BLO/202/22

TRADE MARKS ACT 1994

IN THE MATTER OF UK TRADE MARK NO 3231633 IN THE NAME OF LAURELLE LONDON LIMITED

AND IN THE MATTER OF CANCELLATION NO CA 502604 THERETO BY KATHLEEN DEAYTON

DECISION

Introduction

1. This is an appeal against the decision of Mr George Salthouse, acting on behalf of the Registrar, dated 1 April 2021 (O-234-21) and his Supplementary Decision dated 11 May 2021 (O-351-21). In his decisions the Hearing Officer rejected the application for invalidity under sections 5(1), 5(2)(a) and 3(6) of the Trade Marks Act 1994 ("***the 1994 Act***") and went on to hold that Ms Kathleen Deayton ("***Ms Deayton*** ") to pay Laurelle London Limited ("***the Proprietor***") the sum of £21,800 by way of an award of off-scale costs.

Background

2. This is not the first dispute between the parties in the UKIPO. In earlier proceedings Ms Deayton opposed Application No. 3231633 for the mark **Chosen** which was filed on 17 May 2017 in the name of the Proprietor ('***the opposition proceedings***').

3. For the purposes of the opposition proceedings Ms Deayton relied upon section 5(1)(a) and 5(2)(a) of the 1994 Act on the basis of UK Trade Mark No. 2428866 for the mark **CHOSEN** which was filed on 2 August 2006 and was subsequently registered on 2 February 2007 ("***the earlier mark***"). Ms Deayton is the proprietor of the earlier mark.

4. In response to the Opposition the Proprietor (so far as is relevant to the present appeal):

   (1) Put Ms Deayton to proof of use in respect of the earlier mark pursuant to section 6A of the 1994 Act the relevant period for these purposes being 27 May 2012 to 26 May 2017; and

(2) Applied to revoke the earlier mark under (a) section 46(1)(a) of the 1994 Act which related to the period 3 February 2007 to 2 February 2012; and (b) section 46(1)(b) of the 1994 Act with a specified period of 15 August 2012 to 14 August 2017.

5. Ms Deayton responded to the application for revocation by stating that some use had been made of the mark but that there had been a variety of reasons with regard to the manufacture and development of the product together with her own health issues that had caused delays.

6. Both parties filed evidence.

7. A hearing took place before Mr Oliver Morris, acting for the Registrar, on 28 January 2019, at which Mr Michael Brown, of Alpha & Omega represented Ms Deayton and Mr Chris Aikens instructed by Maucher Jenkins represented the Proprietor.

8. The Hearing Officer subsequently gave his decision on 8 March 2019 (O-131-19) in which he held that:

(1) Ms Deayton had failed to prove use such that the earlier mark could not be relied upon to oppose Application No. 3231633 which should accordingly proceed to grant;

(2) Rejected the application to revoke the earlier mark on the basis that he found use had been made of the earlier mark in the section 46(1)(b) period such that the absence of use in the section 46(1)(a) period was 'saved' by the commencement of use pursuant to section 46(3) of the 1994 Act; and

(3) Made no order as to costs as the proceedings has represented '*something of a score draw*'.

9. No appeal was filed with respect to this decision.

10. On 10 May 2019 UK Trade Mark No. 3231633 was registered.

11. On 15 May 2019 Ms Deayton applied for a declaration of invalidity in respect of UK Trade Mark No. 3231633. For these purposes Ms Deayton relied upon the following grounds:

(1) Section 5(1) and 5(2)(a) of the 1994 Act relying, as she had in the opposition proceedings, on the earlier mark.

(2) Section 3(6) of the 1994 Act on the basis that UK Trade Mark No. 3231633 had been filed in bad faith in circumstances where *inter alia* the Proprietor was aware that Ms Deayton was 'about' to launch her product on the market.

12. Both sides filed evidence.

13. Various procedural matters arose in the course of the proceedings which will be referred to as far as is necessary in my decision below.

14. Ultimately a hearing took place before Mr George Salthouse, acting for the Registrar, on 17 March 2021 at which Mr Chris Aikens instructed by Maucher Jenkins appeared on behalf of the Proprietor. Ms Deayton did not take part in the proceedings but filed written submissions *in lieu* of attendance. However, I understand that arrangements were put in place by the UKIPO for Mr Michael Brown, of Alpha & Omega who are Ms Deayton's professional representatives and Ms Deayton to attend the hearing which took place via Microsoft Teams. Mr Brown did in fact listen to the hearing but due to technical difficulties it would seem that Ms Deayton was unable to do so.

15. On 1 April 2021 the Hearing Officer issued his Decision (O-234-21) ("***the Decision***") in which he rejected the application for invalidity on both grounds. The Proprietor made an application for off-scale costs in relation to the proceedings. Having addressed some of the matters relating to costs the Hearing Officer indicated that he would not make a costs order at that stage but gave directions as to the filing of materials and submissions in support of the application for off scale costs by the Proprietor and for Ms Deayton to file a response to that application.

16. Pursuant to the directions of the Hearing Officer both parties filed further materials and/or submissions and the Hearing Officer subsequently issued a Supplementary Decision on 11 May 2021 (O-351-21) ("***the Supplementary Decision***"). In the Supplementary Decision the Hearing Officer made certain corrections to his substantive Decision; and based on his findings and then made an order for costs to be awarded off the usual scale.

The Decision

17. The Hearing Officer first considered the section 3(6) 1994 Act ground of invalidity pursuant to section 47 of the 1994 Act. Having identified the relevant authorities, the Hearing Officer summarised the legal principles applicable to the determination of the issue together with the approach to be adopted in making such an assessment at paragraphs [8] to [17] of his Decision. No criticism is made on this appeal of the applicable legal principles or the approach to be adopted as set out by the Hearing Officer.

18. The Hearing Officer then turned to the particular circumstance of the invalidity action that was before him. The Hearing Officer first set out the rival contentions that were before him as follows[1]:

> 18) In their written submissions KD state:
>
> > "80. We believe that the proprietor filed the application for the contested mark in bad faith in light of the prior knowledge he had (of the preparations the applicant had made for commencement to use, the proper reasons for non-use and that the applicant intended to market her CHOSEN perfume brand in the UK and related similar goods when her perfume had got off the ground, which was about to be marketed and advertised in the UK), with the intention of preventing her from entering the UK market. The proprietor not only acted dishonestly but its actions fell short of the standards of acceptable commercial behaviour judged by ordinary standards of honest people.
> >
> > 81. The proprietor had prior knowledge of the applicant's identical earlier registered CHOSEN trade mark in Class 3 for perfumes and cosmetics and was advised, when he contacted her, of the preparations she had made for commencement to use, the proper reasons for non-use and that her CHOSEN perfume was finished, stored in the warehouse ready for sale with preparations to secure customers underway in the form of advertising campaigns for eBay, Facebook and YouTube and that her website www.chosen.co.uk was under construction as platforms from which to sell her CHOSEN brand, and that it was about to be marketed and advertised with the intention to add in other similar beauty products/cosmetics to her brand once her perfume had got off the ground when it filed the application for the contested mark in bad faith "to protect their Chosen brand" which, at the time, they did not have neither having the mark registered or made any genuine commercial use of it in May, 2017.
> >
> > 82. We believe that when the proprietor filed the application for the contested mark, in the knowledge that her CHOSEN perfume brand was about to be marketed and advertised but hadn't yet hit the market (for proper reasons), that he did so with the intention to prevent the applicant from marketing her product

[1] In the Hearing Officer's Decision and Supplementary Decision Ms Deayton was referred to as KD and the Proprietor as LL.

(which they knew was a perfume called CHOSEN) in the UK market.

83. We believe the proprietor used the application as a tool to falsely accuse the applicant that she was infringing on "their chosen brand" when there were no grounds (as they neither had the mark registered or had made any genuine use of it before September, 2017) when they filed the application, which was dishonest and an attempt to put undue pressure on the applicant to frighten and intimidate her (contacting her directly) into assigning her earlier registered trade mark(s) over to the proprietor or face threat of revocation proceedings (again for which there were no grounds) that would "incur substantial expense" if she did not."

And:

"89. A person pertaining to be "Tom" contacted the applicant directly on her home phone on the 5 May 2017 to ask her if she was using the mark. It is now known that "Tom" was actually Oliver McMahon, a director of the proprietor. The applicant's IPO representative is stated on the IPO website.

90. When she asked him who he was and what he wanted the mark for, he said that he was called Tom from Leigh on Sea and a friend of his, a young girl who had been doing make up tutorials online, wanted it for a make-up range.

91. This was untrue; therefore, the person who contacted her directly pertaining to be "Tom" was lying and being dishonest, withholding the true information that the applicant was entitled to know, that he was in fact the proprietor of a well-established perfume company who wanted the trade mark for perfumes, and he acted underhandedly and dishonestly from the start.

92. Oliver McMahon, a director of the proprietor, has also lied in his witness statement when he said that the applicant did not ask and so he did not disclose his full name or any details about his company or plans for use of the mark."

19) Whilst LL contend:

"9. As for the allegation of bad faith, the Applicant relies primarily on a telephone call made by the

Proprietor's Managing Director to the Applicant less than two weeks before the application was filed. On that call, it is common ground that the Proprietor established that no genuine use had been made of the Applicant's mark to date (albeit the Applicant did explain her long-standing plans to bring a perfume to market and the difficulties she had encountered thus far). Nevertheless, the Applicant's case is that the application was made in bad faith because the Proprietor (i) knew that the Applicant would bring her perfume to market soon and (ii) by filing the application, intended to prevent the Applicant from entering the market. That, it is said, amounts to behaviour falling short of the acceptable commercial standards.

10. That is quite clearly wrong. As the Applicant has accepted in her evidence, the Proprietor intended to use the 'Chosen' mark in relation to perfume (and subsequently related cosmetics). The Proprietor's objective was therefore to use the trade mark in accordance with its essential function: to enable the end-consumer to identify the origin of the perfume. Indeed, it is common ground that the Applicant did in fact go on to use the mark shortly after the application was filed by launching its 'Chosen by Nicole Scherzinger' perfume. Before it did so, the Proprietor established that the conflicting CHOSEN mark on the register had not been put to genuine use such that it was free to use the mark it had already selected. That is all entirely honest and sensible commercial behaviour."

And:

"40. There is little if anything between the parties on the state of the Proprietor's knowledge at the time that the application was filed. It is common ground that, as a result of Mr McMahon's phone call, the Proprietor knew that (a) the Applicant had been making efforts over the last 10 years to bring a perfume to market under the CHOSEN mark, but (b) she had not managed to do so at the time the call was made. There may be a small difference between the parties' evidence in terms of how close the Applicant said she was to launching the perfume, but this is irrelevant: the fact is that she made clear on the call that she had not launched it yet. Further, given the long period of time which she had spent trying to launch it, it was reasonable for Mr McMahon to assume that there was no real prospect of the perfume being launched imminently."

And:

> "44. As Mr Reynolds explains in paragraph 7 of his statement, the Proprietor's intention in filing the application was to protect its CHOSEN brand for the purposes of selling a range of fragrances (and related products) in cooperation with Nicole Scherzinger. That the Proprietor always intended to use the CHOSEN mark on perfume is accepted by the Applicant (see paragraph 100 of her first statement in this cancellation) and indeed it is common ground that the Proprietor did in fact do so.
> 45. This is entirely consistent with an intention to use the mark in accordance with its essential function: to distinguish the Proprietor's perfume (and subsequently related cosmetic products) from the products of other undertakings. For that reason, the Proprietor's conduct in procuring the filing of the application was nothing other than entirely honest and squarely within the standards of acceptable commercial behaviour."

19. The Hearing Officer then went on to conclude as follows (emphasis as in the original):

> 20) It is common ground that at the time of the application LL was aware that KD had not used the mark, as she had informed them of this herself during a telephone conversation. It is also common ground that LL used a false name during this conversation in order to persuade KD to have the conversation. I do not consider that using a false name is an indication of bad faith, more a standard commercia ploy frequently used by businesses. It is also common ground that KD informed LL that she was "about" to put her perfume on the market. Given that the mark had been on the Register for ten years at this point, one might wonder as to how much stock could be placed on this claim. One can imagine that at almost anytime during the ten years that KD would have claimed to have been about to launch her goods under the mark registered and would have genuinely believed that this was the case. The question for me to consider is that, having ascertained that KD had never used her mark in the ten years it had been registered, was it an act of bad faith for LL to have filed its application in the face of the claims made by KD that she was "about" to launch her perfume on the market? During the conversation between the two parties KD admits that she informed the caller about her health and production problems over the years to explain why the mark had not been used. To my mind, LL was not in a position to determine whether these issues amounted to a genuine reason for non-use. Further, why would LL accept KD's claims regarding imminent use? By filing an application and informing

> KD that they had done so, they could obtain an official decision as to whether KD's mark could remain upon the Register in the light of its lack of use. In my opinion, LL's behaviour in this matter does not constitute dishonesty. It had a genuine wish to use the mark CHOSEN on its own range of products; was not seeking to extort KD, could not be seeking to trade of any reputation as none existed and reasonably believed that it was entitled to apply to register the mark given it had not been used. **The ground of invalidity under section 3(6) therefore fails**.

20. The Hearing Officer then turned to consider the objections under section 47(2) of the 1994 Act. As the earlier mark relied on by Ms Deayton was more than 5 years old the proof of use provisions under that section of the 1994 Act were applicable.

21. As the Hearing Officer explained at paragraph [22] of his Decision the issue of whether there were '*proper reasons for non-use*' was the determining issue as to whether the objection under section 47(2) of the 1994 Act would succeed or fall.

> 22) It is common ground between the parties that the marks are identical and that the goods are either identical or highly similar. At the hearing Mr Aikins accepted that if I accepted that there were proper reasons for non-use then I would have to find against his client. The only aspect that needs to be considered is whether KD can satisfy the proof of use conditions. Both sides accept and indeed it was found in a previous Registry decision (O/131/19) that KD did not use her mark prior to the date of the instant mark being filed on 17 May 2017. Therefore, the whole issue boils down to whether KD can show that there were proper reasons for non-use of her mark during the period 18 May 2012 – 17 May 2017.

22. The Hearing Officer identified the relevant approach to this issue at paragraphs [23] to [25] of his Decision before turning to his consideration on the facts as follows:

> 26) In the accepted pleadings, KD sought to rely upon two factors in respect of reasons why the mark was not used. Firstly, issues with manufacturing the glass bottle specifically designed and secondly health issues. The evidence filed in the instant case is identical to that filed in the earlier proceedings with the exception of copies of "without prejudice" correspondence between the parties. Even if this additional evidence were allowed into the case, to my mind its contents do not assist KD's case. I therefore utilise the summary produced by the Hearing Officer in the earlier case which read:
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> [Quotation of the summary of the evidence from paragraphs [24] and [25] of the Decision of Mr Oliver Morris in the opposition proceedings (O-131-19)]

> 27) From the evidence above it is clear that KD spent from 2007 to 2015 finding a manufacturer who could provide a glass bottle to the required design. This was entirely KD's decision. In her evidence KD acknowledges that many different types of bottles were instantly available from the internet and could have been purchased and used to sell her goods. Instead KD decided not to use the mark until such time as she could obtain a bottle to the design that she had commissioned. The choice was clearly hers, and this is therefore not a proper reason for non-use. 28) Moving onto the issues of health. I have no doubt that KD has been suffering and still does suffer considerable pain. However, she was only incapacitated for a few months during the period in question. The rest of the period, although in pain and requiring treatment, she has been able to run her business, such as it is, from home via the telephone, internet etc. It seems clear that even during her period of incapacitation the process of manufacturing the bottle continued in China, and they eventually managed to achieve a successful product in 2015. Only then did KD look to obtain the packaging which delayed matters even further. To my mind, whilst KD was obviously ill, this does not appear, from the evidence filed, to have slowed down the process at all. The Chinese company was clearly still working on producing the bo351/21ttle during the time of her illness.
>
> 29) Considering the matter in the light of all of the above KD has failed to show that there were proper reasons for not using the mark during the period concerned. The delays, nostly (sic) due to the design of the bottle, were entirely within KD's ability to overcome by simply choosing a different bottle, of which there were numerous examples easily available.

23. The Hearing Officer then turned to the issue of costs. Having set out the submissions of the Proprietor as set out in the Skeleton of Argument that had been filed by the Proprietor for the purposes of the hearing, he went on to conclude as follows at paragraph [32] of his Decision (emphasis added):

> 32) I also note that much of the thirty-nine pages of written submissions consisted of a rehash of the evidence, with additional material being included. Additional evidence was submitted on both the day before the hearing and the morning of the hearing, and further written submissions filed 30 minutes prior to the start of the hearing. Much of this was not copied to the other party. **I therefore decline to award costs at this stage**, but give LL seven days from the date of this decision to submit its costs and any further reasoning it may wish to set out in respect of the reasoning behind the request. KD will then have seven days from the date of LL's submissions to provide their views on the matter. **A supplementary decision covering**

the costs will then be issued and the date of the supplementary decision will trigger the appeal period.

The Supplementary Decision

24. The substantive part of the Supplementary Decision dealt with the question of the Proprietor's application for off scale costs.

> 3) In my decision I set out some of the submissions made by LL regarding an award of costs off the scale. I gave both parties an opportunity to comment further in written submissions. On the 8th April 2021 Mr Aikens on behalf of LL provided his submissions. I allowed KD seven days to reply. A response was received on 15 April which contained the following:
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> > "We have received the email of the 8th April from the Agents for the Proprietor and the accompanying Submission on Costs.
> >
> > We do not accept the allegation regarding "the Applicant's poor and unreasonable behaviour" and consider that the Proprietor's fall back position is excessive. It would be much more appropriate to reduce the claimed costs by a further 50%.
> >
> > The Proprietor has, we believe, achieved significant sales of their "CHOSEN" perfume, whereas the sales achieved by the Applicant have been minimal."
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> 4) The following day, outside the seven-day limit, a further letter regarding costs was received. This focussed almost entirely upon the CMC costs. The letter read:
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> > "Further to my letter of 15 April 2021, I confirm again that we do not accept the allegation of "the Applicant's poor and unreasonable behaviour".
> >
> > The Applicant has requested that, regardless of the outcome, off the scale costs be awarded to her in relation to the endless times she had to amend her TM26(1) because of the Proprietor's unreasonable objections.
> >
> > The Applicant was perfectly entitled to request that an extra ground be added in to her TM26(1), which the Registry in their preliminary view allowed. It was the Proprietor who requested a CMC to get the 3(6) ground struck out. The Applicant adhered to the Hearing Officer's request to amend her TM26(1) in relation to the Proprietors objections and when she did so, he objected to that and wanted that struck out.

> This poor and unreasonable behaviour went on, causing a nearly 9 month delay in getting a substantive hearing, at substantial time and costs to the Applicant. The Proprietor's representative, Mr Aikens, after confirming he would attend the final CMC on the date given by the Hearing Officer, then said, about a week later, that he could not make that date and postponed it to another date suitable for him and the Hearing Officer delaying it a further 2 weeks, which we did not deem as "exceptional reasons" as the Proprietor could have found alternative representation.
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> After Mr Aikens delayed the final CMC to determine whether or not the Applicant's Without Prejudice evidence could be admitted into a substantive hearing and how they would support bad faith, he then decided that it was not worth him attending the final CMC, which he had requested 9 months earlier.
>
> We agree that Mr Aikens is entitled to a contribution towards his inflated excessive costs but that the time and costs to the Applicant also need to be taken into consideration because of their unreasonable objections, for which the Applicant requested an off the scale award, regardless of the outcome.
> We believe that costs should be awarded to the Applicant for the Proprietor's unreasonable objections and behaviour and should be taken into consideration."

5) Attached to this was a six-page letter dated 20 July 2020 which also related to the costs associated with the 2nd abandoned CMC. In my earlier decision at paragraph 32 I stated regarding KD's submission for the main hearing:

> "32) I also note that much of the thirty-nine pages of written submissions consisted of a rehash of the evidence, with additional material being included. Additional evidence was submitted on both the day before the hearing and the morning of the hearing, and further written submissions filed 30 minutes prior to the start of the hearing. Much of this was not copied to the other party."

6) There is no question in my mind that the grounds included in the invalidity could and indeed should have been raised in the initial opposition. I accept the views expressed by Mr Aikin at paragraph 9 of his submissions where he sets out his main points for requesting an award of costs off the scale. These are:

> "9) Third, if the Hearing Officer is not of the view that the Applicant should pay all of the Proprietor's costs on the basis that these whole proceedings were vexatious, the Proprietor seeks an off-scale costs award to reflect the Applicant's general poor and unreasonable behaviour leading to significant wasted costs on the Proprietor's side. In support, the Proprietor relies on the following in particular:
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> (a) The Applicant has filed four different versions of the TM26(I), constantly changing her pleading and failing to set out clearly and concisely what is, as is clear from the decision, in essence a relatively straightforward case.
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> (b) The Applicant has on numerous occasions failed to follow clear directions given by the Hearing Officer, including: (1) failing to delete references to without prejudice communications from her pleading; and (ii) failing to restore her original pleading on proper reasons for non-use after the 1st CMC and instead introducing new irrelevant material.
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> (c) Filing multiple different versions of her first witness statement as a result of failing to comply with the Hearing Officer's directions.
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> (d) Filing highly repetitive evidence, including duplicating the content of previous statements and duplicating previously filed exhibits.
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> (e) Unreasonably insisting on referring to without prejudice communications in her pleadings and evidence, in the face of the Proprietor's reasonable objections.
>
> (f) Filing 39 pages of written submissions the day before the hearing and an additional three pages on the morning of the hearing, much of which was a rehash of the Applicant's evidence which by that stage had been set out in four materially identical witness statements over two sets of proceedings. The later 3-page submission was not even sent to the Proprietor."

7) Bearing in mind that KD was professionally represented, the case has been, in my view, poorly handled resulting in significantly more work for LL and its representatives. To my mind, this does rise to the level of unreasonable behaviour and I therefore award costs off the scale. In addition to the £2,601

awarded in relation to the first CMC, LL sought a further £25,603.67. They also offered a fall-back position of half these fees (£2,601 + £12,801.84). I believe that a figure between these is the more correct result.

8) I order Kathleen Deayton to pay Laurelle London Limited the sum of £21,800 (which includes the CMC costs). This sum to be paid within twenty-one days of the expiry of the appeal period or within twenty-one days of the final determination of this case if any appeal against this decision is unsuccessful.

The Appeal

25. On the 8 June 2021 the representatives of Kathleen Deayton filed a Form TM55P Notice of Appeal. The "Reasons for Appeal" given on behalf of Ms Deayton were stated to be as follows:

> 'We disagree with the Hearing Officer's Decision No. O-234-21 and his Supplementary Decision No. O-351-21 on costs.
>
> - He made numerous errors.
> - He has not taken the Applicant's evidence into consideration.
> - We do not believe he has conducted a fair and proper hearing'.

26. By letter dated 21 June 2021 an application was filed on behalf of the Proprietor for the Grounds of Appeal to be struck out; alternatively, if the Grounds of Appeal were found to be compliant and/or Ms Deayton was given time to file a compliant Grounds of Appeal then an application for an extension of time for the filing of a Respondent's Notice was made.

27. By letter dated 19 July 2021 Ms Deayton's representative responded. In that letter it was maintained amongst other things that the Grounds of Appeal had be prepared in the light of advice that had been given by the Appeals section of the UKIPO; but that if it was not complaint that the Appellant should be provided with an opportunity to redraft it. The letter also indicated that the Appellant was '*in the process of putting together the skeleton identifying the numerous errors and errors of principle that the Hearing Officer has made, the evidence he failed to take into consideration and why we believe both of his decisions are completely wrong . . .* '.

28. In the light of these representations Case Management Directions were issued pursuant to Rules 62(1) and 73(4) of the Trade Marks Rules 2008 in which Ms Deayton was directed to file a Summary (1) identifying by reference to each particular paragraph number of the Hearing Officer decisions which it is proposed to challenge on appeal; (2) specifying in relation to each such paragraph the error or errors it is said to contain; (3) identifying each piece of evidence that it is said that Hearing

Officer has not taken into consideration and where such evidence may be found in the materials that were before the Hearing Officer; and (4) identifying each fact or matter upon which it is contended on this appeal that the Hearing Officer did not conduct a fair and proper hearing.

29. Subsequently, a 22-page document containing 117 paragraphs headed '*Reasons for Appeal Summary in the matter of CA502604*' was filed.

30. Although not entirely easy to follow it would seem that the Grounds of Appeal with respect to the Decision fall into the following broad categories.

(1) That the Hearing Officer did not conduct a fair hearing by in particular not taking into account any of Ms Dayton's evidence or written submissions when reaching his decision.

(2) Complaints with regards to the Hearing Officer's approach to certain without prejudice communications upon which Ms Deayton sought to rely.

(3) That the Hearing Officer's decision under section 3(6) of the 1994 Act was '*clearly wrong'* on the basis that:

(a) the Proprietor had reason to believe that Ms Deayton intended to use the mark;
(b) there had been no honest concurrent use of the mark;
(c) the Proprietor has no reasonable commercial rational to seek registration; and
(d) the Proprietor's behaviour fell short of acceptable commercial standards in that it had a dishonest intention of preventing a third party from entering the market.

(4) That the Hearing Officer findings with respect to proper reasons for non-use were clearly wrong.

(a) With regards to the difficulties relating to the manufacture of a suitable bottle for the perfume products which Ms Deayton wished to sell under and by reference to the mark the Hearing Officer had failed or failed properly to take into account the evidence filed on this issue by Ms Deayton; and

(b) With regards to Ms Deayton's ill health it is said that the Hearing Officer misapplied the law on this issue as cited by the Proprietor below; and/or failed or failed properly to take into account the evidence filed by Ms Deayton in support of this issue.

So far as the Grounds of Appeal relate to the Supplementary Decision is concerned the gravamen of Ms Deayton's complaint is that the Hearing Officer (1) made errors as to his findings of fact with regard to the conduct of the proceedings by or on behalf of Ms Deayton; and (2) should not against the proper factual background have reached the conclusion that an award for costs off the scale was appropriate. There is a further complaint with regard to whether Ms Deayton had agreed to an off-scale costs award of £2,601 with respect to the pleading of the case of 'proper reasons' that was resolved at a CMC by Mr Bowen on behalf of the Registrar.

31. Whilst the Respondent had originally indicated that it may wish to file a Respondent's Notice it ultimately decided not to do so.

32. At the hearing of the appeal which took place by video link Ms Deayton made representations on her own behalf[2]. Mr Chris Aikens instructed by Maucher Jenkins appeared on behalf of the Proprietor.

The Standard of Review on Appeal

33. The principles with regard to the appellate function on appeals from the Registrar of Trade Marks have most recently and conveniently been set out in Axogen Corporation v. Aviv Scientific Limited [2022] EWHC 95 (Ch) at [24]:

> 24. Although I was referred to numerous cases on the subject (including English v Emery Demibold & Struck Ltd [2002] 1 WLR 2409, REEF Trade Mark [2003] RPC 5, Fine & Country Ltd v Okotoks Ltd [2014] FSR 11, Fage UK Ltd v Chobani UK Ltd [2014] EWCA Civ 5, Shanks v Unilever Plc [2014] RPC 29, TT Education Ltd v Pie Corbett Consultancy [2017] RPC 17, Apple Inc v Arcadia Trading Limited [2017] EWHC 440 (Ch), Actavis Group PTC v ICOS Corporation [2019] UKSC 1671 and NINEPLUS O/039/21), the approach of the appeal court to a statutory appeal under section 76(1) of the TMA is uncontroversial. I bear the following principles, relevant to the issues before me, firmly in mind:
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> i) The appeal is by way of a review, not a rehearing (see TT Education Ltd v Pie Corbett Consultancy Ltd (O/017/17) at [52(i)]);
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> ii) The appeal court will allow an appeal where the decision of the lower court was "wrong" (see CPR 52.11). Neither surprise

[2] Although it would seem that Mr Michael Brown, of Alpha & Omega were still on the record as Ms Deayton's professional representatives Ms Deayton made submissions on her own behalf at the hearing of the appeal. Sensibly no objection to this course was raised by the Proprietor. It is however to be noted that it would seem that Mr Brown was with Ms Deayton for the purposes of the hearing. All the documents save for one short 3 page document filed just before the hearing would appeal to have been prepared by Ms Deayton's professional representatives.

at a Hearing Officer's conclusion, nor a belief that he or she has reached the wrong decision suffices to justify interference (NINEPLUS O/039/21 at [14]);

iii) The decision of the lower court will be "wrong" if the judge makes an error of law, which might involve asking the wrong question, failing to take account of relevant matters or taking into account irrelevant matters. Absent an error of law, the appellate court would be justified in concluding that the decision of the lower court was wrong if the judge's conclusion was "outside the bounds within which reasonable disagreement is possible" (Actavis Group at [81]);

iv) The approach required by the appeal court depends on a number of variables including the nature of the evaluation in question (REEF Trade Mark [2003] RPC per at [26]). There is a "spectrum of appropriate respect for the Registrar's determination depending on the nature of the decision" (TT Education at [52(ii)]), with decisions of primary fact at one end of the spectrum and multi- factorial decisions (of the type which the parties agree were made in this case by the Hearing Officer) being further along the spectrum.

v) In the case of a multifactorial assessment or evaluation, involving the weighing of different factors against each other, the appeal court should show a real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle. Special caution is required before overturning such decisions (TT Education at [52(iv)], REEF at [28] and Fine & Country at [50]-[51]).

vi) An error of principle is not confined to an error as to the law but extends to certain types of error in the application of a legal standard to the facts in an evaluation of those facts. The evaluative process is often a matter of degree upon which different judges can legitimately differ and an appellate court ought not to interfere unless it is satisfied that the judge's conclusion is outside the bounds within which reasonable disagreement is possible (Actavis Group at [80]).

vii) Another variable to be taken into account will be "the standing and experience of the fact-finding judge or tribunal" (REEF at [26], Actavis Group at [78]). Expert tribunals are charged with applying the law in the specialised fields and their decisions should be respected unless it is quite clear that they have misdirected themselves in law. Appellate courts should not rush to find such misdirections simply because they might have reached a different conclusion on the facts (Shanks at [28] citing the warning given by Baroness Hale in AH (Sudan) v Secretary of State for the Home Department [2007] UKHL 49).

viii) The appellate court should not treat a judgment as containing an error of principle simply because of its belief that the judgment or decision could have been better expressed; "The duty to give reasons must not be turned into an intolerable burden" (see REEF at [29]). The reasons need not be elaborate. There is no duty on a judge, in giving her reasons, to deal with every argument presented by counsel in support of his case. It is sufficient if what she says shows the basis on which she has acted (English at [17], Fage at [115]). The issues the resolution of which were vital to the judge's conclusions should be identified and the manner in which she resolved them explained (English at [19]).

ix) In evaluating the evidence, the appellate court is entitled to assume, absent good reason to the contrary, that the first instance judge has taken all of the evidence into account (TT Education at [52(vi)]).

34. The general principles are not in dispute and I will bear the above principles firmly in mind in considering the issues before me.

Decision

Appeal against the Decision

General

35. There are three points that are made on this appeal that cut across both the appeal under section 3(6) of the 1994 Act and the proper reasons for non-use.

36. The first is a complaint that at the hearing the Hearing Officer did not have the final written submissions filed *in lieu* of attendance of Ms Deayton or her representative at the hearing before him.

37. The Hearing Officer made clear on the transcript of the hearing that: (1) he had read the Proprietor's skeleton of argument *and* Ms Deayton's written submissions prior to the hearing; (2) he had neither the Proprietor's skeleton of argument nor Ms Deayton's written submissions in front of him at the hearing; and (3) he appreciated that this made the situation '*difficult*'. However, whilst this was no doubt not an entirely satisfactory state of affairs for either party, it does not seem to me that this was a material error.

38. There are two reasons for this. First, the Decision was not an *ex-tempore* decision but one that was issued 2 weeks after the hearing during which time the Hearing Officer would have had ample opportunity to re-read the relevant submissions. Second it is

clear from the Decision that the Hearing Officer had read and considered both sides written submissions prepared for the purposes of the determination that he was required to make not least because he refers to them in his Decision.

39. The second point is a complaint that the Hearing Officer did not take into account *any* of the evidence filed on behalf of Ms Deayton in support of her application for invalidity. Ms Deayton is entirely correct that in paragraph 5 of the Hearing Officer's Decision (O-324-21) as originally issued stated that '*Only LL filed evidence*'. This was unfortunate and clearly an error which the Hearing Officer himself corrected in paragraph 1 of his Supplementary Decision.

40. However, it is also abundantly clear from the contents of the Decision itself that the Hearing Officer was aware that evidence and submissions had been filed on behalf of Ms Deayton and that he had taken such materials into account when reaching his Decision: see in particular paragraphs [18] and [26] of the Decision.

41. In the circumstances this Ground of Appeal is rejected.

42. The third complaint, is an unparticularised complaint that the Hearing Officer did not conduct a fair hearing and was not impartial. Save for one minor points no specific facts or matters have been identified in the Grounds of Appeal to support that allegation. This is despite the fact that Ms Deayton was given directions on this appeal which provided her with a specific opportunity to identify such facts and matters.

43. The point that was raised were first the suggestion that the submission filed on behalf of Ms Deayton *in lieu* of appearing at the hearing were filed late, they were not as accepted by the Proprietor. Unfortunate as the position might be said to be it seems to me that nothing turns on this. It is clear, as set out above, that the Hearing Officer read and took into account the submissions filed on behalf of Ms Deayton.

44. Therefore, in so far as this is a separate Ground of Appeal from the others that have been specifically raised (and which are addressed above and below) it is rejected as being entirely unfounded.

Section 3(6) of the 1994 Act

45. There is no suggestion on this appeal that the Hearing Officer did not set out the relevant principles of law applicable to the section 3(6) of the 1994 Act ground for invalidity. Since the Decision was issued the Court of Appeal delivered its judgment in Sky Limited (formerly Sky plc) v. SkyKick, UK Limited [2021] EWCA Civ 1121. It is not suggested that the principles set out by the Hearing Officer are inconsistent with the subsequent judgment in Skykick where Sir Christopher Floyd (with whom Nugee and Newey LJJ agreed) having set out the relevant case law from the CJEU on

bad faith at paragraphs [46] to [66] summarised the approach at paragraph [67] as follows (case references added in footnotes for ease of reference):

> 67. The following points of relevance to this case can be gleaned from these CJEU authorities:
>
> 1. The allegation that a trade mark has been applied for in bad faith is one of the absolute grounds for invalidity of an EU trade mark which can be relied on before the EUIPO or by means of a counterclaim in infringement proceedings: *Lindt*[3] at [34].
>
> 2. Bad faith is an autonomous concept of EU trade mark law which must be given a uniform interpretation in the EU: *Malaysia Dairy Industries*[4] at [29].
>
> 3. The concept of bad faith presupposes the existence of a dishonest state of mind or intention, but dishonesty is to be understood in the context of trade mark law, i.e. the course of trade and having regard to the objectives of the law namely the establishment and functioning of the internal market, contributing to the system of undistorted competition in the Union, in which each undertaking must, in order to attract and retain customers by the quality of its goods or services, be able to have registered as trade marks signs which enable the consumer, without any possibility of confusion, to distinguish those goods or services from others which have a different origin: *Lindt* at [45]; *Koton Mağazacilik*[5] at [45].
>
> 4. The concept of bad faith, so understood, relates to a subjective motivation on the part of the trade mark applicant, namely a dishonest intention or other sinister motive. It involves conduct which departs from accepted standards of ethical behaviour or honest commercial and business practices: *Hasbro*[6] at [41].
>
> 5. The date for assessment of bad faith is the time of filing the application: *Lindt* at [35].
>
> 6. It is for the party alleging bad faith to prove it: good faith is presumed until the contrary is proved: *Pelikan*[7] at [21] and [40].

[3] Case C-529/07 Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH EU:C:2009:361; [2010] Bus LR 443.
[4] Case C-320/12 Malaysia Dairy Industries Pte. Ltd v Ankenævnetfor Patenter Varemærker EU:C:2013:435.
[5] Case C-104/18 P Koton Mağazacilik Tekstil Sanayi ve Ticaret AŞ EU:C:2019:724.
[6] Case T-663/19 Hasbro, Inc. v EUIPO, Kreativni Dogaaji d.o.o. intervening ECLI:EU:2021:211.
[7] Case T-136/11 pelicantravel.com s.r.o. v OHIM, Pelikan Vertriebsgesellschaft mbH & Co KG (intervening) EU:T:2012:689.

> 7. Where the court or tribunal finds that the objective circumstances of a particular case raise a rebuttable presumption of lack of good faith, it is for the applicant to provide a plausible explanation of the objectives and commercial logic pursued by the application: *Hasbro* at [42].
>
> 8. Whether the applicant was acting in bad faith must be the subject of an overall assessment, taking into account all the factors relevant to the particular case: *Lindt* at [37].
>
> 9. For that purpose it is necessary to examine the applicant's intention at the time the mark was filed, which is a subjective factor which must be determined by reference to the objective circumstances of the particular case: *Lindt* at [41] – [42].
>
> 10. Even where there exist objective indicia pointing towards bad faith, however, it cannot be excluded that the applicant's objective was in pursuit of a legitimate objective, such as excluding copyists: *Lindt* at [49].
>
> 11. Bad faith can be established even in cases where no third party is specifically targeted, if the applicant's intention was to obtain the mark for purposes other than those falling within the functions of a trade mark: *Koton Mağazacilik* at [46].
>
> 12. It is relevant to consider the extent of the reputation enjoyed by the sign at the time when the application was filed: the extent of that reputation may justify the applicant's interest in seeking wider legal protection for its sign: *Lindt* at [51] to [52].
>
> 13. Bad faith cannot be established solely on the basis of the size of the list of goods and services in the application for registration: *Psytech*[8] at [88], *Pelikan* at [54].

46. The Court of Appeal then turned to consider the case law of the UK courts and tribunals and Sir Christopher Floyd concluded that (emphasis added):

> 80. **I agree that such a cautious approach is mandated in all cases where bad faith is alleged**, and that the concept of justification by considering whether there is **an arguable claim to legitimate protection of the applicant's actual or potential business is a useful one**.

[8] Case T-507/08 Psytech International Ltd v OHIM, Institute for Personality & Ability Testing, Inc (intervening) EU:T:2011:46.

47. Before turning to the particular Grounds of Appeal relied upon it is important to have in mind the relevant date for the purposes of assessing 'bad faith' which is the filing date (see paragraph 5 of the summary of the law in Skykick above).

48. The filing date for the registration in issue was 17 May 2017 and therefore that is the relevant date for the purposes of the assessment of bad faith. This is *not* the same date as was relevant for the purposes of the opposition proceedings – that date being 26 May 2017.

49. Therefore, in so far as Ms Deayton in her Grounds of Appeal and/or submissions seeks to rely upon facts and matters that occurred after that date they are not relevant save in so far as they may be said to shed light backwards as to what the position was prior to the filing date.

50. Moreover, great care has been required when considering the Grounds of Appeal and submissions filed on behalf of Ms Deayton which in certain respects are drafted by reference to acts being before the relevant date for the purposes of the *opposition* proceedings as opposed to the relevant date for the invalidity proceedings.

51. It is also necessary to have regard to the pleaded case on 'bad faith' for the reasons identified by the Hearing Officer in paragraph [12] of his Decision.

52. The basis of the pleaded case (as amended) before the Hearing Officer can be summarised as follows:

    (1) The Proprietor contacted Ms Deayton on her home telephone number on 5 May 2017.

    (2) In the course of that telephone call Ms Deayton explained of the preparations that had been made to commence the use of the mark and the difficulties that she had encountered both with regards to the manufacture of a glass perfume bottle and her health issues. It is said that she explained that the product under the mark was about to be marketed and advertised.

    (3) On the basis of the above it is alleged that the mark was filed by the Proprietor '*with the intention of preventing [Ms Deayton] from entering the market and in bad faith*'.

    (4) That whilst the Proprietor '*may have wanted to use the mark*' its behaviour fell short of acceptable commercial standards. The particulars of this relied upon where (a) a letter dated 18 May 2017 headed TRADE MARK INFRINGEMENT – "CHOSEN"; and (b) the purchase by the Proprietor in July 2017 of a bottle of Ms Deayton's product sold under and by reference to the earlier mark.

(5) That in July 2017 the Proprietor had purchased a bottle of Ms Deayton's perfume sold under and by reference to the mark CHOSEN.

53. In response to the amended case the Proprietor:

(1) Admitted that the Proprietor had contacted Ms Deayton by telephone on 5 May 2017.

(2) Admitted that Ms Deayton had told the Proprietor that she had made efforts to develop and market a perfume under the name CHOSEN.

(3) Put forward a positive case as to the Proprietor's honest and commercially acceptable behaviour on the basis that (a) it had at all material times wished to bring to market in the UK a perfume under the mark CHOSEN and had in fact done so; and (b) before it filed the application in issue it made enquires to ascertain whether or not genuine use had been made of the mark since it have been filed in 2006 and having established that was indeed the case and taking the view there were no proper reasons for non-use proceeded to file the application.

(4) Submitted that all matters post the filing date were irrelevant for the purposes of the assessment of bad faith; and denied the letter of 18 May 2017 contained an allegation of infringement.

54. The Grounds of Appeal upon which Ms Deayton seeks to rely upon in support of the contention that the Hearing Officer's decision under section 3(6) of the 1994 Act was wrong were that:

(1) The Proprietor had reason to believe that Ms Deayton intended to use the mark;

(2) There had been no honest concurrent use of the mark;

(3) The Proprietor has no reasonable commercial rationale to seek registration; and

(4) The Proprietor's behaviour fell short of acceptable commercial standards in that it had a dishonest intention of preventing a third party from entering the market.

It is to be noted that as made clear by the Proprietor items (1) and (2) were not in dispute.

55. The Hearing Officer in his Decision summarised the parties' respective positions with regard to section 3(6) of the 1994 Act by quoting from the written submissions that had been provided to him. There is no suggestion on this appeal that these quotations are inaccurate.

56. In reaching his Decision in paragraph [20] the Hearing Officer in summary formed the view on the basis of the materials before him:

(1) That it was common ground that as of the filing date the Proprietor was aware that Ms Deayton had not used the mark as a result of a telephone conversation that took place on 5 May 2017.

(2) That it was common ground that a false name had been given to Ms Deayton for the purposes of the telephone conversation.

(3) That it was common ground that Ms Deayton had informed the Proprietor in the course of the telephone conversation that she was "about" to put her perfume on the market.

(4) That it was common ground that Ms Deayton had also informed the Proprietor in the course of the telephone conversation that Ms Deayton explained that the reason that the mark had not been used was because of her health and production problems over the years.

(5) That the mark had been on the Register for ten years at this point and that Ms Deayton could have claimed, and genuinely believed, that she was about to launch the product almost anytime during that 10 year period.

(6) That the Proprietor was not in a position to (1) determine whether or not Ms Deayton had proper reasons for non-use; or (2) know i.e., accept that Ms Deayton suggestion that her use of the mark was imminent.

(7) That the Proprietor had a genuine wish to use the mark CHOSEN on a range of products.

(8) That the Proprietor was not seeking to extort Ms Deayton.

(9) That the Proprietor could not be seeking to trade off any reputation in the mark as none existed.

(10) That the Proprietor reasonably believed that it was entitled to apply to register the mark given that it had not been used i.e., it had not been used since it was registered in 2006.

57. Moreover, the Hearing Officer formed the view that the question that he had to determine was having ascertained that Ms Deayton had never used her mark in the 10 years it had been registered, was it an act of bad faith for the Proprietor to have filed its application in the fact of the claims that Ms Deayton was "about" to launch her perfume on the market? He concluded on the basis of the findings set out above that it did not.

58. The Hearing Officer further observed that it was open to the Proprietor to file an application for the trade mark and to subsequently notify Ms Deayton that that was what it had done.

59. Having reviewed the findings and the materials filed in this case with Ms Deayton's criticisms firmly in mind it seems to me that both the findings and the conclusion were ones that it was open to the Hearing Officer to reach.

60. Ms Deayton also sought to rely upon the fact that the Hearing Officer had not taken into account certain without prejudice material that was included in the evidence filed in support of the invalidity proceedings.

61. With regard to the without prejudice correspondence this appears to be the only additional evidence that was filed by Ms Deayton over and above that which had been filed for the purposes of the opposition proceedings. The inclusion of such materials had been the subject of frequent objections by the Proprietor. These were first raised at the first CMC before Mr Bowen. A second CMC was listed for the purposes of hearing an application to strike out the evidence which referred to the without prejudice correspondence but this was vacated and the application was not pursued. The objection however was maintained before the Hearing Officer. Firstly, on the ground that Ms Deayton had not established that any of the exceptions to the without prejudice rule applied; and secondly because it was said that all the correspondence was dated after the filing date and therefore not relevant.

62. It is clear from paragraph [26] of the Decision that the Hearing Officer had read the without prejudice material and it is also clear that he did not regard the contents as assisting Ms Deayton's case. No formal determination was made as to whether such material was or was not admissible given that it was subject to without prejudice privilege. I have nonetheless reviewed the without prejudice correspondence *de bene esse* and have likewise concluded that such materials do not assist Ms Deayton.

63. Likewise, I have reviewed the other evidence which post-dates the filing date which on this appeal Ms Deayton suggests should have been taken into account by the Hearing Officer in making his determination under section 3(6). However, in my view such materials do not assist Ms Deayton with regard to the position as of the filing date i.e., the material, that post-dates the filing date, does not shed light

backwards as to the factual position as of the filing date which in any event is largely not in contention.

64. Finally, Ms Deayton has drawn my attention to the decision of Geoffrey Hobbs QC in DAWAAT TM [2003] RPC 11 to which the Hearing Officer had also been referred and which in the course of the hearing before him the Hearing Officer had indicated that Mr Aikens on behalf of the Proprietor did not need to address him on. Whilst it is correct that the decision in DAWAAT TM is concerned with section 3(6) of the 1994 Act the factual matrix was entirely different. The case concerned an application filed pre-emptively of a foreign *user* of a mark with a view to obtaining an improved bargaining position in the context of a prospective economic relationship between the parties that is to say with a view to obtaining an agency or distribution agreement of the foreign user's products in the United Kingdom. This authority provides no assistance to Ms Deayton whether (1) as to the law under section 3(6) of the 1994 Act as to which there is no suggestion that the Hearing Officer erred; or (2) as to the appropriate approach with regard to the facts in the present case which as outlined above are entirely different. Therefore, it seems to me that the Hearing Officer cannot be criticised for taking the view that he did not either need to hear submissions on the case from the Proprietor at the hearing or of necessity need to refer to DAWAAT TM in his Decision (if it is indeed suggested on this appeal) for the purposes of explaining the conclusion that he had reached.

65. In the circumstances, I have come to the view that having regard to all the materials that were before the Hearing Officer it was open to him to reach the conclusion that he did for the reasons that he gave and the appeal against the decision under section 3(6) of the 1994 Act is dismissed.

Proper reasons for non-use

66. As noted above it was common ground in the invalidity proceedings that the earlier mark had not been put to genuine use during the relevant 5 year period that is to say 18 May 2012 until 17 May 2017. The issue was therefore whether Ms Deayton had 'proper reasons' for non-use. The 'proper reasons' for non-use relied upon by Ms Deayton fell into two categories. First difficulties with the manufacture of a glass bottle specifically designed for the product that she wished to sell under the earlier mark; and second on the basis of her ill health.

67. With regard to the first issue there is no suggestion that the Hearing Officer did not identify the correct legal principles that were relevant to the assessment. Of particular relevance in the context of the present appeal are paragraphs [52] to [54] of the judgment of the CJEU in Case C-246/05 Häupl v. Lidl Stiftung & Co KG which was quoted amongst other paragraphs by the Hearing Officer at paragraph [23] of the Decision which states as follows:

> 52. In particular, as correctly stated by the Advocate General in [79] of his Opinion, it does not suffice that "bureaucratic obstacles", such as those pleaded in the main proceedings, are beyond the control the trade mark proprietor, since those obstacles must, moreover, have a direct relationship with the mark, so much so that its use depends on the successful completion of the administrative action concerned.
>
> 53. It must be pointed out, however, that the obstacle concerned need not necessarily make the use of the trade mark impossible in order to be regarded as having a sufficiently direct relationship with the trade mark, since that may also be the case where it makes its use unreasonable. If an obstacle is such as to jeopardise seriously the appropriate use of the mark, its proprietor cannot reasonably be required to use it nonetheless. Thus, for example, the proprietor of a trade mark cannot reasonably be required to sell its goods in the sales outlets of its competitors. In such cases, it does not appear reasonable to require the proprietor of a trade mark to change its corporate strategy in order to make the use of that mark nonetheless possible
>
> 54. It follows that only obstacles having a sufficiently direct relationship with a trade mark making its use impossible or unreasonable, and which arise independently of the will of the proprietor of that mark, may be described as "proper reasons for non-use" of that mark. It must be assessed on a case-by-case basis whether a change in the strategy of the undertaking to circumvent the obstacle under consideration would make the use of that mark unreasonable. It is the task of the national court or tribunal, before which the dispute in the main proceedings is brought and which alone is in a position to establish the relevant facts, to apply that assessment in the context of the present action.

68. What this paragraph makes clear is that it is an assessment of 'proper reasons' for non-use must be made on the facts as before the decision taker.

69. The first general point under this ground of appeal is that the Hearing Officer had not taken any of Ms Deayton's evidence on this issue into account. That is clearly not correct. The Hearing Officer utilised the summary of evidence set out by Mr Oliver Morris in the opposition proceedings, being the same evidence relied upon for the purpose of this aspect of the invalidity proceedings. The detailed summary prepared by Mr Morris and contained in paragraphs [24] and [25] of his decision is set out in full at paragraph [26] of the Decision. It is not suggested on this appeal (and I note that Mr Morris' decision was not appealed) that the summary of the evidence was incorrect.

70. With regards to the particular findings that are criticised on this appeal what is said in essence is that (1) Ms Deayton did not spend from 2007 to 2015 finding a manufacturer of a glass bottle to the required design but had found a manufacturer by 2011 but that it took until 2015 to produce a bottle to the quality standard that was required; (2) that on the evidence Ms Deayton had changed her strategy in order to overcome the obstacles that were in her way with a view to getting the product to market; and (3) that it was unreasonable for Ms Deayton to have purchased and use one of the bottles which, as Ms Deayton acknowledged in her evidence, were readily available. In particular it is said that it would have been unreasonable given the amount of time and money that Ms Deayton had invested into the acquiring a bottle to the design and standard that she wanted for the purposes of her business.

71. With regards to the points made above as to (1) whilst it is correct that the Hearing Officer referred in his Decision to taking from 2007 to 2015 to obtain a glass bottle '*to the required design*' that seems to me to capable of being a reference which would include to the required standard. In any event nothing turns on this because it is not disputed that it was not until March 2015 that any glass bottles were delivered to Ms Deayton.

72. Turning to points (2) and (3) whilst it is true that Ms Deayton did make certain adjustments to her strategy to overcome the difficulties that she was having with the glass bottle, for example identifying a different bottle that could utilise the collars, caps and pumps that were already in production, it is also true that she did not adopt the alternative course, which was on her own admission available to her, namely the purchase of a 'stock' bottle.

73. As is clear from the case law 'proper reasons' refers to circumstances unconnected with the proprietor of the trade mark rather than to circumstances associated with his commercial difficulties. See for example Case T-250/13 Naazeen Investments Ltd v. OHIM at [66] and cited by the Hearing Officer in his Decision at [24].

74. The problems associated with manufacture of products or indeed their packaging form part of the commercial difficulties encountered by the undertaking wishing to place such products on to the market.

75. Further, when a change of strategy is available, in this case the purchase of a 'stock' bottle, such as to allow an undertaking to put the product onto the market under the mark it cannot be regarded as unreasonable. That is because the additional economic investment necessary in order to achieve this (and the loss of investment in the glass bottle that could not be brought to market within the relevant period to the required design and/or standard) is properly to be regarded as part of the risks that an undertaking must take.

76. Further and in any event the issues that arose with regard to the manufacture of the glass bottles and the decision not to use a 'stock' bottle once the difficulties or obstacles were appreciated were, as the Hearing Officer held due to the choices that Ms Deayton made.

77. That these difficulties were appreciated from an early stage and related to the manufacture of the glass bottle is confirmed by the letter dated 4 June 2018, upon which Ms Deayton relied, from Martyn Barklett-Judge, Managing Director of Unex Designs Limited, who confirmed his meeting with Ms Deayton '*regarding a glass perfume bottle that she had designed and was having difficult manufacturing'*. In the same letter Mr Barklett-Judge went on to confirm that he had '*considerable experience in this area*' and that '*this [was] one of the most difficult perfume bottles I have ever come across to produce*'.

78. In the premises, it is my view that the Hearing Officer was entitled to find as he did that the non-use was as a result of choices that Ms Deayton had made and could have been overcome by choosing a different bottle. That is to say that the facts relied upon by Ms Deayton did not support a claim to 'proper reasons' for non-use.

79. The second ground for 'proper reasons' for non-use was the ill health of Ms Deayton. I have no doubt, as the Hearing Officer had no doubt, that Ms Deayton has suffered and continues to suffer from considerable pain and other difficulties associated with her state of health.

80. With regard to 'proper reasons' for non-use the Proprietor in the skeleton lodged on its behalf below referred to paragraph 12-112 of Kerly's Law of Trade Marks and Trade Names (16th Edition) which is a paragraph under the heading '*What Period of Time Must be Covered by "Proper Reasons"*'. On this appeal Ms Deayton relies in particular on the following:

> For an individual a short period of illness in the middles of the five-year period would not avoid revocation, whereas a longer and more serious condition might.

81. What is submitted on this appeal is that the Hearing Officer failed to have proper regard to this statement from Kerly. In particular, as was confirmed by Ms Deayton at the hearing on this appeal, the Hearing Officer erred in that he did not take into account or sufficient account of the severity of Ms Deayton's incapacity to do work and should have put more weight on her general incapacity to work as opposed to just the short period when she was unable to work at all.

82. The view that the Hearing Officer took having taken into account the evidence that was before him, was whilst he acknowledged Ms Deayton's general ill health and

incapacity, it would appear that she none the less was able to continue to run her business from home via the telephone and the internet.

83. Having reviewed the evidence, it seems to me that this was a view that the Hearing Officer was entitled to reach. I am fortified in that view in particular, because at least in so far as the period 2011 to 2015 is concerned (which included the period when Ms Deayton was completely incapacitated) that this was the position is confirmed by Mr Barklett-Judge in his letter of 4 June 2018.

84. In that letter Mr Barklett-Judge stated that the delays were '*only because of manufacturing issues, and not because Kathy Deayton stopped working on this project, despite her becoming incapacitated in 2014*'. In addition, in the final paragraph of his letter Mr Barklett-Judge said as follows:

> We had regular meetings in my office throughout this period[9] as well as corresponding by email and over the phone. Kathy never gave up and worked relentless on her CHOSEN brand through adverse and unforeseen circumstances, which caused delays in this bona fide business venture.

85. In the circumstances I do not accept the criticisms made of the Hearing Officer and it seems to me that the findings with regard to 'proper reasons' for non-use made by the Hearing Officer were ones that it was open to him to make.

86. Therefore, the appeal against the Hearing Officer's findings with regard to 'proper reasons' for non-use is rejected.

Appeal against the Supplementary Decision

87. This is an appeal against the Hearing Officer's decision to make an order for off-scale costs and a subsidiary point relating to a costs order made by Mr Bowen following a CMC.

88. It is important to recognise from the outset that the power of the Registrar to make an order for costs is discretionary. A convenient summary of the approach to the award of costs can be found in the decision of Geoffrey Hobbs QC sitting at the Appointed Person in Edge Interactive (O-295-14) at paragraphs [9] to [13]:

> 9. I now turn to consider the third and fourth of the four points noted in paragraph 6 above in the context of section 68(1) of the Trade Marks Act 1994, which establishes that:

[9] From the contents of the letter the period would appear to be between 2011 and 2015.

> 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.

10. 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 Appointed Persons normally draw upon this approach when awarding costs in relation to appeals brought under section 76 of the 1994 Act.

11. 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. This approach to the assessment of costs has been retained for the reasons identified in Tribunal Practice Notice TPN 2/2000, supplemented by Tribunal Practice Notices TPN 4/2007 and TPN 6/2008.

12. It is, as I have indicated, open to the decision taker to depart from the published scale figures in the exercise of the power to award such costs as (s)he may consider reasonable under rule 67. In that connection Tribunal Practice Note TPN 4/2007 provides the following guidance:

> **Off scale costs**

5. TPN 2/2000 recognises that it is vital that the Comptroller has the ability to award costs off the scale, approaching full compensation, to deal proportionately with wider breaches of rules, delaying tactics or other unreasonable behaviour. Whilst TPN 2/2000 provides some examples of unreasonable behaviour, which could lead to an off scale award of costs, it acknowledges that it would be impossible to indicate all the circumstances in which a Hearing Officer could or should depart from the published scale of costs. The overriding factor was and remains that the Hearing Officer should act judicially in all the facts of a case. It is worth clarifying that just because a party has lost, this in itself is not indicative of unreasonable behaviour.

6. TPN 2/2000 gives no guidance as to the basis on which the amount would be assessed to deal proportionately with unreasonable behaviour. In several cases since the publication of TPN 2/2000 Hearing Officers have stated that the amount should be commensurate with the extra expenditure a party has incurred as the result of unreasonable behaviour on the part of the other side. This "extra costs" principle is one which Hearing Officers will take into account in assessing costs in the face of unreasonable behaviour.

7. Any claim for cost approaching full compensation or for "extra costs" will need to be supported by a bill itemising the actual costs incurred.

8. Depending on the circumstances the Comptroller may also award costs below the minimum indicated by the standard scale. For example, the Comptroller will not normally award costs which appear to him to exceed the reasonable costs incurred by a party.

13. It should at this point be emphasised that an award of costs must reflect the effort and expenditure to which it relates, without inflation for the purpose of imposing a financial penalty by way of punishment for misbehaviour on the part of the paying party. It is certainly not possible to award compensation to the receiving party for the general economic effects of the paying party's decision to pursue the proceedings in question: *Gregory v. Portsmouth City Council* [2000] 2 WLR 306 (HL); *Land Securities Plc v.*

Fladgate Fielder (A firm) [2009] EWCA Civ. 1402; [2010] 2 WLR 1265 (CA).

89. The guidance in the form of TPNs has now been updated by TPN 2/2016. That TPN confirms the previous guidance as set out in the TPNs summarised in the Decision of Geoffrey Hobbs QC and provides for changes to the amount of scale costs in relation to proceedings commenced on or after 1 July 2016.

90. The basis of the appeal in the present case is that off-scale costs was not appropriate in the present case because:

(1) It was harsh and unjustifiable in the light of the Proprietor's 'unreasonable behaviour' and 'unreasonable objections';

(2) The Hearing Officer had made distinct and material errors of principle being the distinct and material errors of principle relied upon in the context of the substantive appeal; and

(3) There were factual errors made in the submissions set out in the skeleton of argument filed on behalf of the Proprietor which were accepted in paragraph [6] of the Supplementary Decision.

91. With regard to point (2) above this is not a free-standing Grounds of Appeal on the question of the issue of the amount of costs that should be paid by Ms Deayton to the Proprietor but rather a repetition of the position adopted more generally on the appeal and dealt with above.

92. It is of course possible that the behaviour of the receiving party in conducting the proceedings may impact on its costs in the same way that the behaviour of the paying party may impact on its costs. In the present case the Hearing Officer took the view that it was as a result of the behaviour of Ms Deayton's representatives in the conduct of the invalidity proceedings that formed the basis of his order as to costs.

93. There are a number of observations to be made in relation to the Hearing Officer's decision on costs.

94. First, it is entirely the case that the section 3(6) ground of invalidity *could* have been brought in the earlier opposition proceedings but that seems to me to be of no relevance to the question of costs in the invalidity proceedings. Although this is a point referred to by the Hearing Officer it does not seem to have formed part of his reasoning for the order that he ultimately made. That is not to say that in the context of the invalidity proceedings that cost consequences do not flow from the fact that the section 3(6) ground of invalidity was introduced by way of amendment to the invalidity proceedings.

95. Second, Ms Deayton was not precluded from bringing the invalidity proceedings as the opposition decision does not give rise to a *res judicata*: see Special Effects Ltd v. L'Oréal SA [2007] EWCA Civ 1. However, that does not mean that other consequences cannot flow from doing so.

96. Third, as accepted by Mr Aikens at the hearing of the appeal the Hearing Officer was incorrect to say that the substantive submissions (39 pages) filed *in lieu* of attendance at the hearing by Ms Deayton were filed late. They were filed on time contrary to the position set out in paragraph 9 f) quoted in paragraph [6] of the Supplementary Decision. That is not to say that the observations with regard to the contents of those submissions are not wholly valid. It is further to be noted that the additional 3 pages of submissions were filed just before the hearing and were not copied to the Proprietor.

97. With regard to other points made by Ms Deayton with respect to other points made on the factual basis upon which the Hearing Officer relied in reaching his conclusion on costs:

(1) Ms Deayton is incorrect when she submits that she was not required to delete references to without prejudice material from her pleadings. That was indeed the order made by Mr Bowen: as set out in paragraphs 4 and 5 of his letter dated 2 March 2020.

(2) It is correct that the Proprietor sought to prevent the section 3(6) ground of invalidity being added to the proceedings. It is also correct that Mr Bowen permitted the section 3(6) ground to proceed on the basis that the pleading was '*just about acceptable*'. However, in the light of the submissions that the pleading was deficient in its specificity Ms Deayton was provided with a further opportunity to clarify her pleading: as set out in paragraph 7 of his letter dated 15 January 2020.

(3) With regard to the amendment of the Proprietor's TM8 this amendment was consequential upon the addition of the section 3(6) ground of invalidity. Up until that point the issue of the telephone call which was relied upon by Ms Deayton solely to support her case under section 3(6) was not an issue as between the parties. Once the matter became an issue an admission was made.

98. Finally, as the Hearing Officer himself referred to it was necessary to keep in mind that at all times Ms Deayton was professionally represented.

99. In the circumstances outlined above and having reviewed the conduct of the parties in the invalidity proceedings it does not seem to me that there has been any error of

principle or material error such as to justify my disturbing the order for off-scale costs made by the Hearing Officer in the exercise of his discretion.

100. There is a further ground of appeal directed to the off-scale costs order in the sum of £2,601 that was made by Mr Bowen at a CMC in the invalidity proceedings. What is maintained on this appeal by Ms Deayton is simply that she '*did not agree to pay this off scale cost and maintains that she does not agree to pay it'*. No further reasoning or explanation is given.

101. The order for costs is contained in Mr Bowen's letter dated 2 March 2020. The order followed on from the findings set out in his letter of 15 January 2020 and the subsequent submissions on costs that were made by the parties. Having considered the submissions in his letter of 2 March 2020 Mr Bowen stated as follows:

> **Costs**
>
> 2. In paragraph 4 of my letter of 15 January, I recorded the fact that at the CMC you accepted that your firm would bear the costs burden in this regard. While you also agreed that the proprietor was entitled to an off-scale award in respect of the "oddly worded" amendment to the proper reasons for non-use being relied upon (paragraph 5 of my letter refers), as that amendment formed part of the proceedings proper, in my view, the burden for that award falls on the applicant and not on your firm.
>
> 3. In the circumstances described, the most sensible way forward appears to be for you to liaise with Mr Pendered in relation to the payment of the sum resulting from your failure to attend the original CMC (which by my reckoning amounts to £2307), and the amount incurred in relation to the amendment to the Form TM26 (which amounts to £2601) will, as I mentioned in my original letter, be factored into any costs award made by the Hearing Officer determining the substantive proceedings.

102. Whilst it is clear from the above paragraphs that whilst Ms Deayton may not have agreed to pay the sum of £2601 that was none the less a sum that she had been ordered to pay by Mr Bowen such sum to be factored into any costs award made following the substantive proceedings which in the event was done.

103. I can see no justification whatsoever for that costs order to be set aside.

Conclusion

104. In the circumstances, for the reasons set out above, it does not seem to me that there is any error of principle or material error in the Hearing Officer's Decision or Supplementary Decision. Moreover, it is not in my view appropriate to interfere with the evaluations on the basis of the material before him that the Hearing Officer made in reaching those conclusions. They were conclusions which it was open to him to make on the basis of the materials before him. In the result the appeal fails and is dismissed.

Costs

105. As was made clear at the hearing of this appeal it is not appropriate for a decision to be made on costs without providing the parties with a proper opportunity to make submissions. I therefore make the following order for directions:

(1) On or before 4 pm on Tuesday 29 March 2022 the Proprietor must confirm in writing whether or not they are claiming costs other than on the standard scale.

(2) In the event that the Proprietor confirms that they intend to seek an order for off scale costs then on or before 4 pm on Tuesday 29 March 2022 they must: (a) provide a signed statement of costs itemising the actual costs upon which they intend to rely for that purpose; and (b) provide a reasoned statement in support of their request for costs to be awarded to them on an off-scale basis.

(3) On or before 4 pm on Tuesday 12 April 2022 Ms Deayton should provide any written submissions that she would wish to make in response to the application for costs.

106. Thereafter unless either side requests a hearing a decision on costs will be made on the basis of the papers before me.

EMMA HIMSWORTH Q.C.
Appointed Person
8 March 2022