

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION No. 3310389  
IN THE NAME OF LAGONIASSA LTD**

**AND IN THE MATTER OF OPPOSITION No. 413583 THERETO  
BY PUMA SE**

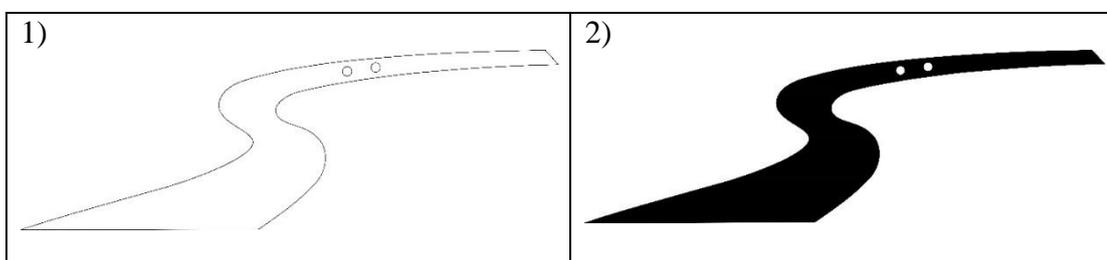
**AND IN THE MATTER OF AN APPEAL TO THE APPOINTED PERSON  
BY THE OPPONENT  
AGAINST A DECISION OF MS CLARE BOUCHER  
DATED 18 JULY 2019**

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**DECISION ON SECURITY FOR COSTS**

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1. On 12 May 2018 Lagoniassa Limited (“the Applicant/Respondent”) applied under number 3310389 to register the series of 2x designations shown below for use as trade marks in the UK in relation to goods in Class 25:



2. The Application was opposed by Puma SE (“the Opponent/Appellant”) on 30 August 2018 under Section 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994. The Opponent/Respondent relied on its earlier EUTM Registration number 12697066 in Classes 18 and 25 and unregistered rights in the UK in relation to apparel, footwear and headgear both concerning the figurative mark represented as follows:



3. The Applicant/Respondent took issue with the ground of opposition in a Notice of defence and counterstatement filed on 29 October 2018. Both sides filed evidence and the matter came to be heard by Ms Clare Boucher, acting for the Registrar, on 12 June 2019. At that hearing the Opponent/Appellant was represented by Mr Alan Fiddes, Urquhart-Dykes & Lord LLP. The Applicant/Respondent was represented by its Director, Mr Oluwatosin Saheed Tijani.
4. The Hearing Officer issued her written decision on 18 July 2019 under reference number BL O/415/19 rejecting the opposition on all of the grounds. The Applicant/Respondent was invited but declined at the hearing to claim litigant in person costs as the successful party and the Hearing Officer therefore made no award.
5. On 15 August 2019, the Opponent/Appellant filed Notice to appeal to the Appointed Person against the Hearing Officer's decision under Section 76 of the Act. The statement of grounds included a request to introduce fresh evidence in the form of a Witness Statement of Christopher James Hoole, dated 15 August 2019. A reason for the request was that the Opponent/Appellant had appointed new representatives, Appleyard Lees IP LLP.
6. On 19 November 2019, I received through the Appointed Person Appeals Secretariat at [TribunalAppeals@ipo.gov.uk](mailto:TribunalAppeals@ipo.gov.uk), an Application for Security for Costs dated 15 November 2019 and Second Witness Statement of Christopher James Hoole with Exhibit CJH1 of even date submitted by Appleyard Lees on behalf of the Opponent/Appellant. The covering email from Appleyard Lees confirmed that hard copies were being sent by post to the Applicant/Respondent.
7. On 10 December 2019, I issued Directions to the parties setting out a timetable for the Applicant/Respondent to submit any representations it wished to make on the Application for Security for Costs and for the Opponent/Appellant to reply.
8. Since I had received no representations from either party by the due time, on 30 January 2020, the parties were notified under Rule 73 of the Trade Marks Rules 2008 through the Appointed Person Appeals Secretariat at [TribunalAppeals@ipo.gov.uk](mailto:TribunalAppeals@ipo.gov.uk) that the hearing of the substantive appeal in this matter was appointed for 21 February 2020 at 2 pm at Aldgate Tower, London E1 8FA, and that I would hear any outstanding applications made by the Opponent/Appellant as a preliminary to the main appeal (Further Directions, 30 January 2020, letters UKIPO to parties, 30 January 2020).
9. On 5 February 2020, I was forwarded by the Appointed Person Appeals Secretariat at [TribunalAppeals@ipo.gov.uk](mailto:TribunalAppeals@ipo.gov.uk) a letter from Appleyard Lees dated 4 February 2020 which explained that the Opponent/Appellant had made no submissions in response to my Directions dated 10 December 2019 due to the lack of any representations having been forthcoming from the Applicant/Respondent. Further, the Opponent/Appellant requested that in the absence of any such representations from the Applicant/Respondent, I should hear its Application for Security for Costs dated 15 November 2019 on the papers before the hearing of the substantive appeal, in order to ensure that the Opponent/Appellant were afforded a reasonable opportunity for its Application to be heard.

10. Pursuant to this, I issued Further Directions to the parties via the Appointed Person Appeals Secretariat at [TribunalAppeals@ipo.gov.uk](mailto:TribunalAppeals@ipo.gov.uk) on 5 February 2020 requesting that the Applicant/Respondent indicate whether it wished an oral hearing to consider the Application for Security for Costs made by the Opponent/Appellant dated 15 November 2019. Later that same day, the Applicant/Respondent responded to [TribunalAppeals@ipo.gov.uk](mailto:TribunalAppeals@ipo.gov.uk) in the following terms:

“In regards to the email posted below, My previous communication with the IPO office during my enquiries indicated no further action is to be taken until a final hearing date is provided by the IPO office.

The Onus is on the appellant to provide evidence to support their challenge however they have simply focused on reward without providing / nor introducing any new evidence that goes against the original verdict.

I look forward to hearing from the IPO for the final hearing date in order to launch our business since this has caused us to delay our launch since July 2018.”

11. I took this to signify that the Applicant/Respondent was content for the Application for Security for Costs to be decided on the papers which I have proceeded to do.

#### **Application for Security for Costs**

12. The Application was made by a letter to the Appointed Person from Appleyard Lees dated 15 November 2019. A Second Witness Statement of Christopher James Hoole and Exhibit CJH1 were simultaneously filed in support.
13. The Application was stated to be made because: *“the Respondent is a limited company and there is reason to believe that it would be unable to pay the Appellant's costs if ordered to do so”*.
14. The Application requested security for costs covering both the costs of the Opponent/Appellant in the opposition and the appeal were it to be successful in the appeal, in the total sum of £11,242.13.
15. Mr Hoole in his Second Witness Statement explained that this was made up as follows:
- 1) Costs in the opposition incurred by the Opponent/Appellant in the sum of £3573.33. Mr Hoole exhibited copy invoices relating to charges totalling this sum paid by the Opponent/Appellant to its former representatives in respect of the opposition.
  - 2) Costs incurred by the Opponent/Appellant in the appeal up to the date of the Application in the sum of £3,668.80. Mr Hoole said this included the appeal fee, reviewing the opposition case files, filing the Notice of appeal and statement of grounds, filing the application to introduce fresh evidence and preparing the present Application.

- 3) Costs estimated by Mr Hoole still to be incurred by the Opponent/Appellant in relation to appeal in the sum of £4,000 – £6,000 to include reviewing the Respondent’s notice (£500), preparing submissions for the Appointed Person (£1,000-£2,000) and attendance an oral hearing. (£2,500-£3,500). The Application claimed the lower figure of £4,000 here by way of security for costs.
16. In support of the ground on which the Application was based (i.e., “*the Respondent is a limited company and there is reason to believe that it would be unable to pay the Appellant’s costs if ordered to do so*”) Mr Hoole exhibited copy filings at Companies House relating to the Applicant/Respondent, company number 10140707. From these filings Mr Hoole stated the following was apparent:
- a. The Respondent’s share capital has a total aggregate nominal value of £1, which is unpaid;*
- b. The Respondent latest filed accounts were made up to 30 April 2017, at which point the Respondent had net assets of £17,350;*
- c. The Respondent has not filed accounts since this date and has missed its accounts filing deadline of 31 January 2019 by over eight months;*
- d. The Respondent has been subject to a compulsory strike-off action which has been suspended following receipt of an objection by the Registrar”.*
17. I have consulted the publicly available Companies House service at <https://beta.companieshouse.gov.uk> which revealed the updated information that on 26 January 2020 the Applicant/Respondent filed micro company accounts made up to 30 April 2018 and to 1 June 2018<sup>1</sup>, and on 28 January 2020 the compulsory strike off action was discontinued. The accounts of the Applicant/Respondent as at 1 June 2018 revealed *inter alia*: amounts falling due to creditors after more than one year – £17,000; total net liabilities – £17,000; capital and reserves – minus £17,000.
18. Mr Hoole also exhibited a copy of a report he had obtained on 17 September 2019 from Creditsafe in which the Applicant/Respondent had been denied a credit rating because its financial statements were too old. My understanding is that the Creditsafe company report service is subscription only.
19. Finally, Mr Hoole exhibited a copy of a letter dated 20 September 2019 from Appleyard Lees to the Applicant/Respondent requesting that the Applicant/Respondent pay into Court the sum of £5,000 to cover the costs of the Opponent/Appellant in successfully bringing the appeal or else face the present Application, to which no response from the Applicant/Respondent was forthcoming.

**Rule 68 Trade Marks Rules 2008**

20. Rule 68 provides as follows:

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<sup>1</sup> The accounting reference period ending 30 April 2019 having been shortened so as to end on 1 June 2019.

“68. – (1) The registrar 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.

(2) In default of such security being given, the registrar, in the case of the proceedings before the registrar, or in the case of an appeal, the person appointed under section 76 may treat the party in default as having withdrawn their application, opposition, objection or intervention, as the case may be.”

21. Rule 76(5) states:

“76. – (5) The provisions of sections 68 and 69 (costs and security for costs; evidence) apply in relation to proceedings before an appointed person as in relation to proceedings before the registrar.”

22. Although not bound by the same, the Registrar in exercising his tribunal powers under the Act and Rules adheres to the overall objective underlying the Civil Procedure Rules of dealing with cases justly and proportionately (CPR, r. 1.1). Security for costs are provided for in Rule 25.12 – 25.15 of the CPR. The conditions to be satisfied for the court to make such an order include where there is reason to believe a company will be unable to meet a costs order made against it but the court must also be satisfied, having regard to all the circumstances in the case, that it is just to make such an order (r. 25.13). The same considerations apply to making a security for costs order on appeal (r. 25.15).

23. Discretionary factors may include the amount(s) of security for costs claimed, the prospects of success in the main proceedings, any delay in applying for security and access to justice considerations (*Keary Developments Ltd v. Tarmac Construction Ltd* [1995] 3 All ER 534, Peter Gibson LJ at 539, recently reviewed in *Goldshine Trade Limited v. Revenue and Customs* [2019] UKUT 229 (TCC)). In *Amy Nasser v. United Bank of Kuwait* [2001] EWCA Civ 556, the Court of Appeal recognised that when determining an application for security for costs, the tribunal was obliged to act compatibly with Article 6 of the European Convention on Human Rights guaranteeing the right to a fair and public hearing (Mance LJ at paras. 37 – 38).

## **Discussion**

24. It is clear that the Registrar – and similarly the Appointed Person (r. 76(5)) – has the power under Rule 68(1) of the Rules to require *any party* to the proceedings to give security for costs in relation to those proceedings and on appeal (*JINI Trade Mark*, BL O/585/01, paras. 8 – 12).

25. The Appointed Person has the power on appeal to vary/overturn the costs order of the Hearing Officer (see e.g., *AIRBLUE Trade Mark*, BL O/600/18).

26. I am satisfied therefore that I do have the *power* to make an order for security for costs in relation to the appeal and the opposition were that appeal successful, as requested by the Opponent/Appellant.

27. The copy financial information provided by the Opponent/Appellant and the updated information on <https://beta.companieshouse.gov.uk> (see paras. 16 – 18 above) indicate to me that on the face of it the Applicant/Respondent would be unable to pay the costs of the Opponent/Appellant if ordered to do so. I note that the Applicant/Respondent has produced nothing to persuade otherwise.
28. Nevertheless that is not the end of the matter. The powers under Rule 68 (as applied to the Appointed Person under r. 76(5)) are discretionary, and I must determine whether, having regard to all the circumstances in this case, it is just and proportionate to give such an order.

### **The exercise of discretion in the present case**

29. In deciding the Application I have taken into account the considerations set out below (in no particular order of importance).
30. First, it is well established that costs in the Registry generally speaking are awarded on a contributory (rather than actual costs) basis and according to a published scale, currently contained in the Registry's Tribunal Practice Notice 2/2016. Whilst it is also the case that in the decision taker's discretion costs can be ordered off the scale, my review of the papers strongly suggests that scale costs would apply both in opposition and the appeal should the Opponent/Appellant ultimately be successful in those proceedings (*AMARO GARO COFFEE Trade Mark*, BL O/257/18, paras. 13 – 14). The Opponent/Appellant has not put forward any submissions/reasons to the contrary.
31. My rough estimation of the on-scale costs to be awarded on the opposition and the appeal in those instances would be around £2,000 for the opposition and £800 to £1,000 for the appeal.
32. As already described, the Application claimed £3,573.33 in respect of the opposition which quite clearly represented the actual costs incurred by the Opponent/Appellant in the opposition. Moreover in respect of the appeal, the Application claimed £7,668.80. The latter included costs for considering the Respondent's notice and making the application to adduce new evidence on appeal. As far as I am aware the Applicant/Respondent filed no Respondent's notice. Further (whilst I am careful not to go into the merits) the evidence sought to be introduced into the appeal on the face of it appears to have been available to put before the Hearing Officer and the fact that the Opponent/Appellant appointed new professional representatives post-decision is not in itself compelling.
33. In my judgment the amounts (totalling £11, 242.13) the Opponent/Appellant has sought by way of security are disproportionate to the costs that reasonably could be expected to be recoverable were the Opponent/Appellant to be the successful party in the appeal/opposition. Also in my view disproportionate was the amount of £5,000 required as security for the costs of the appeal (only) by the Opponent/Appellant in the letter from Appleyard Lees to the Applicant/Respondent dated 20 September 2019.

34. Second, regarding the prospects of success, I am conscious that the case law cautions against a detailed investigation of the merits at an interim stage. I have already ventured my preliminary comments on the application by the Opponent/Appellant to adduce further evidence on appeal. In fact the Opponent/Appellant recognises that a high hurdle is needed to be overcome. As to the main appeal, the standard of review is well known; the Appointed Person should be reluctant to interfere in the absence of error (*REEF Trade Mark* [2002] EWCA Civ 763, para. 28). I have reviewed the grounds of appeal that relate in the main to challenges to the Hearing Officer's application of the relevant law to the facts particularly the Hearing Officer's determination of the degree of similarity in the marks. I cannot say that on the face of it there is a high probability of success on the part of the Opponent/Appellant (or vice versa).
35. Third, the opposition was filed on 30 August 2018 and the opposition came to be heard on 12 June 2019. The accounts of the Applicant/Respondent made up to 30 April 2017 exhibited to the Application at CJH1 were filed on 8 January 2018 and the first Gazette notice for compulsory strike-off also exhibited at CJH1 was published on 7 May 2019. I note from the publicly available filing history records at <https://beta.companieshouse.gov.uk> that a similar pattern had emerged previously with a first Gazette notice for compulsory strike-out dated 11 June 2017 and the compulsory strike-off action discontinued on 8 August 2017. It seems to me that the appropriate time to have requested security for costs if required was at the time of the opposition. The Opponent/Appellant has not sought to explain why security was not sought earlier in the proceedings although there is a suggestion in the grounds of appeal that the strategy of the Opponent/Appellant in these proceedings was subjected to revision following the change of agent.
36. Fourth, it appears that the Opponent/Appellant was not deterred from bringing the opposition because a costs award in its favour might not be met by the Applicant/Respondent. Further I do not think it reasonable to suppose that the Opponent/Appellant would be deterred from pursuing its appeal were security for costs unforthcoming.
37. Fifth, the Application does not address the issue of what sanction should follow were security for costs to be ordered but not met. I bear in mind that the Applicant/Respondent is under no obligation to engage in the appeal and as far as I am aware has not submitted a Respondent's notice. Any suggestion that the appeal should be allowed in that event carries with it the consequence of depriving the Applicant/Respondent of a decision in its favour without recourse to a substantive hearing. Bypassing the appeal procedure by such means in the present case would not in my view be Article 6 ECHR compliant.
38. Sixth, the Applicant/Respondent has stated that the launch of its business under the mark has been postponed pending the outcome of these proceedings (see para. 10 above and Witness Statement of Oluwatosin Saheed Tijani dated 8 January 2019, para. 5).

## **Conclusion**

39. In view of the above, I have concluded that having regard to all the circumstances, it would neither be just nor proportionate to make an order for security for costs in this case, and the Application is refused.
40. The hearing of the substantive appeal in this matter will proceed as appointed on 21 February 2020 at 2.00 pm. I will hear the Request to adduce new evidence made by the Opponent/Appellant as a preliminary to the main appeal.

Professor Ruth Annand, 11 February 2020