



TRADE MARKS ACT 1955

DECISION OF A DELEGATE OF THE REGISTRAR OF TRADE MARKS WITH REASONS

Re: Objection by PHILLIP BRANOV to an application by SLEEP BETTER BEDDING MFG. PTY LTD for an extension of time to lodge notice of opposition to trade mark application number 613805

Background to the matter

Application number 613805 was lodged on 12 October 1993 in the name of PHILLIP BRANOV (Mr Branov). The application was for registration of the mark as shown below and was advertised as accepted in the *Official Journal* of 12 January 1995 for the statement of goods: "Beds, mattresses and bedding in this class" in Class 20.



Section 49 of the Act provides that a person wishing to oppose the registration of an application may do so within three months of the date of advertisement by lodging a written notice of opposition specifying the grounds on which registration is opposed. The same provision also allows for extension of the initial opposition period by a further time not exceeding three months, stipulating only that any such application to extend the time allowed must be made within the initial three month period.

On 12 April 1995, SLEEP BETTER BEDDING MFG. PTY LTD (Sleep Better), lodged such an application through its trade mark attorneys, Davies Collison Cave of Melbourne, seeking to extend the time to lodge opposition from 12 April 1995 to 12 July 1995. The reason given for requesting the additional time was:

The applicant for the extension of time is the proprietor of a trade mark which is similar to the trade mark, the subject of Application No. A613805 and which is used in respect of similar goods. The applicant requires further time to consider the grounds of opposition and to prepare a Notice of Opposition.

On 10 May 1995, Mr Branov objected to the extension being granted and a hearing before me, as the Registrar's delegate, was set down to decide the matter in Melbourne on 31 May 1995. Mr Branov was represented at the hearing by Mr Scott Stuckey of Counsel, instructed by Mr Issac Brott, Solicitor. Appearing for Sleep Better was Mr Ben Fitzpatrick of Davies Collison Cave.

Submissions

In his submissions on behalf of Mr Branov, Mr Stuckey said that the law as it applied to these matters could be found in the case of *Vangedal-Nielsen v Commissioner of Patents* (1980) 33 ALR 144, where Bowen CJ dealt with a similar matter under section 59(1) of the Patents Act 1952. There, His Honour had said that an applicant for an extension carried the burden of establishing an appropriate case to justify its allowance. He had also discussed the rights of a person who might wish to object to that extension being granted. Mr Stuckey further referred to that judgment where it was said that Parliament had considered that three months was an appropriate period within which to lodge such an objection, although there could be some cases where the initial period might prove insufficient. His Honour had observed that an application for an extension of time in such a case could not be considered to be a procedural failing.

Mr Stuckey said that, if Sleep Better wished the Registrar to exercise his discretion to extend the period within which to lodge notice of opposition, there were a number of factors which should first be established. These included whether a good reason had been shown why the initial period of three months had been insufficient to lodge the notice, whether a serious opposition was contemplated, the interests of both parties in the dispute and also, the public interest. He said that a proper case had not been made out in the present instance. There was nothing in the reasons given which explained why the legislated period had been inadequate, when Sleep Better had become aware of the present application, or whether there were any unusual difficulties encountered in the preparation of the application to oppose. The only things that had been said was that Sleep Better owned a similar trade mark, and that it needed more time to consider the grounds of opposition and prepare a notice of opposition. There had been nothing as to the present state of proceedings, despite being half way through the extension requested. It therefore appeared that Sleep Better was seeking to delay registration of the application without coming to a firm decision regarding opposing it.

Mr Stuckey said that there was a public interest in expeditiously bringing the matter to a conclusion. He said that Sleep Better had not discharged its onus of establishing a proper case in the matter and had no right to an extension merely by asking for it to be granted. He said further that Mr Branov had attempted to do everything correctly in the matter. However, he had unsuccessfully objected to an extension to lodge opposition in a co-pending matter whilst unrepresented. He said that nothing should be inferred from that error regarding his intentions in the present case. The classes of goods contained in those two applications covered the bulk of Mr Branov's business and he had a distinct interest in having the matter resolved in his favour.

In reply, Mr Fitzpatrick outlined the history of the proposed opposition thus far and re-stated the grounds specified in the extension application. He added to that, saying that Sleep Better needed to evaluate the use of its own trade mark. This involved obtaining

information on the use of the present mark by Mr Branov - a process which was still going on.

He said that he agreed with Mr Stuckey that the law pertaining to such matters was as stated in *Vangedal-Nielsen*, supra, saying that the principles had been found to be applicable to trade mark cases - *Lyons (trading as Mitty's Authorised Newsagency) v Registrar of Trade Marks* (1983) 1 IPR 416. In the light of the principles stated in those cases, there were three factors which needed to be weighed in determining the merits of any applications for an extension. These were the seriousness of the opposition, the public interest and the balance of convenience.

Mr Fitzpatrick said that, in the present case, Sleep Better had been using a similar mark for over five years. This raised a serious question as to proprietorship which needed to be resolved. It had also made an application for registration of its own mark, previously deemed to be relevant in ascertaining the seriousness of an intent to initiate opposition proceedings - *Sampson v Pacific Telesis Group* (1992) AIPC 90-934. Given this, the proposed extension application was clearly not frivolous or vexatious.

He further said that it was in the public interest that a serious opposition should be allowed to proceed to resolution and not be shut out because of a "failure in procedure" - *Kaiser Aluminium and Chemical Corporation v Reynolds Metal Co* 120 CLR 136. The public interest was best served by a full disclosure of the facts when there was a dispute over proprietorship - especially given monopoly rights would be granted upon registration.

With respect to the issue of the balance of convenience, Mr Fitzpatrick said that it weighed heavily in favour of the extension being granted, as the present application had been cited as a bar to the acceptance of Sleep Better's own mark. This citation would doubtless be sustained if the present extension was denied. He said a settlement proposal had been put to Mr Branov and not to allow the extension would result in an end to these negotiations.

He said that Sleep Better had not been idle in the matter in that it was seeking such a negotiated settlement. Both parties were continuing to deal commercially and such a denial would damage the business relationship between the parties. Therefore the balance of convenience in allowing the extension actually favoured both parties. Mr Fitzpatrick said that, if the extension was allowed, it would not be inconvenient to Mr Branov as he had not objected to a similar extension being granted in the case of the co-pending opposition to another of his applications. Thus an extension in the present instance would not inconvenience him to a greater or lesser degree than in the other case.

He said that the rules of natural justice are presumed to apply whenever a person's rights or interests are affected by the decision of a public official. Because the proposed opposition proceedings would allow a full investigation of the matter, a refusal of this extension to lodge opposition would not be consistent with those rules.

Mr Fitzpatrick concluded his submissions by submitting that Sleep Better had discharged its onus of justifying the allowance of the extension and he sought costs in the matter in favour of his client.

Discussion

Having had the benefit of these submissions, it will be most efficient if I simply point to the relevant factors to be considered in an application made under section 49 for an extension of time to lodge opposition.

In *Vangedal-Nielsen*, supra, Bowen CJ put the matter, in terms as follows:

[I]t has been recognised that cases may occur where, for one reason or another, three months may prove insufficient. Accordingly, it has been provided that further time may be allowed, not exceeding a further three months. The Commissioner is interposed as the arbiter whether such an extension should be allowed and how long it should be. Clearly, the Commissioner will have to consider the interests of the prospective opponent who, for some good reason, has not been able to mount his opposition within the initial period of three months. The Commissioner will further have to have in mind, where a serious opposition is foreshadowed, the public interest which has been mentioned, but he will have to require to be satisfied by an applicant for an extension that a proper case has been made out justifying an extension. It would be wrong if he granted an extension simply because no one had raised rather exceptional circumstances why it should not be granted. Reasons why this is so include the desirability of operating the system efficiently and without unreasonable delays and also the interests of the applicant for a patent...

The reasoning of Bowen CJ in *Vangedal* is, in principle, applicable to these matters to the extent that an extension of time is not a matter of right but must be justified by an explanation of why the time allowed in the original period has been insufficient.

I agree with both Messrs Stuckey and Fitzpatrick that the factors to be weighed, if an adequate case is firstly made for the insufficiency of the initial time period are, firstly, whether a proper case has been made to justify the extension, the seriousness of the opposition, the public interest, and finally the consequences of the decision for both the applicant and the opponent. I also concur with Mr Fitzpatrick that there is an analogy between the *Vangedal* situation and the case of *Lyons v Registrar of Trade Marks*, supra. The latter case was decided under section 130 of the *Trade Marks Act* in relation to the time specified by regulation 43 of the *Trade Mark Regulations* for service of evidence in support of a trade mark opposition. Within those limits and as per Kitto J in *Kaiser Aluminium and Chemical Corporation v Reynolds Metal Co*, supra, it is in the public interest that an opposition not be shut out by a failure of procedure. Despite Mr Stuckey's reservations as to whether an extension of time can be considered to be a failure of procedure, I think that

this does mean that I can consider *all* of the facts surrounding this question, whether they were raised in the initial request or subsequently.

Whilst I note that, in the *Lyons* case, *supra*, the reasoning of an opposition case decided under the specific requirements applicable to a patent opposition was imported into one under the non-specific terms of section 130 of the *Trade Marks Act*, it does not necessarily follow that all of the reasons which might justify an extension under section 130 can be relied on under section 49. This is as per the obiter remarks of Assistant Registrar Hancock in the case of *Lind Engineering Ltd v Leeton Steel Works Pty Ltd* 4 IPR 445 at 448, to the effect that the Act provides a somewhat stricter time scale for lodging notice of opposition than for extensions of time for the service of evidence and, by implication, a narrower discretion to extend it.

Further, and unlike the *Vangedal* case dealt with under the *Patents Act*, it is not mandatory for the opponent in a trade mark matter to establish a *locus standi*, nor are the grounds of opposition defined and limited, although the *Trade Marks Act* requires that they ultimately be specified. There is thus no onus on the prospective opponent, when seeking an extension of the opposition period, to justify the grounding of the opposition, although it may assist a prospective opponent to invoke the public interest if the grounds are specified, or assist the trade mark applicant if it can be independently established that an opposition is frivolous.

The relevance of the nature of the opposition itself has been addressed in *Playground Supplies Pty Ltd's Appn* (1985) 5 IPR 433 and *Carlton and United Breweries Ltd v Miller Brewing Co* 9 IPR 295. In the latter case, Acting Chief Assistant Registrar Hanlon came to the conclusion that "serious" meant, in the context in which it was used by Bowen CJ, and by Kitto J in the *Kaiser Aluminium* case, *supra*, "seriously intended", but the same conclusion would also apply if the sense of "demanding earnest thought or application" (*Macquarie Dictionary*) is adopted in the present situation.

I will now address the issues foreshadowed by Bowen CJ in the *Vangedal* case, supra, as they apply in the present instance.

Good reason

Obviously anything which would support an extension under the rigorous *force majeure* provisions of section 131, as discussed in *Atomic Skifabrik Alois Rohrmoser v Registrar of Trade Marks* (1987) 7 IPR 551, would constitute a "good reason" for the present purposes. The decision of the Federal Court in the *Lyons* case shows that, at least for the purpose of section 130 of the Trade Marks Act, good reasons also include the lesser difficulties of obtaining material from third parties. That this process is still occurring in the present instance was revealed by Mr Fitzpatrick when he said that Sleep Better was gathering information as to the use of the mark by Mr Branov. Mr Fitzpatrick also revealed at the hearing that Sleep Better has been allegedly using its own mark for some five or six years, pointing to a dispute regarding proprietorship of the present mark. He further said that a settlement proposal had been put forward by Sleep Better, although it is unclear as to when this occurred or what Mr Branov's response was to these overtures.

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It is unfortunate that some reference to these circumstances could not have been made in the original application for the extension. The reason given for why that further time was required, "...to consider the grounds of opposition and to prepare a Notice of Opposition", gives no hint of further action being in train and it was only at the hearing that this was revealed. Notwithstanding the foregoing, the reasons subsequently brought to light seem to me to be convincing in justifying the application.

Serious opposition

Sleep Better has made an application to register its own mark against which the present application has been cited as a bar to registration. This indicates to me that Sleep Better is contemplating a serious opposition to the present case, as its successful removal would leave the way open to the registration of Sleep Better's own mark. The ultimate truth of the seriousness of the opposition can, in the lack of clear and tested evidence that the opposition is frivolous, only be tested at the end of the opposition process and it will not help to require the grounds to be fleshed out further when the prospective opponent is still assessing its position. Therefore, in the lack of any evidence that the opposition is not serious, Sleep Better has done enough to meet the onus placed on it. However, I must add here that it would have been more helpful if *all* of the reasons had been briefly stated in the original grounds for the request.

Public interest

As Shanahan notes at page 69 of his book, *Australian Law of Trade Marks and Passing Off* (Second Edition), "The public interest in denying registration to a deceptive mark will often weigh heavily in favour of extension", and this is so as much in relation to the lodgment of the opposition itself as to the extension of time for the evidence stages which will follow. Given the claims and counter claims by the parties in dispute in the matter, especially those concerning the ownership of the present mark, it would seem that the public interest will be best served by a full and open disclosure of the facts and evidence from both sides.

Interests of the applicant and of the prospective opponent

Mr Stuckey did not put forward any submissions as to whether the granting of the extension would harm the interests of his client. He did say that the goods covered by this application, and that of application number 613806, represented the bulk of Mr Branov's business, thereby making him very interested in the outcome of proceedings. Thus, it could be supposed, he would be very keen on a speedy resolution. However, any delays caused by opposition to a mark's registration are part and parcel of that process and if, in the final

outcome, Mr Branov is successful, the registration of the mark will, because of the effect of section 53(2), extend from the date on which the application to register the trade mark was lodged. Equally, the inconvenience and expense of the opposition process itself are inherent in any such dispute. On the other hand, if I did not allow the time sought, then Sleep Better's case would be immediately brought to an end. This would mean that the citation of the present mark as a bar to the registration of its own mark would, in all probability, be maintained and lead to its lapsing. Consequently, I think that a refusal would be more damaging to Sleep Better's interests than those of Mr Branov. I therefore find that the balance of convenience lies with granting the extension and allowing the case to be decided upon its merits.

Decision

On balance then, I find that the extension is allowable. I therefore allow the extension of time sought within which to lodge Notice of Opposition to trade mark application 613805.

On the question of costs, I can see no reason for me to depart from the normal course that costs should follow the result. I therefore award costs in the matter to Sleep Better.

Ian Forno
Hearing Officer

19 June 1995