh says that, as English is not her first language, she did not understand the “incompleteness” of the agreement. This appears to relate to the defects of form considered above. However, even if the applicant did not fully appreciate the terms of the agreement, that is no basis for finding the agreement invalid: the applicant, through Ms Yeganeh, chose to sign the agreement rather than satisfying itself that it understood the terms to which it was agreeing. It may have belatedly discovered that the terms were not to its satisfaction but that does not undermine the validity of the agreement or the fact that the applicant is bound by the undertakings therein.

24. The applicant also claims that the terms of the agreement are unfair. I see no basis for this assertion. The undertakings given by the applicant are mirrored by those given by the proprietor. In circumstances where the parties' obligations are virtually identical, it is difficult to see how the applicant could be considered prejudiced or subject to unfair or onerous terms.

25. In addition, the applicant claims that it has realised that the mark at issue resembles another mark which was subject to the agreement. This is irrelevant. The applicant gave certain undertakings in relation to the mark at issue which are unaffected by any undertakings in relation to different trade marks. A subsequent realisation that the mark at issue is rather closer to its own marks than it would like might be a source of regret but has no bearing on the validity of the contract.

26. Lastly, there is in the applicant's written submissions of 14 January 2020 a specific allegation that "I signed it because I was told by the third party's [presumably the proprietor's] lawyer that the agreement was going to take effect [REDACTED]" [original emphasis]. Again, this is bare assertion. The applicant has had the opportunity to file evidence, narrative or documentary, and has chosen not to do so. Unsurprisingly, the proprietor strongly denies the claim, noting that the applicant was professionally represented and, that being the case, it is improbable that the proprietor's legal representatives would contact the applicant directly. I agree that it is unlikely that a legal representative would bypass another party's attorneys but the proprietor has not provided me with the rules of professional conduct in the relevant territory. However, even if such a misrepresentation had been made, it would not automatically render the contract invalid.² The terms of the contract are clear: there can be no misunderstanding the meaning of "[REDACTED]" or "[REDACTED]". Even though Ms Yeganeh is not a native English speaker, it is apparent from her lengthy evidence and

² See, for example, *Peekay Intermark Ltd v Australia & New Zealand Banking Group Ltd* [2006] EWCA Civ 386.

submissions that she has more than a basic grasp of the language. I also bear in mind that the term is not buried in a mass of small print: it is included at clause 7 of 13, and the agreement itself is only 7 pages long. In my view, the clear terms of the contract would have had the effect of nullifying any previous misrepresentation as to the geographical scope of the agreement. A failure by the applicant to read the contract before signing cannot be laid at the proprietor's door; similarly, if there were any terms in the contract itself which the applicant did not understand, it was the applicant's responsibility to consult its professional representatives for an explanation and/or seek translation of the relevant passages.

27. Taking all of the above into account, the applicant has not established that the agreement is invalid, nor has it disclosed any reasonable grounds for believing that the agreement would be invalid. The applicant is bound by the terms of the agreement "[REDACTED]" the registration in the UK. The application for invalidity is a breach of the agreement and no plausible arguments have been advanced which would suggest otherwise. The application is, in my view, an abuse of process which falls within the ambit of rule 3.4 CPR. I can see no reason why this application ought to proceed further. The claim is struck out in its entirety.

28. Had I needed to consider the position under rule 24.2, my conclusion would have been that striking out under the summary judgment provision would also have been appropriate. That is because s. 47(2) of the Act provides that a trade mark registration may be declared invalid under the provisions of s. 5 of the Act "unless the proprietor of that earlier trade mark or other earlier right has consented to the registration". The applicant's undertaking "[REDACTED]" the registration", amounts to a positive undertaking [REDACTED]. I can see no reason why the applicant, having failed to establish that the agreement is invalid, would be able to claim that the registration was without its consent. There is no real prospect of the claim succeeding and there is no other compelling reason why this claim should proceed further.

Conclusion

29. The application for invalidation is struck out. The mark will remain registered.

Costs

30. The proprietor has been successful and is entitled to an award of costs. It has not sought off-scale costs. The applicable scale is contained in Tribunal Practice Notice 2/2016. In making an award, I bear in mind that the evidence filed by the proprietor was light. I award costs to the proprietor as follows:

Considering the application and filing a counterstatement:	£200
Filing evidence and considering the other party's evidence	£400
Written submissions:	£300
Total:	£900

31. I order Porscia Fashion, Inc. to pay Schumacher GmbH the sum of **£900**. This sum is to be paid within two months of the expiry of the appeal period or within twenty-one days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 19th day of May 2020

**Heather Harrison
For the Registrar
The Comptroller-General**