

# O-192-17

**TRADE MARKS ACT 1994**

**IN THE MATTER OF:**

**INVALIDITY APPLICATIONS No. 500807 AND No. 500808**

**FILED BY ZETA SPECIALIST LIGHTING LTD**

**IN RESPECT OF:**

**TRADE MARK REGISTRATIONS No. 2658032 AND No. 3012905**

**IN THE NAME OF ONTHECASE (INTERNATIONAL) LTD**

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## DECISION

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1. Trade Mark No. 2658032 **SOLISPOST** and Trade Mark No. 3012905 **SOLISPOST** standing in the name of Onthecase (International) Ltd (“the Proprietor”) were both found to have been invalidly registered under s.3(6) of the Trade Marks Act 1994 (application for registration made in bad faith) and s.5(4)(a) of the Act (use liable to be prevented for the protection of an earlier unregistered trade mark) for the reasons given by Mr. Oliver Morris on behalf of the Registrar of Trade Marks in a decision issued under reference BL O-234-16 on 12 May 2016 at the conclusion of proceedings for invalidity brought by Zeta Specialist Lighting Ltd (“the Applicant”).
2. The Proprietor appealed to an Appointed Person under s.76 of the Act contending that the Hearing Officer’s decision was wrong and should be set aside. The appeal came on for hearing before me on 9 March 2017. The Proprietor was represented by its Managing Director, Mr. Jamie Wood. It was plainly apparent at the hearing that there was a ‘blind spot’ in Mr. Wood’s approach to the legitimacy (or rather the illegitimacy) of his having applied for registration of the trade mark **SOLISPOST** in the name of the Proprietor despite knowing of the Applicant’s prior use of the mark **SOLIS POLE** in basically the same sphere of commercial activity.

3. His position as stated in an email dated 3 June 2013 was: *“sometime ago I registered the trade mark solis post (I know Zeta were calling their pole solis but it has never been registered as a trade mark) so we are the legal owners of this name.”* He adhered to that stance in paragraph 19 of a witness statement dated 12 November 2015, where he stated *“had ZSL considered it had any rights in the sign Solispole ... I would have expected them to have registered the sign, which might then have been identified by the preliminary checks...”*. At the hearing of the appeal he explained (Transcript p.5): *“Our argument was when we did file, we did search. We did find that Zeta’s mark had not been filed or registered. Clearly, I agree, they were using it.”* He went on to confirm (Transcript p.17) that the law relating to the protection of earlier unregistered rights under the 1994 Act did not fit with his perception of the way it should have worked or was working when the Proprietor requested registration of the trade marks in issue.
4. Having been given an opportunity to consider its position and (if it wished to do so) to seek professional assistance with regard to the viability of the appeal, the proprietor reverted to the Tribunal on 13 March 2017 confirming through its solicitors of record that it had decided to withdraw the appeal. That, as foreshadowed at the hearing, left the costs of the appeal to be determined on the basis of written submissions.
5. Section 68(1) of the Trade Marks Act 1994 establishes that:

Provision may be made by rules empowering the registrar, in any proceedings before him under this Act –

  - (a) to award any party such costs as he may consider reasonable, and
  - (b) to direct how and by what parties they are to be paid.

Rule 67 of the Trade Marks Rules 2008 accordingly provides that

The registrar may, in any proceedings under the Act or these Rules, by order award to any party such costs as the registrar may consider reasonable, and direct how and by what parties they are to be paid.

6. The long established practice in Registry proceedings is to require payment of a contribution to the costs of a successful party, with the amount of the contribution being determined by reference to published scale figures. The scale figures are treated as norms to be applied or departed from with greater or lesser willingness according to the nature and circumstances of the case. The use of scale figures in this way makes it possible for the decision taker to assess costs without investigating whether or why there are: (a) disparities between the levels of costs incurred by the parties to the proceedings in hand; or (b) disparities between the levels of costs in those proceedings and the levels of costs incurred by the parties to other proceedings of the same or similar nature. The award of costs is required to reflect the effort and expenditure to which it relates without inflation for the purpose of imposing a financial penalty by way of punishment on the paying party.
7. The Hearing Officer ordered the Proprietor to pay £2,800. to the Applicant in respect of its costs of the Registry proceedings. I must emphasise that there is no appeal before me in relation to the quantum of that award. My task is to determine only what should be done in relation to the costs of the withdrawn appeal.
8. The Applicant filed a Schedule of Costs dated 7 March 2017 which indicated that it had by then incurred costs and expenses totalling £19,306.80 in relation to the proceedings at first instance and on appeal. In written submissions filed on its behalf, the Proprietor contended as follows:

We note in respect of the matter of costs, the costs budget filed by the Respondent. Our client progressed this appeal based on a legitimate expectation that it would be governed by the scale costs as publicised ...

We make that point because the costs summarised in the costs budget filed by the Respondent exceed the scale costs by multiples of those figures across the board.

It is the Appellant's position that:

- The costs set out in the schedule cannot possibly relate to the Opposition challenged by this Appeal and these Appeal proceedings, and the steps. In respect of the latter, and notwithstanding the considerable period of time that has passed since the appeal was filed, those steps have been very limited.
- There is no proper basis to improve in the Respondent's favour the UKIPO's decision in respect of the costs of the opposition proceedings now appealed.
- It presumes that the costs set out in the budget represent the totality of the costs incurred by the Respondent in respect of the various intellectual property disputes ongoing between the two businesses, which are not recoverable in these proceedings.
- In any costs, the costs so summarised, and indeed any costs which exceed the published scale costs, would not be reasonable for the purposes of section 68 Trade Marks Act 1994.

In light of this withdrawal of the Appeal, and the above comments, our client respectfully requests that any award made in respect of the Respondent's costs:

- (a) Reflects the decision of the UKIPO in respect of the proceedings, and
- (b) As to the Appeal are kept within the scale.

9. The Applicant responded as follows:

We do ask the Appointed Person to make an award off scale in relation to our costs in dealing with this matter and we respond to the Appellants bullet points (adopting numbering of the respective points for ease of reference) as below:

1. Our costs schedule submitted does indeed cover the entirety of the referenced proceedings before the UKIPO

rather than the Appeal alone. However, we consider that the position adopted and maintained by the Appellant has, out of necessity, caused these costs and ask that these are kept in due regard by the Appointed Person when ruling.

2. We would submit that the Appeal itself is further evidence of the unreasonable behaviour that the Appellant has demonstrated throughout these proceedings as, almost 12 months after the original decision, the position remains as per our original position. The Appellants position has been conflicting and legally incorrect for the duration. The Appellant can now see it's "blind spot", we submit that we have incurred costs as a result of this "blind spot".
3. It is incorrect that the costs relate to any matter other than the opposition and invalidity proceedings concerning the Trademarks before the UKIPO. The Appellant has clearly submitted a costs schedule which does not deal with matters before the UKIPO and our schedule should not be tarnished by association.
4. We submit that the unreasonable behaviour of the Appellant is underlined by its attitude to the appeal and to withdraw only *at the hearing* some 9 months after submitting its grounds is unreasonable. The fact that the Appellant has had the benefit of two different Trademark Attorneys and that neither have been able to give the correct advice should not prejudice the costs necessarily incurred by a Respondent to an appeal.

The Respondent also reaffirms its oral representations which can be summarised as follows:

- The Appellant admits at an early stage knowledge of our trademark, but continues to advance unfounded arguments for 3 years.
- The Appellant was opportunistic and it was found to be an applicant in bad faith.
- [Allegation with reference to a "without prejudice save as to costs" mediation].
- The Appellant didn't attend the initial IPO hearing nor did it submit written representations which would have been the opportunity to discover the "blind spot".

- Grounds for appeal were poorly drafted and inconsistent giving rise to further legal costs.
- Contradictory arguments throughout the process have led to increased legal costs.
- Convenient instruction and dis-instruction of solicitors preventing any meaningful correspondence, despite submitting a costs schedule in excess of £40,000.
- The commercial delay of 3 years has prevented the respondent from having its trademarks registered and taking commercial advantage.

10. The Applicant has not specified - and I cannot tell from its Schedule of Costs - how much of the total amount of £19,306.80 relates to the conduct of the proceedings in the Registry (and is therefore within the purview of the award of £2,800. made by the Hearing Officer) and how much of it relates to the conduct of the withdrawn appeal (and is therefore within the purview of the order for costs that I am called upon to make). Having been through the papers on file in some detail, I would expect the conduct of the appeal to have accounted for less than 20% of the figure of £19,306.80 stated in the Schedule.
11. The provisions of Rule 67 noted in paragraph 5 above apply via Rule 73(4) '*to the person appointed and to proceedings before the person appointed as they apply to the registrar and to proceedings before the registrar.*' The Appointed Persons usually follow the approach indicated in paragraph 6 above when considering what it would be '*reasonable*' to award by way of costs in relation to the appeals which come before them under s.76 of the Act. It is necessary to emphasise in that connection that the scale figures published by the Registry do not have the force of statute. They do not limit – on the contrary they are subject to – the exercise of judgment and discretion which the decision taker should bring to bear in relation to the case at hand when giving effect to the applicable statutory provisions. There can, for that reason, be no legitimate expectation of blind adherence to the published scale figures (as the Proprietor would seem to be suggesting in its written submissions).

12. The Applicant is clearly entitled to say that the costs inflicted upon it by the appeal could and would have been avoided if Mr. Wood had recognised and accepted that the law relating to the protection of earlier unregistered rights under the 1994 Act did not fit with his perception as to the way it should have worked or was working when the Proprietor requested registration of the trade marks in issue.
13. Mr. Wood is not the first person to have believed, wrongly, that the registration of a trade mark confers rights which take precedence over earlier unregistered rights. I am sure that he will not be the last. It is nonetheless the case that he, on behalf of the Proprietor, has had professional advice and assistance (albeit intermittently) during the process of obtaining the registrations in issue and subsequently defending them against the objections to validity at first instance and on appeal. Even if (which I would find surprising) the Proprietor somehow remained unaware during the pendency of the invalidity proceedings that protection can be claimed for earlier unregistered rights against later registered rights under s.5(4) of the 1994 Act, that would be a state of affairs which could not realistically be taken to have survived delivery of the Hearing Officer's decision. The Hearing Officer went into the applicable law and relevant facts with a degree of attention to detail which left no real room for doubt that the registrations obtained by the Proprietor in respect of the trade mark **SOLISPOST** were subordinate to the earlier unregistered rights acquired by Applicant through use of the trade mark **SOLIS POLE**.
14. In my view, it was obtuse of the Proprietor to plough ahead with an appeal seeking to uphold the validity of the trade mark registrations which it had sought and obtained on a premise as to the effect of registration which the Hearing Officer's decision had clearly shown to be wrong in point of law and indefensible in point of fact. That warrants a sympathetic approach to assessment in favour of the Applicant. As does the need to recognise the difficulty faced by the Applicant in having to deal with the poorly drafted and inconsistent grounds of appeal and statement of case put forward by the Proprietor. I must nevertheless endeavour to ensure that my award of costs reflects the effort and expenditure to which it relates and does so without inflation for the purpose of imposing a financial penalty by way of punishment on the paying party. I must also endeavour not to allow the Applicant's failure to

specify a figure for its costs and expenses of the appeal to result in a disproportionate evaluation of the relevant work and expenditure.

15. I consider on the basis of the information and materials before me that it would be reasonable to order the Proprietor to pay £3,000. to the Applicant in respect of its costs of the withdrawn appeal, that sum to be paid within 21 days of the date of this decision. It is payable in addition to the sum of £2,800. awarded to the Applicant by the Hearing Officer in respect of its costs of the Registry proceedings.

Geoffrey Hobbs QC

18 April 2017

Mr. Jamie Wood appeared on behalf of the Proprietor (with support and assistance from Foot Anstey LLP).

Mr. Philip Shadbolt appeared on behalf of the Applicant (with support and assistance from Bower & Bailey LLP).

The Registrar took no part in the Appeal.