

IN THE MATTER OF THE TRADE MARKS ACT 1994

-and-

In the Matter of Trade Mark Application No. 2,061,071 of NICHOLAS DYNES GRACEY and a Declaration of Invalidity No. 12,552 thereto by HI-TEC SPORTS INC. for the mark ADRENALIN

DECISION

1. This facts which are directly relevant to this appeal can be shortly stated and are conveniently set out in paragraphs 4-9 of the Skeleton Argument supplied on this appeal by D.J. Freeman, the solicitors acting for Hi-Tec Sports Plc, the applicants and the respondents to this appeal. I therefore gratefully adopt them and set them out below:
 4. *The Applicants submitted a form TM26 and Statement of Case at the Trade Marks Registry on 7 June 2001. The TM26 and Statement of Case covered an application for a declaration of invalidity in respect of registration number 2061071 which stands in the name of the Registrant.*
 5. *The Trade Marks Registry examined the documents and requested the Applicants to further particularise the Statement of Case, in accordance with the Tribunal Practice Notice No. 4/2000.*
 6. *The Applicants were set a 21 day deadline in which to respond to the Trade Mark Registry and provide further particularisation of the Statement of Case.*
 7. *The Applicants did not respond within the 21 day deadline and were contacted by the Trade Marks Registry after the expiration of the deadline and asked to submit a response. The Applicants submitted a further particularised statement of case and the Trade*

Marks Registry granted a retrospective extension of time.

8. *The Registrant requested a hearing to contest the granting of the retrospective extension of time.*
9. *At a hearing before Mr. Knight of the Trade Marks Registry the Applicants were denied the retrospective extension of time and the application for a declaration of invalidity was held to be null and void and struck out. The Registrant requested an award of costs and this request was denied.*

2. This appeal is by Mr. Gracey, the Registered Proprietor of the Trade Mark 2061071, and arises out of the decision on costs referred to in the last sentence of paragraph 9 of D.J. Freeman's skeleton. Mr. Gracey, acting on his own behalf, requested an award of costs as a result of successfully opposing the retrospective extension of time and Mr. Knight, the hearing officer, declined to make an award in his favour. Accordingly the sole aspect of Mr. Knight's decision which is brought into question in this appeal was his exercise of discretion in denying Mr. Gracey some contribution to his costs of the hearing before Mr. Knight.
3. It was common ground before me that on an appeal in inter partes proceedings the hearing before the Appointed Person is analogous to an appeal to the Court of Appeal from a decision of a Judge of the High Court and is by way of review. Further since the decision in question related to an exercise of discretion by the Hearing Officer, the Appointed Person will only interfere with that exercise of discretion upon the same well known grounds on which the Court of Appeal would interfere with the exercise of a discretion by a Judge of the High Court.
4. These grounds were considered in detail in the House of Lords in *G. -v- G* (1985) 1 W.L.R. 647. Lord Fraser of Tullybelton identified the circumstances in which the Court of Appeal should interfere with the exercise of a judicial discretion as follows on page 652;
“Nevertheless, there will be some cases in which the Court of Appeal decides that the Judge of first instance has come to the wrong conclusion. In such cases it is the

duty of the Court of Appeal to substitute its own decision for that of the Judge. The circumstances in which the Court of Appeal should substitute its own decision have been described in a number of reported cases to some of which our attention was drawn. We were told by Counsel that practitioners are finding difficulty in ascertaining the correct principles to apply because of the various ways in which judges have expressed themselves in these cases. I do not think it would be useful for me to go through the cases and analyse the various expressions used by different judges in an attempt to reconcile them exactly. Certainly it would not be useful to enquire whether different shades of meaning are intended to be conveyed by words such as “blatant error” used by the President in the present case and words such as “clearly wrong”, “plainly wrong” or simply “wrong” used by other judges in other cases. All these various expressions were used in order to emphasise the point that the appellate court should only interfere when they consider that the judge of first instance has not merely preferred an imperfect solution which is different from an alternative imperfect solution which the Court of Appeal might or would have adopted, but has exceeded the generous ambit within which a reasonable disagreement is possible. The principle was stated in this court by my noble and learned friend Lord Scarman in B. v. W. (Wardship; appeal) [1979] 1 W.L.R. 1041 where, after mentioning the course open to the Court of Appeal if it was minded to reverse or vary a custody order he said, at p. 1055; “But at the end of the day the court may not intervene unless it is satisfied either that the judge exercised his discretion upon a wrong principle or that, the judge’s discretion being so plainly wrong, he must have exercised his discretion wrongly”.

5. The question on this appeal is not therefore whether, if I had been the Hearing Officer, I would have made a different order to that made by Mr. Knight, the question is whether Mr. Knight’s refusal to make an award of costs was due to his exercising his discretion

upon a wrong principle or that it was so plainly wrong that he must have exercised his discretion wrongly.

6. Under Section 68 of the Trade Marks Act 1994, the Registrar is given a wide discretion to award costs. The principles upon which the Registrar will exercise that discretion are set out in a Tribunal Practice Note (TPM2/2000 – see Kerlys Law of Trade Marks 13th edition page 1009). In general the Registrar proceeds by reference to a scale of costs and it is a long established practice that costs in proceedings before the Registrar are not intended to compensate parties for the expense to which they may have been put. Mr. Knight expressed the policy behind the scale of costs in his decision in this case as follows:

“That scale of costs is meant to be a reasonable scale based upon the policy that no-one should be deterred from seeking to register their intellectual property rights or indeed defend their intellectual property rights so that, for example, if a litigant in person loses an action before the trade mark registry, he or she would know fairly clearly in advance the sum of money they may have to pay to the other side”.

7. Plainly however a pre-requisite of making an award of costs on the scale of costs is that the award should not exceed the costs incurred.
8. It is correct to point out that the Registrar’s practice on costs does not specifically relate to litigants in person but in my judgment it could not be that a litigant in person before the Trade Mark Registry could be placed in any more favourable position than a litigant in person before the High Court as governed by the CPR. The correct approach to making an award of costs in the case of a litigant in person is considered in CPR Part 48.6.
9. By his decision Mr. Knight denied Mr. Gracey any award of costs. Were I to reach the conclusion that this was the type of wrong exercise of discretion which should be set aside by an appellate tribunal, it would be necessary for me to consider what award of costs would be appropriate in all the circumstances. However I have reached the very clear view that, in the exceptional circumstances of this case, Mr. Knight exercised his discretion upon

the correct principles and that his decision was not so plainly wrong that I should interfere. Indeed, I am quite satisfied that it was a fully appropriate decision in all the circumstances.

10. As indicated above, the Registrar is given a wide discretion as to costs. The practice note is, and is intended to be, merely guidance as to how the Registrar will, in general, exercise that discretion. It does not and cannot impose a fetter upon the overriding discretion.
11. Part 44.3 of the CPR sets out the circumstances which should be taken into account when a court exercises its discretion as to costs and in my judgment exactly the same principles apply to the Registrar.
12. Part 44.3 (1), (2) (4) and (5) provide as follows:
 - “44.3 (1) The court has discretion as to –*
 - (a) whether costs are payable by one party to another;*
 - (b) the amount of those costs; and*
 - (c) when they are to be paid.*
 - (2) If the court decides to make an order about costs –*
 - (a) the general rule is that the unsuccessful party will be ordered to pay the costs of the successful party; but*
 - (b) the court may make a different order.*
 - (4) In deciding what order (if any) to make about costs, the court must have regard to all the circumstances, including-*
 - (a) the conduct of all the parties;*
 - (b) whether a party has succeeded on part of his case, even if he has not been wholly successful; and*
 - (c) any payment into court or admissible offer to settle made by a party which is drawn to the court’s attention (whether or not made in accordance with Part 36). (Part 36 contains further provisions about how the court’s discretion is to be exercised where a payment into court or*

an offer to settle is made under that Part).

- (5) *The conduct of the parties includes –*
- (a) *conduct before, as well as during, the proceedings, and in particular the extent to which the parties followed any relevant pre-action protocol;*
 - (b) *whether it was reasonable for a party to raise, pursue or contest a particular allegation or issue;*
 - (c) *the manner in which a party has pursued or defended his case or a particular allegation or issue;*
 - (d) *whether a claimant who has succeeded in his claim, in whole or in part, exaggerated his claim.*

13. In the present case Mr. Gracey was the successful party and thus Mr. Knight has not complied with Part 44.3 (2)(a). It is therefore necessary to consider whether, having regard to the conduct of Mr. Gracey, Mr. Knight was entitled to depart from that general rule.

14. Mr. Knight concluded that he was and expressed himself in his decision as follows:

“The second point is that a number of the documents you have put in, and I specifically refer to the 54-page fax which I have seen and read, is a document which relates to other documents which have been submitted in relation to at least another two sets of proceedings. These include copies of documents which relate to proceedings between the parties before the court. So there was already a need to provide at least some of those document for other actions.

I have to say, however, that I have not needed that 54 page document to decide matters. The matter today was simply whether or not to allow an extension of time to admit an amended Statement of Case, and whether that amended Statement of Case was sufficient to be an acceptable pleading. Most of the 54-page document related to other proceedings and the substantive issues

involved. Those substantive issues were not before me today. Thus the amount of preparation claimed was beyond that necessary to deal with the straightforward points before me.

On that basis I do not believe that the registered proprietor has been inconvenienced to the point at which he needs to be recompensed for the actions which have taken place on this case so far, i.e. attendance of the hearing that may have required a degree of preparation that that degree of preparation does not need, in my view, to be compensated for in this particular case”.

15. As I understand it, Mr. Knight was expressing concern that Mr. Gracey had burdened an application for an extension of time with a 54-page document which contained a significant amount of material which was irrelevant to the specific question at issue. At Mr. Gracey’s request, on this appeal I have read the 54-page document. I have also read a transcript of the hearing before Mr. Knight and I have read the 17 page document which is the Notice of Appeal to the Appointed Person. In addition, subsequent to the hearing of this appeal, Mr. Gracey faxed to me a further 12 page document entitled “Review of Appeal to the Appointed Person”. Again I have read this document for completeness.
16. It is abundantly clear from reading these documents that there have been a number of proceedings between the parties to this appeal and that Mr. Gracey feels that he has been oppressed by virtue of these proceedings. Whether this is justified is not a matter which I have to decide and is not a matter that Mr. Knight should have been asked to take into account in assessing the costs of an application for an extension of time. It was in my judgment quite wrong of Mr. Gracey to burden the application before Mr. Knight with such a volume of documents. As with any other proceedings, proceedings before the Trade Mark Registry must be carried out in accordance with the overriding objective of any legal proceedings, particularly of ensuring that all cases are dealt with expeditiously, fairly and with a view to saving expense (see CPR Part 1.1.).
17. Having read the documents which were before Mr. Knight and having read the transcript of the submissions made by Mr. Gracey I

can well understand that Mr. Knight came to the conclusion that the manner in which Mr. Gracey has pursued or defended his case in relation to the extension of time (see CPR 44.3(5)(c)) was such that he should be penalised by having some small award of costs to which he might have been entitled denied to him. This is, in my judgment, a perfectly proper exercise of discretion to mark the Registrar's disapproval of conduct which tends to prolong unnecessarily matters before her. It is essential that all parties in proceedings before the Registrar take all proper steps to ensure that the matter in issue is correctly and expeditiously focused upon and that irrelevant matter is not placed before the tribunal.

18. These considerations apply just as much to litigants in person as to professional representatives although, no doubt, due consideration should be given to the special position of litigants in person and an appropriate allowance made for any failure of a litigant in person properly to comply with all aspects of procedure.
19. Even making such an allowance in the present case, I have concluded that Mr. Gracey was misguided in seeking to place the 54-page fax before the tribunal and in making submissions at the length he did on the hearing. Such details was unnecessary and was burdensome and he should have appreciated this.
20. Accordingly I am not prepared to interfere with Mr. Knight's exercise of discretion. His order as to costs will stand.
21. That however does not dispose of all of the matters raised in the Notice of Appeal. I have already referred to this 17 page document. Paragraph 1 sought a reversal of the hearing officer's decision. Paragraph 2 sought an award of wasted costs against DJ Freeman in the following terms:
 - “2. DJ Freeman sought to provide fabricated reasons for the delays in responding to the Registrar's (sic) having sought clarification upon HI-TEC Sports' application, stating that: “other related correspondence on **REV 12553 & REV 12554** were materially causative of DJ Freeman's delays”. In respect of **Section 6(1)** of the **HRA 1998** and **Section 48.7** of the **CPR** please make an award of wasted costs to Gracey in relation to means of **improper**,

unreasonable and/or negligent ‘material non-disclosure’ by DJ Freeman on behalf of ‘HI-TEC Sports’. {Please see page 16 of exhibit bundle}. Such lack of respect of DJ Freeman for the Registrar’s time limits is common. {Please see page 17 of exhibit bundle}.

22. I can deal with this application briefly. No application was made before Mr. Knight for an order for wasted costs and there was therefore no appeal to the Appointed Person against any refusal. The order for wasted costs is sought because of alleged conduct of D.J. Freeman in the course of the proceedings before the Registrar. The question of whether or not such alleged conduct merited an award of wasted costs was a matter that should have been raised before the Registrar if it was proper to raise it at all. I have no jurisdiction on this appeal to consider the correctness or otherwise of DJ Freeman’s conduct of proceedings before the Registrar. Matters would, of course, be different if the alleged misconduct of D.J. Freeman had been in the course of this appeal.
23. I turn then to paragraph 3 of the Notice of Appeal which seeks an award of costs in Mr. Gracey’s favour against the Registrar in the following terms
3. In respect of **Section 6(1), 7(1), Part I, Article 4,6,8,14,17, Part II, Article 1** of the HRA 1998 please make an award of costs to Gracey from the Registrar in relation to:-
- (a) The Registrar’s repeatedly proactively prompting DJ Freeman by telephone and/or fax in respect of a time limit imposed by the Registrar to provide further material information to assist HI-TEC Sports’ pursuit of invalidity of Gracey’s trade mark 2061071.
 - (b) The Registrar’s proactively withholding any award of costs, without any reasonable reason, from Gracey at the WED.26.SEP.2001 hearing.
24. I shall deal first with paragraph 3(b). In reaching a decision on costs, Mr. Knight was acting in a quasi judicial capacity. Had Mr.

Gracey succeeded on this appeal, Mr. Knight's decision would have been reversed and an award of costs would have been made in Mr. Gracey's favour both in relation to the proceedings before the Registrar and (I anticipate) in relation to this appeal against Hi-Tec Sports in the normal way. I know of no basis on which Gracey could, if successful on this appeal, seek an award of costs against the Registrar for making, *ex hypothesi*, an erroneous decision. Paragraph 3(b) of the Notice of Appeal is in my judgment frivolous.

25. Paragraph 3(a) relates to the conduct of the Registrar in carrying out an administrative task, pursuant to Tribunal Practice Notice No. 4/2000, in contacting DJ Freeman to enquire why they had not responded to a previous letter. Mr. Gracey suggested before me that, under the Human Rights Act, it was open to a party aggrieved by a wrongful administrative act of a Government Department or Directorate, such as the Patent Office, to obtain damages for any loss suffered by virtue of that maladministration. Save to observe that it was not suggested to Mr. Knight or to me that the directions made in the Practice Notice were *ultra vires*, I make absolutely no observation on the correctness of this submission. I am however wholly satisfied that the making of such an award forms no part of the powers of the Appointed Person on an appeal in *inter partes* proceedings.
26. For all these reasons this appeal will be dismissed.
27. Finally I turn to the question of costs of this Appeal. Section 76 of the Trade Marks Act 1994 gives an automatic right of appeal to the High Court or to the Appointed Person from any adverse decision of the Registrar including any act of the Registrar in exercise of a discretion vested in her under the Act. The fact that there is an automatic right of appeal does not mean that any aggrieved party should automatically appeal. Judgment must be exercised particularly in ensuring that any appeal is proportionate to the matter the subject of the appeal.
28. I believe it will be apparent from this decision that I believe that Mr. Gracey was ill-advised in bringing this appeal. He was certainly ill-advised in seeking to raise on this appeal questions relating to wasted costs or an award of costs against the Registrar.

He has failed on this appeal and in the normal event an award of costs would be made in favour of the Respondents following the same scale of costs as is adopted by the Registrar.

29. Mr. Gracey sought to suggest that, even on this appeal, the conduct of DJ Freeman had been such as to deny their clients the right to an award of costs in their favour. I cannot agree. From everything that I have read and seen, I am satisfied that DJ Freeman have behaved on this appeal in an exemplary fashion. They supplied both Mr. Gracey and me with a skeleton argument. It was succinct and ran to less than two pages. It included the background facts which I have adopted as part of this decision. It submitted that Mr. Knight had made a decision on costs that was just and reasonable in all the circumstances and that his decision should not be disturbed. In his address to me Mr. Tarrant of DJ Freeman was commendably succinct and to the point and assisted me. I can therefore see no reason to deny the Respondents an award of costs on the appropriate scale.
30. Under Annexe A of the scale of costs to the Tribunal Practice Notice (TPN2/2000) the Registrar indicates that she will allow up to £1500 in relation to the preparation for and attendance at a hearing. No lower figure is provided for and this must be correct. Each hearing must be considered on its own merits. In the present case I do not believe it will have taken Mr. Tarrant long to prepare his skeleton. He had to sit through the hearing which lasted for an hour and a quarter.
31. I have reached the conclusion that an appropriate contribution to the costs of the Respondents is the sum of £250 and I direct that that sum be paid to the Respondents by Mr. Gracey within 28 days of the date of this decision.

Simon Thorley Q.C.
14th January 2002

