

THE HIGH COURT**2005 No. 453 SP****IN THE MATTER OF THE TRADE MARKS ACT, 1996****AND IN THE MATTER OF AN APPLICATION PURSUANT TO THE****TRADE MARKS ACT, 1996 BY BUS ÉIREANN / IRISH BUS DATED 4TH OCTOBER, 1999 FOR REGISTRATION OF "AIRCOACH" AS A TRADE MARK IN CLASS 39 OF THE REGISTER OF TRADEMARKS****BETWEEN****BUS ÉIREANN / IRISH BUS****PLAINTIFF****AND****THE CONTROLLER OF PATENTS, DESIGNS AND TRADE MARKS
AND LAST PASSIVE LIMITED****DEFENDANTS****Judgment of Miss Justice Laffoy delivered on 13th June, 2007.****The proceedings**

1. On 4th October, 1999 the plaintiff (the applicant) made an application to register the word AIRCOACH ("Aircoach") as a trade mark in class 39 in respect of transport services, passenger transport and cargo transport services and other services as set out in the application. On 13th September, 2000 the second defendant (the opponent) served notice of opposition to the registration of the mark pursuant to s. 43 of the Trade Marks Act, 1996 (the Act of 1996). The substantive application and opposition are pending before the first defendant (the Controller). These proceedings are brought by way of appeal from a decision of the Controller made on 27th May, 2005 and the grounds for the decision dated 3rd June, 2005 (the Written Grounds) on an interlocutory application made to him by the applicant, whereby he refused to grant the applicant leave pursuant to Rule 23 of the Trade Marks Rules, 1996 (the 1996 Rules) to file additional evidence in the form of a statutory declaration of Timothy Hayes made on 23rd March, 2005 and the exhibits referred to therein (TH3).

2. The appeal is brought under s. 79 of the Act of 1996, which provides that the court may on an appeal under the section exercise any power which could have been exercised by the Controller in the proceedings from which the appeal is brought.

The 1996 Rules

3. The 1996 Rules, insofar as they are relevant for present purposes, provide as follows:

(a) Rules 18 and 19 provide for the filing with the Controller of what might be loosely described as the pleadings on the opposition to an application for registration. The opponent must give notice of opposition, which includes a statement of grounds of opposition, under s. 43 of the Act of 1996 within three months of the publication of the application in the Patents Office Journal. Rule 19 allows another three months for the filing by the applicant of a counter-statement. The entitlement of the opponent and the applicant to adduce evidence, which is distinct from, and arises following the identification of the issues, on "the pleadings", is dealt with in Rules 20 to 23 inclusive.

(b) Rule 20(1) provides that the opponent, who effectively has the status of plaintiff in the opposition proceedings, shall file with the Controller such evidence by way of statutory declaration as he or she desires to adduce in support of his or her opposition within three months of receipt of a copy of the counter-statement.

(c) Rule 21 provides that the applicant shall have three months from receipt of a copy of the Rule 20 evidence to file such evidence by way of statutory declaration as he or she desires to adduce in support of the application.

(d) Rule 22 provides that the opponent may, within two months of a receipt of a copy of the Rule 21 evidence, file evidence by way of a statutory declaration but sub-rule (2) provides as follows:

"Evidence filed by the opponent under this Rule shall be confined to matters strictly in reply".

(e) Rule 23 deals with further evidence and provides as follows:

"No further evidence may be filed unless, in any proceedings before the Controller, the Controller gives leave to either the applicant or the opponent to file evidence upon such terms as to costs or otherwise as the Controller may think fit."

The procedural steps taken before the Controller

4. The procedural steps which have been taken before the Controller to the date of the decision in issue in these proceedings are as follows:

(1) As I have stated, the applicant's application was made on 4th October, 1991 and the opponent's notice of opposition was filed on 13th September, 2000. The applicant's counter-statement was filed on 17th January, 2001. In the Written Grounds the Controller identified paragraphs 8 to 10 of the notice of opposition as setting out the principal objections advanced by the opponent. There are certainly the objections which create the contextual background against which this appeal has to be decided.

In paragraph 8 the opponent contended that the applicant had no interest in the trade mark "Aircoach" until it became aware of the Opponent's intention to use that name for a rival service and that the applicant adopted the trade mark unjustly and in bad faith, with the sole objective to cause difficulties for a fledgling competitor without any serious business or legitimate intention to use the trade mark. Specifically, it was alleged that the managing director of the applicant advised the managing director of the opponent that he personally had no knowledge of the applicant running a service under that name. In paragraph 9 it was asserted that the registration of the mark would be contrary to the provisions of s. 8(4)(b) of the Act of 1996, which provides that a trade mark shall not be

registered if, or to the extent that, the application is made in bad faith by the applicant. In paragraph 10 it was asserted that the application should be refused on the basis that the applicant does not use, nor does it have any bona fide intention of using, the mark in relation to the services specified in the application.

The applicant has denied those allegations in its counter-statement, asserting that it first used the trade mark in 1989, and that the allegations in para. 8 are wholly unfounded and without justification.

(2) The Rule 20 evidence submitted by the opponent was a statutory declaration of John O'Sullivan, the Managing Director of the opponent, made on 26th April, 2002 (JOS1). In that declaration Mr. O'Sullivan made the *mala fides* allegation in similar terms to para. 8 of the notice of opposition and contended that the registration should be refused pursuant to s. 8(4)(b) of the Act of 1996.

(3) The Rule 21 evidence filed by the applicant comprised three statutory declarations: a statutory declaration made on 10th October, 2003 by William Lilley, the Managing Director of the applicant; a statutory declaration also made on 10th October, 2003 by Timothy Hayes, the Business Development Manager of the applicant; and a statutory declaration made on 13th October, 2003 by Joseph Fitzgerald, the Area Manager for the applicant in Cork.

(4) The Rule 22 evidence filed by the opponent comprised three statutory declarations: a statutory declaration made on 16th December, 2004 of John O'Sullivan (JOS2); a statutory declaration also made on 16th December, 2004 by Mary Leane, who was a director of the opponent from 1999 to November, 2003 and an employee of the applicant from 1994 to 1999; and a statutory declaration made on the same day, 16th December, 2004, by Donal Mangan, who described himself as a senior officer of the applicant from 1987 to 1996.

(5) By letter dated 26th January, 2005, from the applicant's agents, F.R. Kelly & Company, to the Controller it was asserted that the statutory declaration of Donal Mangan raised new issues of fact and was not confined to matters strictly in reply to the applicant's Rule 21 evidence. Leave was requested to file evidence addressing the new evidence contained in Mr. Mangan's declaration under Rule 23. The opponent's agents, Tomkins, while not conceding that Mr. Mangan's declaration raised new issues of fact, did not object to the admission of further evidence, although they reserved the right to make submissions as to the relevance and probative value of the proposed evidence. The Controller granted the leave and, in consequence, two further statutory declarations were filed by the applicant: a statutory declaration made on 8th March, 2005 by Timothy Hayes; and a statutory declaration made on the same day, 8th March, 2005, by Donal Mangan.

(6) When submitting the two statutory declarations referred to at (5), in the accompanying letter of 10th March, 2005, the applicant's agents referred to another aspect of the opponent's Rule 22 evidence, JOS2, stating that it contained very serious allegations of unfair business practice on the part of the applicant. It was stated that the applicant had assumed that, once the opponent had reviewed the applicant's extensive pre-filing use of the name "AIR COACH", they would withdraw their allegations of bad faith. However, given that the allegations were "repeated and highlighted" in JOS2, the applicant considered it imperative to submit further evidence to refute the allegations. The applicant's agents sought leave to file a third statutory declaration made by Timothy Hayes. TH3 was subsequently submitted to the Controller. The position adopted by the opponent's agents was that the request for leave to file additional evidence should be refused for the reasons set out in a letter from Tomkins to the Controller dated 15th March, 2005. Following receipt of that letter the Controller intimated that it was proposed to refuse the request by letter dated 22nd March, 2005, which apparently crossed the letter submitting TH3 in the post.

(7) By letter dated 24th March, 2005 the applicant's agents sought a hearing on the issue in accordance with Rule 61(2) of the 1996 Rules. The hearing took place on 11th May, 2005. Both the applicant and the opponent were represented by counsel at the hearing. By letter dated 27th May, 2005 the applicant was informed that the Controller had decided to refuse the applicant's request for leave to file further evidence under Rule 23, and this notification was followed by a the Written Grounds given by Timothy Cleary, acting for the Controller, and dated 3rd June, 2005.

Events which post-date the decision

5. The opponent has put before the court an affidavit sworn by its solicitor, Richard Woulfe, on 25th May, 2006, which exhibits the following correspondence:

(a) A letter dated 23rd November, 2005 from the applicant's agents submitting that the only just and reliable means of deciding the questions of fact which arise in the substantive proceedings before the Controller, particularly in relation to the allegation of bad faith, would be for the Controller to require the various declarants to attend at the hearing to testify and be subject to cross-examination by counsel for the adversary, with an opportunity for re-examination and requesting that that approach be adopted. It was suggested that these proceedings could be adjourned if that request, which was made under s. 92 of the Patents Act, 1992 (the Act of 1992), was granted.

(b) A letter dated 29th November, 2005 from the Controller to the applicant's agents in response. In that letter a distinction was drawn between sub-s. (1) and sub-s. (3) of s. 92 of the Act of 1992, suggesting that sub-s. (3) could not be invoked in the present case. That distinction is no longer relevant because sub-s. (3) has been amended by s. 24 of the Patents (Amendment) Act, 2006 so as to empower the Controller to exercise the powers conferred by that sub-section not only for the purposes of the functions assigned to him by the Act of 1992 but also for the purposes of functions assigned to him by any other enactment. In any event, the Controller considered that there was nothing to prevent him from hearing oral evidence if the declarants consented to that course.

(c) A letter dated 21st December, 2005 from the opponent's agents to the Controller in which it was stated that the giving of viva voce evidence at the hearing of the opposition proceedings was highly desirable and they were agreeable to their declarants attending at the hearing and being examined on their evidence. They also agreed to the applicant's proposal as to how the evidence would be taken. They also raised issues in relation to mutual disclosure of documentation, but that does not concern this Court.

6. What is significant for present purposes is that in the letter of 29th November, 2005 the Controller stated that any viva voce examination at the hearing before the Controller would have to be limited to the evidence already given by the relevant persons and

could not constitute a means by which further or additional evidence was to be admitted into the opposition proceedings. The Controller made it clear that the question of further evidence was a matter for this Court in these proceedings. Therefore, this appeal remained relevant.

The decision of the Controller

7. In the Written Grounds, the Controller dealt comprehensively with the application before him. The focus of this summary is the aspects of his reasoning with which the applicant takes issue.

8. The Controller stated that the simple and clear purpose and effect of Rule 23 is to bring to a conclusion the evidence-filing phase of opposition proceedings and to ensure that all of the evidence of the respective parties is disclosed and known to the other side and to the Controller prior to the hearing of the matter. In relation to the discretion given to him to allow the filing of further evidence, he stated that that discretion must be exercised "only where exceptional circumstances are shown to exist and in the light of the policy objective pursued by the provision to the effect that, in general, no further evidence may be filed". However, the Controller did recognise counterbalancing factors to what he considered to be the underlying rationale of rule 23 – achieving certainty as to the exact nature of the case as early as possible: that there is an obvious interest in having all relevant evidence available for consideration before the Controller makes a final determination and the possibility that a refusal of leave to file further evidence may result in a wrong decision on the merits.

9. The Controller considered that some of the factors identified by the English High Court (Laddie J.) in *Hunt-Wesson Inc.'s Trade Mark Application* [1996] R.P.C. 233 as being relevant in determining whether additional evidence should be allowed to be brought forward on an appeal to court against a decision dismissing the opposition to an application for registration of a trade mark (which factors were applied by this Court in a similar context, an application to bring forward further material for consideration by the court on an appeal under s. 57 of the Trade Mark Act, 1963, in *Unilever Plc v. Controller of Patents* [2006] 2 I.L.R.M. 210) are relevant in applying Rule 23. The factors which the Controller considered relevant and his application of them in this case were as follows:

1. Whether the evidence could have been filed earlier and, if so, how much earlier.

The Controller concluded that, as regards the central allegation, virtually all of the potentially relevant evidence contained in TH3 could have been filed as part of the applicant's Rule 21 evidence.

2. If it could have been, what explanation for the late filing had been offered to explain the delay.

In relation to the reason given in the letter of 10th March, 2005 from the applicant's agent, that it was assumed that the allegation of bad faith would be withdrawn, the Controller was of the view that that was an untenable position for the applicant to adopt, in that the Rules do not envisage a form of tactical battle between the parties in the evidence-filing phase of opposition proceedings whereby each side reveals just so much of its case as may be sufficient to cause the other to withdraw but keeps in reserve a trump card to play later in the game. As to the reason advanced at the hearing before the Controller and in this Court, that JOS2 was not "confined to matters strictly in reply" as required by Rule 22, and that it contained new material in relation to which the applicant must be given an opportunity to respond, while the Controller accepted that JOS2 does contain some material that is not directly rooted in the notice of opposition or in the opponent's Rule 20 evidence, that material was strictly in reply to the applicant's Rule 21 evidence. On that basis he found that JOS2 had not introduced new facts into the opponent's evidence such as would warrant the granting of leave under rule 23. The Controller rejected the argument that the applicant could only have known the full extent of the allegation of bad faith being levelled against it upon the filing of the Rule 22 evidence and he also rejected an argument that the opponent had changed the basis of the allegation of bad faith.

3. The nature of the objections to the mark.

The Controller accepted that the allegation of bad faith was a serious consideration. However, he commented that, given that factor, and the very explicit way in which the allegation was made in the notice of opposition, it was all the more surprising that the applicant had not filed the evidence contained in TH3 as part of its Rule 21 evidence.

4. The potential significance of the new evidence.

The Controller concluded that there was no evidence in the entirety of TH3 that could be regarded as particularly significant, let alone decisive, insofar as the substantive questions of the case are concerned.

10. The Controller summarised his reasons for refusing the request for leave to file further evidence as follows:

"The Applicant has had the opportunity that is provided by Rule 21 to file such evidence as it desires to adduce in support of the application and nothing has changed in terms of the nature of the objections raised against the application by the opponent to warrant giving the Applicant a second bit of the cherry. Nor do I regard the evidence that the Applicant seeks to file as sufficiently significant in terms of the case as a whole to warrant exercising the Controller's discretion favourably towards the Applicant."

Submissions on legal principles applicable

11. The focus of this summary is primarily on the arguments advanced on behalf of the applicant that the Controller erred in law in the approach he adopted.

12. Counsel for the applicant submitted that the approach adopted by the Controller was seriously flawed. The criterion applied by the Controller for the exercise of his discretion, that it is to be exercised only where exceptional circumstances are shown to exist, is not to be found in Rule 23 and was characterised as a "wholly unwarranted fetter" on the discretion conferred on the Controller. As to the manner of its application, it is to be inferred from the approach adopted that the Controller gave more weight to the smooth and efficient running of the process than to the pursuit of a fair adjudication that is consistent with the principles of natural and constitutional justice.

13. The Controller's reliance on some of the factors identified in the *Hunt-Wesson* case was inappropriate, it was argued on behalf of the applicant, because different considerations govern the admission of new evidence at first instance and on appeal. At appeal stage the introduction of new evidence undermines the traditional function of an appeal, which, it was submitted, gives rise to the natural reluctance to allow parties to introduce new material. However, the position at first instance prior to the making of a substantive

decision is different and the primary consideration should be to ensure the fairness of the process and the reliability of the ultimate decision of the Controller. It was pointed out that Rule 23 appears to envisage the inconvenience or expense which may be caused by late filing of evidence to be redressed by terms imposed by the Controller, for example, the terms as to costs.

14. Counsel for the applicant emphasised the importance of adherence to the rules of natural and constitutional justice generally in adjudication on issues arising from commercial regulation, referring to Hogan and Morgan on *Administrative Law in Ireland* (3rd Ed., 1998) at p. 594 and specifically where an allegation of "bad faith" is levied at an applicant for registration of a trade mark, citing the seminal decision of the Supreme Court in *Re Haughey* [1971] I.R. 217. He commended to this Court the commentary on the meaning of the term "bad faith" contained in the judgment of the English High Court in *Gromax Plastics Limited v. Don & Low Nonwovens Limited* [1999] R.P.C. 367 (followed by the Court of Appeal of England and Wales in *Harrison's Trade Mark Application* [2004] E.W.C.A. Civ. 1028, para. 33) in which Lindsay J. stated (at p. 379):

"I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon regard to all material surrounding circumstances."

15. The court was also referred to dictum in this jurisdiction as to the importance of clear particularisation as to the basis of a charge of bad faith. In *The Zockoll Group Limited v. Controller of Patents* (High Court, Unreported, 17th October, 2006) O'Sullivan J. stated as follows (at p. 4):

"Any allegation couched in terms of *mala fides* or want of good faith or whatever, is a serious matter and indeed has been treated seriously in Trademark jurisprudence (see *Harrison's Trade Mark Application* [2005] F.S.R. 10 at p. 177), where a carefully modulated standard of proof is elaborated. It is not sufficient or fair to an applicant, to characterise its behaviour as bad faith in the course of submissions before the Controller without giving formal, advance notice and particulars in good time to enable the charge to be defended."

16. Counsel for the applicant contrasted the approach adopted by the Controller in this case and the position adopted by him on a similar application in *Inn Crystal Vertriebs GmbH's application*. In the written grounds for the decision of the Controller on the substantive application in that case dated 24th February, 2005 Mr. Cleary, acting for the Controller, outlined the manner in which an application under Rule 23 had been dealt with in the course of the process. As I understand it from reading the written grounds, the applicant for leave under rule 23 was the applicant for registration of the trade mark. That application was preceded by, first, the admission of further evidence of the applicant under Rule 23 by tacit agreement of all of the parties and, secondly, the admission of further evidence of the opponent, Waterford Wedgwood Plc, under Rule 23, which was admitted because, as was stated in the written grounds, it was taken up entirely with argument and did not contain any facts that it was worth mentioning. However, the argument put forward by the applicant on the application on which the Controller ruled was that the last declaration submitted by the opponent, referred to as the Foley Declaration, which was dated 12th January, 2004, contained a veiled allegation that the applicant had copied one of the opponent's patterns in its own glassware. Setting out his reason for granting the applicant leave to file further evidence under Rule 23 insofar as it was necessary to respond to the implied allegation, the Controller stated:

"My reason for this decision (which I outlined to the parties at the hearing and now confirm) was that the applicant had to be given an opportunity to disprove the implied allegation of copying made by the opponent in the Foley Declaration of 12 January, 2004. Notwithstanding the lateness of the request to file evidence in the matter and the fact that the Applicant's explanation of the need to file evidence was only fully articulated on the day of the hearing, the opponent could not reasonably object to the Applicant's request as it was the opponent who brought the question of the similarity between the respective patterns into play in the first place. If anything were ultimately to turn on the matter, then it would be inequitable to deny the applicant the opportunity to defend its reputation in the face of an allegation of this nature."

17. The recognition by the Controller in the foregoing passage of the necessity for a fair and equitable approach where an applicant has to meet an allegation of bad faith that might otherwise damage its reputation was contrasted by counsel for the applicant with the Controller's decision on the applicant's application for leave, the net effect of which, it was contended, was to subordinate the constitutionally ordained right to fair procedures to a desire for promptness and good order in the process.

18. As to the test to be applied by the court on this appeal, counsel for the Controller, who was supported by counsel for the opponent, submitted that the court should adopt the test applied on an appeal under s. 41(3) of the Copyright Act, 1963 in *Carrickdale Hotel Limited v. Controller of Patents* [2004] 3 I.R. 410 at p. 423: whether the applicant has established as a matter of probability that, taking the adjudicative process as a whole, the decision reached by the Controller was vitiated by a serious and significant error or a series of such errors and that, in applying the test, regard should be had to the degree of expertise and specialist knowledge which the Controller has. Counsel for the applicant pointed to the discretionary nature of the court's power under s. 79 and submitted that the question for the court is whether the Controller erred in principle and, if so, the court should intervene. It was submitted that, as the answer to that question turns on an evidential matter and relates to procedural fairness, it would not be appropriate for the court to show curial deference to the Controller.

19. In the grounds set out on the endorsement of claim on the special summons the applicant itemised errors of law and fact and errors of law, some of which I have already alluded to, which it was contended gave rise to an entitlement to have the decision of the Controller set aside and to be allowed to file TH3 under rule 23. The essence of the applicant's complaint is that JOS2 is not confined to matters strictly in reply, but has introduced new evidence which the opponent ought to have filed pursuant to rule 20 and that it would be contrary to the principles of natural and constitutional justice not to allow the applicant to adduce evidence in rebuttal.

Conclusions on the legal principles applicable.

20. Although, apparently, there is no judicial authority on rule 23, I think it would be presumptuous and dangerous to attempt to formulate a rule of general application on the basis of a single experience of the operation of the rule. Therefore, the following propositions are put forward as being relevant to the determination of the issue on this appeal:

(1) As this appeal concerns a net question of the interpretation and application of a rule of procedure, the test is whether the Controller erred in principle. The level of deference which the court would show to the Controller in relation to the

determination of the substantive issue in these proceedings is not warranted on this appeal, given the nature of the question which arises.

(2) Under rule 20(1) it is not open to an opponent in adducing evidence in support of his opposition to hold in reserve part of the factual material on which he intends to rely, with a view to including it in his rule 22 evidence. The scheme of the 1996 Rules requires full disclosure by the opponent of the factual evidence available to him at the rule 20 stage, if he wishes to rely on it. Having regard to the plaintiff status of the opponent in the opposition proceedings, to permit him to adopt a minimalist approach at rule 20 stage and a more expansive approach at rule 22 stage could give him a tactical advantage and could be unfair to the applicant.

(3) The entitlement of an applicant under rule 21 is to adduce evidence "in support of the application". It is not, as is implicitly suggested in the submissions of counsel for the applicant, merely a right to adduce evidence in response to the opponent's evidence. Therefore, when exercising his entitlement under rule 21, it is not open to the applicant to keep in reserve evidence available to him at that stage which he may wish to rely on in support of his application, in the hope of getting it in on foot of leave granted under rule 23. The Controller was properly critical of the reason advanced by the applicant's agents in their letter of 10th March, 2005 in support of the application for leave to file TH3, which reason was jettisoned at the hearing before the Controller and in this Court. He was correct in stating that the 1996 Rules do not envisage a form of tactical battle between the parties in the evidence filing phase with each side revealing just so much of its case as may be sufficient to cause the other to withdraw, keeping in reserve a trump card to play later in the game. Bearing in mind the old adage that what is sauce for the goose is sauce for the gander, that proposition applies equally to the opponent and the applicant and is reflected in the proposition set out at (2) above.

(4) The 1996 Rules, which have a post-1937 statutory basis, must be given a constitutional interpretation and they must be applied and the procedures thereunder must be conducted in accordance with the principles of constitutional justice (per the Supreme Court in *East Donegal Co-operative v. Attorney General* [1970] I.R. 317 at p. 341). It is a requirement of basic procedures as guaranteed by the Constitution that a person whose good name is impugned should be afforded a reasonable means of defending himself, including the right to give rebutting evidence (per the Supreme Court in *Re Haughey* at p. 264). It follows, in my view, that where there is a charge of *mala fides*, whether against an individual or a body corporate acting through individuals, in applying rule 23 the primary consideration must be to ensure that the maligned individual or body corporate is not deprived of the opportunity of adducing evidence in response to the evidence which tends to support the charge before the issue is adjudicated on.

(5) Rules 20 to 23 inclusive of the 1996 Rules are concerned with the filing of statements of fact before the Controller, not statements of lay opinion, argument, comment, advocacy or submissions on the law. If an opponent files rule 22 evidence which strays beyond factual matters into areas which counsel for the opponent in this case urged it is permissible to explore (comment, identification of gaps in the rule 21 evidence, repetition of elements of the rule 20 evidence, adding emphasis, using different language, raising rhetorical questions), a question may arise as to whether, if the applicant is not granted the same indulgence, the balance of fairness could be tilted against the applicant in a manner in which the applicant's entitlement to make submissions on the substantive hearing, or, where permitted, to cross-examine the adversary, would not sufficiently redress. Although this may be at variance with the current practice before the Controller, I would caution that, in view of the underlying policy of the 1996 Rules that the evidence filing phase should generally be concluded in three stages, allowing either side to stray beyond the parameters of what is expressly allowed – filing evidence of fact – may give rise to either a risk of unfairness or a difficulty in determining whether, as has arisen on this appeal, a particular statement is a mere comment or constitutes a new fact.

(6) In relation to the factors adopted by the Controller from the *Hunt-Wesson* case, in my view, whether the evidence could have been filed earlier, and, if it could, the explanation proffered for not doing so are undoubtedly factors which the Controller is entitled to have regard to in considering an application under rule 23. He is also entitled to, and I consider he should, have regard to the nature of the objection to the mark. Where the objection is grounded on an allegation of bad faith, as I have already stated, the primary consideration should be whether the applicant for leave is afforded at least the minimum protection to defend his good name. However, in my view, the Controller should not attempt to assess the potential significance of the proposed rule 23 evidence, because to do so smacks of prejudgment. As counsel for the applicant submitted, in a post-adjudication context, for example, an appeal to the court from a substantive decision on a trade mark issue, the situation is different. There the court is properly concerned with whether the outcome would have been different if the new evidence had been before the adjudicator.

(7) In adjudicating on an application under rule 23 the distinction between the "pleadings", on the one hand, and the filing of evidence of fact, on the other hand, must not be blurred. The stricture imposed by rule 22(2) is to confine evidence filed under rule 22 to matters strictly in reply to the rule 21 evidence.

Application of legal principles

21. Taking an overview of the evidence filed at the rules 20 and 21 stages, in my view, both the opponent and the applicant adopted a tactical approach, and, in the case of the applicant, this was effectively admitted in the letter of 10th March, 2005. The core issue, however, is whether the opponent introduced new evidence of fact in its rule 22 declaration (JOS2) which, as a matter of basic fairness, the applicant should be allowed to rebut. In answering that question, I am conscious of the need to avoid saying anything which might be interpreted later as the expression of a view on any issue which may arise in the substantive proceedings. Therefore, while I have had the benefit of a very helpful tabulation made by counsel for the opponent of the relevant matters, rather than address each of the elements in JOS2 which the applicant asserts constitutes new facts and the basis on which the opponent contends that the applicant should not be allowed to file the response contained in TH3 (for example, that there is no new fact in JOS2, or that the proposed answer in TH3 is not grounded in fact, or that the applicant will have ample opportunity to answer the point at the substantive hearing), I propose using one example and making some general comments to illustrate why I consider the applicant should be allowed to file TH3.

22. The extent and the effect of pre-application publicity in the media of the opponent's adoption of the mark "Aircoach", which goes to the issue of what the officers of the applicant knew and what is to be inferred from their reaction or lack of reaction to it before 4th October, 1999, is dealt with as follows in the documents which have been filed to date:

(a) In the notice of opposition it is stated that an article appeared in the Irish Times in July, 1999 in which reference was made to the opponent's trade mark "Aircoach" (para. 4), and that advertisements for bus drivers had been placed in

newspapers under the trade mark "Aircoach" by September, 1999 (para. 6). In the applicant's counter-statement the applicant accepts the statement made by the opponent at para. 4 of the notice of opposition (para. 1) and accepts "only in general terms" the statement at para. 6 of the notice of opposition (para. 3).

(b) In JOS1 the position adopted by the applicant in the counter-statement, that the applicant accepted that an article appeared in the Irish Times in July, 1999 in which reference was made to the opponent's trade mark "Aircoach", is noted (para. 8), and it is noted that the applicant accepted in general terms the statement made in para. 6 (para. 9). The article in the Irish Times is not exhibited. It is declared (para. 8) that advertisements for bus drivers under the name "Aircoach" had been placed in newspapers.

(c) There is no averment in relation to pre-application media publicity in the rule 21 evidence.

(d) JOS2 contains the following averments:

(i) In para. 7 the declarant exhibits the Irish Times article previously referred to, which appeared on 15th July, 1999, for the first time.

(ii) In para. 25 the declarant invites the drawing of inferences from the July, 1999 publication as to what the officials of the applicant would have learned from it, referring to the business ethos and the management policy in relation to the activity of a "new competitor" of the applicant.

(iii) In para. 27 the declarant invites the drawing of the inference that the applicant did not initiate passing off proceedings before lodging its application because it had no bona fide belief that it had goodwill or reputation in the mark such as would have grounded such proceedings, having merely averred in para. 18 of JOS1 that since the commencement of the opponent's operation its use of the trade mark "Aircoach" has not been challenged in the courts by the applicant. That averment was not responded to in the applicant's rule 21 evidence. Perhaps more pertinent to the progression which I am endeavouring to illustrate is the invitation which immediately follows to draw the inference that the reason why the applicant gave no warning to the opponent as to the risk of infringing its use of the mark "Air Coach" until more than two months had elapsed after the July, 1999 publicity was because the applicant's use was so little known even amongst its own staff.

(iv) In para. 28, while recording that the applicant had not sought to raise any issue on the July media publicity, the declarant introduces, for the first time, a second element of pre-application media publicity: an article in the Irish Times on 16th July, 1999 relating to objections raised by the Dublin Bus (described as a sister company of the applicant) branch of SIPTU to new private bus routes, which is exhibited. The declarant then goes on to bolster the opponent's contention that it had established goodwill and reputation in the name "Aircoach" by 4th October, 1999 by asserting that, *inter alia*, the fact that the opponent would be trading under that name had become widely known after the publication of that article and further asserting that the matter was of considerable comment due to it being the first challenge to the applicant's "monopoly in the market".

23. By the expansion of the factual matrix which the foregoing illustrates, the opponent has skilfully, but insidiously, placed before the Controller evidence and assertions which the applicant has not been given an opportunity to respond to. As the evidence and the assertions are directed to establishing that the applicant acted in bad faith, in my view, as a matter of basic fairness, the applicant must have an opportunity to respond. The same applies to extrapolation which the declarant has embarked on in JOS2 from timetables of the applicant published on the Internet (para. 16), the branding of elements of its service by the applicant (para. 17) and the applications for the registration of various trade marks other than "Air Coach" made by the applicant in August, 1997 (para. 18).

24. Given that the JOS2 has strayed beyond strict fact into comment and argument, I do not propose to attempt to excise the comment, speculation and argument contained in TH3. To allow TH3 in evidence, notwithstanding that it has strayed beyond strict fact, maintains the balance of equity between the applicant and the opponent. It is for the Controller in due course, at the substantive hearing, to form a view on the probative value of the content of TH3.

Order

25. There will be an order setting aside the decision of the Controller and granting the applicant leave to file TH3.