BL O/0266/23

TRADE MARKS ACT 1994

IN THE MATTER OF:

OPPOSITION No. 420553

IN THE NAME OF MATCH GROUP LLC

TO TRADE MARK APPLICATION No. 3468646

IN THE NAME OF MATCHU MEETCHU LTD

DECISION ON SECURITY FOR COSTS

1. On 20 February 2020, Matchu Meetchu Ltd ("the Applicant") applied under number 3468646 to register **MATCHU MEETCHU** as a trade mark for use in relation to various goods and services in Classes 9, 35, 38, 42 and 45. Match Group LLC ("the Opponent") objected to the application for registration under ss. 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994 on the basis set out in a Notice and Grounds of Opposition filed under number 420553 on 18 June 2020 ('updated' by amendment in April 2021).

2. The Opposition succeeded under s. 5(3) of the Act in relation to the Application for registration in Classes 9, 35, 38 and 42 and failed in all other respects for the reasons given by Ms Beverley Hedley in a Decision issued on behalf of the Registrar of Trade Marks under reference BL O/1114/22 on 16 December 2022. The Applicant was ordered to pay £1,920. to the Opponent in respect of its costs of the proceedings in the Registry, to be paid within 21 days of expiry of the appeal period or within 21 days of

the final determination of the Opposition if any appeal against the Decision is unsuccessful.

3. The Applicant appealed to an Appointed Person against the Hearing Officer's Decision on the basis set out in a Notice and Grounds of Appeal filed under s.76 of the 1994 Act on 13 January 2023. The Opponent filed a Respondent's Notice to affirm the Hearing Officer's Decision under rr. 71(4) to (6) of the Trade Marks Rules 2008 on 08 February 2023. This was accompanied by an application of the same date for an Order requiring the Applicant to provide security for the Opponent's costs of the proceedings.

4. The parties have agreed to the application for security for costs being determined on the papers without recourse to a hearing, taking account of the written representations they have filed for consideration in that connection.

5. The Registrar acting at first instance "*may require any person who is a party in any proceedings under the Act or these Rules to give security for costs in relation to those* proceedings*; and may also require security for the costs of any appeal from the registrar's decision*": r.68(1) of the 2008 Rules. In r.73(4) it is specified that r.68 "*shall apply to the person appointed and to proceedings before the person appointed as it applies to the registrar and to proceedings before the registrar*". The Appointed Person may accordingly require security for costs to be provided by "*any person who is a party in any proceedings*" pending on appeal before him or her under s.76 of the Act.

6. In the exercise of the discretionary power conferred by rr. 68(1) and 73(4), a trade mark applicant can be required to provide security for the costs of an opposition to his application for registration : JINI Trade Mark BL O/585/01 (28 December 2001) at paras [8] to [12]; Puma SE v Lagoniassa Ltd BL O/084/20 (11 February 2020) paras [24] to [28]. Security can be required for costs already incurred in connection with the proceedings at first instance as well as for those to be incurred in connection with the proceedings on appeal: DOUGLAS OF DRUMLANRIG Trade Mark BL O/380/20 (20 July 2020) at para. [20] (referring to Great Future International Ltd v Sealand Housing Corp [2003] EWCA Civ 682; see also Golubovich v Golubovich [2011] EWCA Civ 528 at paras [6] to [8] per Wilson LJ).

7. The following observations in the Judgment of the Privy Council delivered by Lord Sales and Lord Hamblen in Responsible Development for Abaco (RDA) Ltd v The Right Honourable Perry Christie and Others [2023] UKPC 2 are particularly pertinent to the arguments of the parties before me:

> at para. [61]: "The right of access to a court … is not absolute, but may be subject to a degree of regulation to promote countervailing legitimate aims by means which are proportionate to those aims and do not destroy the essence of the right: compare *Tolstoy Miloslavsky v United Kingdom* (1995) 20 EHRR 442, para. 59, in relation to an order for security for costs and the corresponding right of access to a court under article 6(1) of the European Convention on Human Rights (in that case an order for security for costs was found to be compatible with the opposing party's right of access to a court)."
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> at para. [64]: "The legal system operates so as to secure fairness for all litigants in the resolution of disputes and it is this principle which justifies the making of an order for security for costs in an appropriate case."
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> at para. [67]: "As appears from *Keary* and *Goldtrail*, the burden is on an impecunious corporate claimant to show that there are no third parties who could reasonably be expected to put up security for the defendant's costs: see also *Al-Koronky v Time Life Entertainment Group Ltd* [2005] EWHC 1688 (QB), per Eady J at para. 32 (citing the judgment of Park J in *Brimco Holdings Ltd v Eastman Kodak Co* [2004] EWHC 1343 (Ch)) and paras 52 and 71; and on appeal at [2006] EWCA Civ 1123, [2007] 1 Costs LR 57, para. 27 ('a claimant … who wants to ensure that any security he is required to put up is within his means must be full and candid in setting out what his means are') and paras 48-49; and *Hackney*, paras 60-61. The claimant has to show on a balance of probabilities that its claim will be stifled."

8. The Opponent's request for security was put forward on 08 February 2023 on the following basis:

In accordance with Section 68(1) of the Trade Mark Rules 2008, we request an Order for Security for Costs to be made against Matchu Meetchu Ltd. This is justifiable as: -

- Matchu Meetchu Ltd was incorporated on 06 February 2020 with the Statement of Capital having a value of £5 (Annex 1).

- Companies House records show that 'Accounts for a dormant company' were filed on 22 December 2021 to cover the period until 28 February 2021 (Annex 2) and 30 November 2022 to cover the period until 28 February 2022 (Annex 3). Both set of accounts confirm that the net assets of Matchu Meetchu Ltd is £5.

- Independent credit checks of Matchu Meetchu Ltd confirm the company assets are limited to £5 (Annex 4).

- All of the above indicates that Matchu Meetchu Ltd does not have sufficient funds to be able to pay any costs award that may be made against it. Indeed, if the Appeal to the Appointed Person had not been filed, the Registrar's Decision O-1114-22 ordered Matchu Meetchu Ltd to pay Match Group, LLC the sum of £1920. A copy of the decision on costs is attached at Annex 5.

- On a final note, it is known that the 2 directors of Matchu Meetchu Ltd are students at Imperial College London. Indeed, this is confirmed by the registered office address details reflected at Companies House (Annex 6). This 'student status' raises additional concerns over the ability of any award of costs to be paid.

The Registrar is requested to give direction on the security of costs point before the Appeal is allowed to progress further. Match Group, LLC., is

willing to accept a mutual cross security of costs requirement if preferred by the Registrar.

Under cover of a separate document, Match Group, LLC., has simultaneously filed a Respondent's Notice to the Appeal to the Appointed Person.

9. The Applicant adopted the following position in response on 23 February 2023:

As we understand the factors relied upon by the Respondent, they plead reliance on the fact that:

1. The business, which uses the trade mark as part of its corporate name, has not commenced trading;
2. At its incorporation the directors were/are students and it had a very small capital value (and still does);
3. Any award could not be funded from the capital balance of the company.

Section 68 of the Act and Rule 68 provide for security to be available from the Registrar but give no guidelines for its exercise: nor is guidance to be found in the UKIPO's practice manual save for a reference to your decision in case O-585-01. The power of the Appointed Person to direct that security be given is to be found at s.76(5) of the Act and Rule 73(4) of the Rules.

It is to be noted that none of the facts relied upon by the Respondent are new facts. At the time they filed their opposition, the Respondent must have been aware that it was possible that up to £6350 might be awarded in its favour on the basis of the "scale" and it took the risk of incurring costs and not recovering any award of costs. In fact the UKIPO awarded only a fraction of that figure, and even including the likely costs award before you if the Appeal is unsuccessful the Respondent will still only be due a fraction of the amount it took on as a risk at first instance.

Instead, it has delayed: the timing of the request is curious, and is accompanied by the provision of a document which is not a Respondent's Notice but makes a range of criticisms of the appeal. It is clear that the Respondent is willing to spend money it does not need to spend doing things it does not need to do to achieve a perceived tactical advantage. The present application is a complete waste of time, and it made the request without having sought any clarification from the Appellant. One would usually expect a party to address its concerns in writing first: the Respondent did not, and so its inaccurate arguments were received as a hijack.

If the Respondent had contacted the Appellant then the Appellant would have made it clear that the reason that trading had not commenced was that until these proceedings are concluded, it is respectful of the conflict: it simply cannot promote the product and draw funding to develop it with a conflict over the name. Seed investors are unlikely to invest in a business where there is a dispute with a multinational entity over the name of the app. The Appellants would have also clarified that whilst the directors had been students at Imperial College (a fact which the Respondents' Representatives know as the Appellants are aware that they have been visiting the LinkedIn profiles of at least one of the directors), the directors graduated in 2019 and 2020 and are now working. One of the directors is a Digital Development Lead in a logistics firm, whilst the other works in Product Strategy & Commercialisation at an Al Healthcare Company (and his Linkedln profile - which the Respondents' Representatives visited - make it clear he has graduated and has a corporate role).

Whilst the current capital balance of the company does not cover the costs of the award to date, that is not determinative of whether security should be ordered: rather, a single fact pointing towards the appropriateness of a request for security is the condition precedent for considering the request. Rather, the appropriate question is whether it is just in all the circumstances to impose this condition on bringing the appeal (as that is how the request effects the proceedings).

In reaching a decision we say that the exercise should be tempered by the potential effect on Article 6 rights of imposing security for costs, and tempered by the fact that the decision on security before you cannot be appealed. If the Respondent was concerned it could have brought the application at the opposition stage as all of the facts were known then: the decision would have been amenable to appeal. No appeal lies from your decision, and so you should therefore be careful in imposing any award against the appellant, which is clearly a smaller organisation.

The content of the appeal may also be a factor pointing towards refusal to order security: this is an appeal with substance: the points of legal importance relate to the meaning of "unfair" and "advantage" in the context of a claim under s.5(3). A decision on the first point is liable to be of significant importance in clarifying the correctness of certain decisions of the High Court which appear to contradict the conclusions of the Court of Appeal in *Whirlpool* and the definition of "free-riding" given by the CJEU in *L'Oreal v Bellure*; the second point is liable to lead to a difference in pleading in future cases insofar as it is asserted that "success" and "popularity" are not "advantages" within the meaning of "unfair advantage" - not least as these are arguably synonyms for "known by a significant part of the public concerned" (the test for the existence of repute) such as to deprive the test for advantage of any meaning if the Hearing Officer is right.

In conclusion we say that the application for security should be refused. It is based at least partly on a false basis (which the Respondents' Representatives must have appreciated from visiting the Linkedln profile of the directors); the falsity would have been established had they contacted us prior to the application; and the limited costs ordered to date and liable to be ordered are a mere fraction of the potential which they concluded they would incur notwithstanding the facts all being the same at the outset.

If it is to be ordered, we invite you as a fall-back argument to consider whether the justice of the background calls for any order to give security to be limited to the likely award on appeal, namely £1000.

COSTS

We say that if the application is unsuccessful, the Appellants should be awarded their costs. If it is successful then no award should be made as there was no pre-application request, and parties should be encouraged (through making awards or refusing them) to seek to clarify concerns and agree terms before making applications for security (or any other case management applications).

10. The Opponent replied on 03 March 2023 in the following terms:

The Appellant's representations in the email of 23 February 2023 appear to be running 3 main lines of argument

1. A criticism of the timing of the security of costs request
2. That the request was filed without first contacting the Appellant
3. An ECHR Article 6 argument

The Appellant has also stated that the Respondent's Notice is not a *"Respondent 's Notice but makes a range of criticisms of the appeal"*. Clearly the Respondent rejects this assertion. A Respondent's Notice has been filed. Any content in the Appellant's representation of 23 February 2023 which do not specifically relate to the security of costs issue will not be addressed here but will be addressed at the appropriate time when the substantive matter is being heard.

Response to 1

In accordance with Art 68(1) TMR 2008, it is the Respondent's right to seek security for costs at the appeal stage. The Appellant's representative has confirmed that *"the current capital balance of the company does not cover the award to date".* The additional information provided, namely, that the Appellant was incorporated whilst both directors were students at Imperial College and that both have now graduated and are working is irrelevant. Any award of costs can only be enforced against the Appellant company and not against the individuals. The veil of incorporation ensures that a company is a separate legal entity from its directors and shareholders, thus protecting the personal assets of owners and investors from lawsuits. The Appellant has therefore confirmed that it was, and is, entirely reasonable for this cost order to have been sought.

Response to 2

It is correct that the Respondent did not contact the Appellant prior to the filing of the security of cost request. The Respondent had initiated without prejudice correspondence with the Appellant and no substantive response was received. There was no reason to assume any response would be received to onward correspondence.

Response to 3

The Appellant's application of Article 6 is internally inconsistent; on the one hand stating that *"you should be careful in imposing any award against the Appellant"* and an inference that as a smaller organisation it could be negatively impacted in having to fulfil a costs order and yet on the other hand, referencing both company directors as being in employment, and thus by implication, in a position to fund their company’s appeal.

None of the representations from the Appellant provide any indication or reassurance that the Appellant would be able to satisfy the costs order. Indeed, the fact the directors have already moved on to new endeavours, we say, makes it even less likely that the directors would

sink capital into the company merely to pay the judgements. Consequently, the Appellant's representations of 23 February 2023 has simply confirmed the justification for the security order request.

Costs

The Appellant has stated that at the time the opposition was filed costs of up to £6350 might be awarded and the Respondent *"took the risk of incurring the costs and not recovering any award of costs".* It also calls for a limit on the onward appeal of £1000. In the spirit of compromise, the Respondent proposes that the security cost order is set at £2920 which has been calculated taking £1920 (being the cost award from the opposition decision) and £1000 as proposed by the Appellant. This would also seem an achievable sum for the 2 directors to raise given the confirmation both are now earning.

11. The Applicant's representative then wrote asking for the Opponent's representative to be criticised in the Decision of the Tribunal for having committed a "flagrant breach of professional conduct" by seeking "to rely upon the existence of Without Prejudice correspondence to make good why they did not seek to discuss the matter with the Appellant prior to requesting Security for Costs."

12. The content of Without Prejudice communications generally cannot be deployed — in the absence of waiver or consent — in opposition to or support of an application for security for costs: Simaan General Contracting Co. v Pilkington Glass Ltd [1987] 1 WLR 516; Kristjansson v R Verney & Co. Ltd Court of Appeal Transcript (18 June 1998) (Beldam LJ, Mummery LJ and Sir John Knox) [1998] Lexis Citation 2041.

13. However, that does not prevent a party to proceedings before a court or tribunal from referring — when it is relevant to do so — to the existence of such communications in terms which reveal nothing of their content. This was addressed by Fancourt J in Briggs v Clay [2019] EWHC 102 (Ch) at paras [128], [129]:

> [128] The Lawyer Defendants submitted that even if I decide that the content of the communications is inadmissible, the fact of the negotiations is not

> inadmissible and that I should so determine. Ms Smith QC referred me to the statement in the current edition of Passmore on Privilege at para.10-002: "There is no privilege over the fact that such communications have occurred, rather the privilege is limited to the contents of such communications". She also referred to statements to similar effect by Knox J in Independent Research Services Ltd v Catterall [1993] ICR 1 at p.7 C-D; by Judge Havelock-Allan QC in RWE NPower Plc v Alstom Power Ltd [2009] 12 WLUK 734 at [54]; and the judgment of Lindley LJ in Walker v Wilsher (1889) 23 QBD 335, all of which support the conclusion that it may be perfectly proper to refer to the fact of without prejudice communications even when the content is protected by the rule.
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> [129] In my judgment, the fact of without prejudice communications can properly be referred to where the fact is relevant to an issue in the case. If irrelevant to the resolution of any issue, the fact is inadmissible for that reason. In the RWE NPower case, the issue was whether a dispute had crystallised by a particular date; in the Walker case, the issue was whether there had been discussions between the plaintiff and the defendant that provided an explanation for the plaintiff's apparent delay, in the context of a defence of laches. It is obvious why the fact of the communications was relevant in those cases.

14. In the present case, the Applicant's representative characterised the Opponent's application for security for costs as "*a complete waste of time*" and condemned the Opponent for pursuing it "*without having sought any clarification*" from the Applicant in circumstances where "*One would usually expect a party to address its concerns in writing first*" which the Opponent "*did not, so its inaccurate arguments were received as a hijack.*"

15. In defence of its approach to the application, the Opponent's representative maintained that "*There was no reason to assume any response would be received to onward correspondence*" in circumstances where "*no substantive response was received*" to Without Prejudice correspondence which the Opponent had initiated with the Applicant. This was a relevant point to make with a view to explaining why — from

the Opponent's perspective — the Tribunal ought to regard the Applicant's condemnation as unwarranted. I think it is apparent from the consideration of the case law in paras [128], [129] of the Judgment of Fancourt J in Briggs that the Opponent's representative did nothing wrong in referring to the absence of a "*substantive response*" to the Without Prejudice correspondence in terms which revealed nothing of the content of that correspondence.

16. From the information and documents provided to me it appears that the Applicant is and has since it was incorporated on 06 February 2020 been a dormant company. It has a paid up share capital of £5. and holds no identified assets beyond the opposed application for registration of the trade mark **MATCHU MEETCHU**. Its representative confirms that it has no intention of commencing any trade or business activity before the conclusion of the present Opposition. However, it has evidently had the benefit of sufficient financial support to enable it to file and proceed with the opposed application for registration, to defend the Opposition proceedings at first instance, to appeal against the Hearing Officer's Decision and to resist the Opponent's application for security for costs whilst as a fallback position suggesting £1,000 by way of security in respect of it.

17. Taking account of the observations I have drawn from the Judgment of the Privy Council in Responsible Development for Abaco (RDA) Ltd in para. [7] above, I find: (1) that the Applicant has not shown that there are no third parties who could reasonably be expected to put up security for the Opponent's costs; (2) that it has not attempted to ensure that any security it is required to put up is within its means by providing "full and candid" information as to what its means are; and (3) that it has not shown on a balance of probabilities that its right of access to this Tribunal in defence of its opposed application for registration would be stifled if it was required to provide security for the costs of the Opposition.

18. I do not accept that the Opponent's application is procedurally questionable either for "*delay*" or for failure to "*address its concerns in writing first*". As for the complaint about "*delay*", it was legitimate in my view for the Opponent to treat the Appeal (filed on 13 January 2023) as a trigger event for requesting security pending the outcome of the proceedings on appeal (which it promptly did on 08 February 2023). As for the

complaint about not "*writing first*", this seems to me to boil down to a matter of no real consequence: that the Applicant should have had an opportunity before the application for security was made to engage in what, as events have shown, would have been an unsuccessful attempt to dissuade the Opponent from proceeding with it.

19. The Applicant contends that from the outset the Opponent "*took the risk of incurring costs and not recovering any award of costs*". It maintains that if the Opponent was concerned about the situation "*it could have brought the application at the opposition stage as all the facts were known then: the decision would have been amenable to appeal.*" The Opponent is silent in reply about its attitude to the risk — which plainly existed — of not recovering any award of costs which might be made in its favour at the conclusion of the Opposition proceedings in the Registry.

20. The situation as I see it is as follows. The risk to the Opponent existed as a possibility to be considered while the outcome of the Opposition remained unknown (phase 1). It became a probability to be reckoned with when the Opposition succeeded (phase 2). That is what it continues to be while the outcome of the Appeal by the Applicant to this Tribunal remains unknown (phase 3). The Opponent was not required to elect between applying or not applying for security for costs — still less to do so once and for all — in phase 1. And it did not by omitting to make an application for security in phase 1 provide the Applicant with immunity from any application for security it might subsequently decide to make. It remained open to the Opponent to rely on the outcome of the proceedings in the Registry as a basis for its application for security in phase 3. The Applicant is now pursuing what it describes as "*an appeal with substance*" involving "*points of legal importance*" with a view to "*clarifying the correctness of certain decisions of the High Court*" and establishing that it would effectively "*deprive the test for advantage of any meaning if the Hearing Officer is right.*" I do not accept that it was unfair to the Applicant for the Opponent to apply for security when it did on 08 February 2023.

21. There is no power under the Act or the Rules to make an order for costs against anyone who is not a party to the proceedings in which the costs in question have been incurred: ADRENALIN Trade Mark BL O/397/02 (23 September 2002) at paras. [29] to [35].

22. I am satisfied that the Applicant is a company with no or negligible assets which would (if it is not required to provide security) be likely to default on any order(s) requiring it to contribute to the Opponent's costs of the Opposition proceedings. In such circumstances, it counts for practically nothing that it would be possible under ss. 68(2) and 76(5) of the Act for further action to be taken so that costs orders made by the Registrar and the Appointed Person "*may be enforced — (a) in England and Wales or Northern Ireland, in the same way as an order of the High Court; (b) in Scotland, in the same way as an order for expenses made by the Court of Session.*"

23. I have come to the conclusion that an order for security for costs can without unfairness to the Applicant and should in fairness to the Opponent be made under rr. 68(1) and 73(4) in the particular circumstances of the present case.

24. The Hearing Officer's award of costs to the Opponent in the sum of £1,920. has already been moderated for reasonableness under s.68(1) of the 1994 Act and r.67 of the 2008 Rules in the manner referred to in AMARO GAYO COFFEE Trade Mark BL O/257/18 (25 April 2018) at paras. [12] to [14]. The Opponent has indicated that it would agree to the Applicant's suggestion of a figure of £1,000. for security in relation to the costs of the Appeal.

25. For the reasons I have given, I allow the Opponent's application for security to be provided and order as follows:

    (1) the Applicant shall by Monday, 03 April 2023 deposit £2,920. into a Trade Marks Registry account to stand as security for the Opponent's costs of the proceedings at first instance and on appeal in Opposition No. 420553 to Trade Mark Application No. 3468646;

    (2) in the event that the Applicant fails to comply with the requirements of paragraph (1) of this order its Appeal from the Hearing Officer's Decision dated 16 December 2022 (Ref. BL O/1114/22) shall then and without further order be treated as withdrawn pursuant to the provisions of r. 68(2) of the Trade Marks Rules 2008;

(3) the question of how and by whom the costs of the Opponent's application for security for costs dated 08 February 2023 are to be borne and paid is reserved for determination at the conclusion of the Applicant's Appeal;

(4) the parties have permission to apply for further directions and generally in relation to the implementation and operation of the provisions of paragraphs (1) to (3) of this order.

Geoffrey Hobbs KC

13 March 2023

Ms Rosalyn Newsome of Barker Brettell LLP provided written representations on behalf of the Opponent.

Mr Aaron Wood of Brandsmiths S.L. Ltd provided written representations on behalf of the Applicant.