

## **UK Trade Mark Oppositions: *Special Effects* is reversed**

**by Christy Rogers**

The controversial High Court decision in *Special Effects Ltd v L'Oreal SA & L'Oreal (UK) Ltd*<sup>1</sup>, which I reported in this journal towards the end of last year, has been reversed by the Court of Appeal.

The decision concerned the application of estoppel principles to trade mark opposition proceedings. The Chancellor of the High Court had held that a party (or an associated party) who had opposed the registration of a trade mark in the UK Registry was barred from pleading invalidity on the same or similar grounds by way of a counterclaim to subsequent infringement proceedings.

The Court of Appeal found that cause-of-action-estoppel did not apply in these circumstances, because in opposition proceedings neither the applicant for registration nor the opponent could be regarded as having a 'cause of action' as such. A wish to have a mark registered, or to prevent that registration, is not a legal cause of action. Further, issue-estoppel did not apply because the co-existence in UK trade mark legislation of the provisions for opposition and for a declaration of invalidity indicates that opposition proceedings are inherently not final. On this point the Court was particularly persuaded by the fact that any unconnected third party could challenge the validity of a registration, despite an earlier unsuccessful opposition by another, and that if the challenge were successful there would be nothing which would bind the unsuccessful former opponent.

The Court of Appeal did leave open one slim ground on which a trade mark proprietor might be able to have excluded a challenge to validity in these circumstances. This is the 'abuse of process' argument, which applies in cases where a party's conduct amounts to abuse of the process of the court, which is not excused or justified by special circumstances. Usually the conduct would have to be so unreasonable as to amount to harassment of the trade mark proprietor. In *Special Effects* the Court found that, given the nature of opposition proceedings as being essentially preliminary, and given the economical and expeditious approach which is encouraged in the Registry, it would be wrong in the circumstances to regard L'Oreal's actions (in seeking to raise the counterclaim) as an abuse of process. However, the Court did make the reservation that if opposition proceedings had been conducted in the Registry in a manner similar to High Court litigation, with counsel representing the parties and with disclosure and cross-examination, then

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<sup>1</sup> [2006] RPC 33, [2006] EWHC 481 (Ch)

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it would be possible that it might properly be regarded as an abuse to fight the same issues again in court.

It is difficult for trade mark attorneys to know what to make of this aside by the Court. In some cases it may be natural to take a more thorough approach to opposition proceedings than is normal, but it would be very undesirable for the opponent if this were to have an effect on the admissibility of a later invalidity argument. It is common for parties to be represented by counsel at opposition proceedings, and this is in some cases purely for reasons of convenience and practicality, and it may in some cases save costs. Likewise, limited cross examination may be necessary to resolve conflicts of evidence, and this does not change the nature of the proceedings.

It seems likely that the comments of Lord Justice Lloyd (giving the judgment of the Court) were intended only to avoid closing the door completely to any abuse of process claim, and that it would be only in a truly exceptional case that such a claim would succeed. On this basis, a potential opponent to a UK registration may now be advised that a routine opposition, if unsuccessful, is not likely to jeopardise any subsequent proceedings. The instruction of counsel, and limited cross examination of witnesses where appropriate, ought not to change this position. However, if it is proposed to scale up the thoroughness of an opposition procedure outside the normal boundaries of cost and complexity, a client must be advised of the possible implications of this for future proceedings.

The Court of Appeal in *Special Effects* expressly declined to decide whether the judgment in *Hormel Foods Corp v Antilles Landscape Investments NV*<sup>2</sup> was correct. This was a case in which the claimant had made an unsuccessful application in the Registry for a declaration of invalidity of a registration, and a second application to the High Court, based on different grounds, was barred by cause-of-action-estoppel. However, the Court of Appeal did give some support to that decision, saying that it seemed likely that an unsuccessful application for a declaration of invalidity in the Registry would preclude a later attempt to the same effect in the Registry, unless presented in reliance on new grounds not available on the first occasion.

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<sup>2</sup> [2005] RPC 28, [2005] EWHC 13 (Ch)