

**IN THE MATTER OF:**

**OPPOSITION No. 600001522**

**IN THE NAME OF BINTI MARINE HOLDINGS LTD**

**TO TRADE MARK APPLICATION No. 3529315**

**IN THE NAME OF SUNCHALK LTD**

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**DECISION**

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1. On 2 September 2020, Sunchalk Ltd (“the Applicant”) applied under number 3529315 to register **SOUTHERLY** as a trade mark for use in relation to: *“Boat hulls; Boats; Bodies for seacraft; Bodies for watercraft; Marine craft; Marine vehicles; Motor yachts; Motorboats; Sailboats; Sailing boats; Sailing craft; Sailing vessels; Seacraft; Yachts; Powerboats; Powered vehicles for use on water”* in Class 12.
2. On 19 November 2020, Binti Marine Holdings Ltd (“the Opponent”) filed a Form TM7F Notice of Fast Track Opposition and Statement of Grounds under number 600001522 contending that the application for registration should be refused under ss. 5(1) and 5(2)(a) of the Trade Marks Act 1994 for conflict with the rights conferred by the earlier trade mark **SOUTHERLY** registered under number 1302903 with effect from 5 March 1987 for use in relation to *“Watercraft and parts and fittings therefor, all included in Class 12”*.
3. By opting to use the Fast Track procedure, the Opponent required the Registrar to treat its Opposition as one: *“(c) where proof of use of the earlier trade marks can be provided with the notice of opposition, and (d) which the opponent considers may be determined without the need for further evidence and without an oral hearing”* (as

specified in the definition of “*fast track opposition*” contained in r.2(1) of the Trade Marks Rules 2008).

4. In its Form TM8 Notice of Defence and Counterstatement filed on 27 January 2021, the Applicant stated: “*The Opposition is denied in its entirety. It is submitted that the Opponent does not have the right to bring these opposition proceedings as it is not the true and correct owner of the trade mark relied on in these proceedings and puts the Opponent to proof that it is the proprietor of the earlier trade mark. It is respectfully submitted that the Opposition should be dismissed ...*”.
5. This raised an objection to the effect that the Opponent was not entitled to be regarded as “*the proprietor of the earlier trade mark*” for the purposes of Article 2 of The Trade Marks (Relative Grounds) Order 2007 (SI 2007 No. 1976): “*The registrar shall not refuse to register a trade mark on a ground mentioned in section 5 of the Trade Marks Act 1994 (relative grounds for refusal) unless objection on that ground is raised in opposition proceedings by the proprietor of the earlier trade mark or other earlier right*”.
6. For context: The Opponent was not recorded as the proprietor of the earlier trade mark (number 1302903) at the filing date of the contested application for registration: 2 September 2020. It was, however, recorded as the proprietor of the earlier trade mark at the filing date of the Opposition: 19 November 2020. It was registered as the proprietor on the basis of an assignment from Discovery Yachts Group Ltd received by the Trade Marks Registry on 21 October 2020. And the register recorded that “*The effective date of assignment is 19/12/2019.*”
7. The Applicant was necessarily contending in its Defence and Counterstatement that the word “*proprietor*” as used in Article 2 of the 2007 Order did not simply mean “*registered proprietor*”: see, for comparison, Cinpress Gas Injection Ltd v Melea [2008] RPC 17; [2008] EWCA Civ 9 at paragraphs [111] to [117] citing Buchanan v Alba Diagnostics Ltd [2000] RPC 367 at pp. 388, 389.

8. The *prima facie* (hence, in principle, rebuttable) status of an entry in the register relating to proprietorship of a trade mark is recognised in s.72 of the 1994 Act: “***In all legal proceedings relating to a registered trade mark (including proceedings for rectification of the register) the registration of a person as proprietor of a trade mark shall be prima facie evidence of the validity of the original registration and of any subsequent assignment or other transmission of it***”.
9. The Applicant applied to the Registrar by letter dated 26 January 2021 for the Opposition to be transferred from the Fast Track to the Standard Track on the basis that the issues raised by its Defence and Counterstatement were complex: “***Without limitation, the issues involved revolve around whether the Opponent is the true and correct owner of the trade mark relied upon and whether the opponent can therefore bring these proceedings. In addition, there may also be a breach of contract between the Applicant and the entity that was previously the recorded owner of trade mark number 1302903, prior to the Opponent being recorded as the owner ... in order to allow the parties to have a fair and equitable opportunity to present their case, we request that the matter is transferred to the standard track for these opposition proceedings.***”
10. The Opponent responded in an 8-page letter dated 29 January 2021 in which it maintained that: “***We strenuously oppose any transfer of these proceedings from fast-track. This is nothing more than an inappropriate attempt to delay. Indeed, for the reasons explained below we believe that the proper course of action is for the UKIPO to issue its final decision promptly. In summary, no substantive Defence to the Opposition has been filed in the Applicant’s TM8 and letter, let alone any defence with any prospect of success. Therefore, the UKIPO should immediately reject the Application. These documents do not contain any particulars or legal grounds that support the continuance of the proceedings, and do not provide any appropriate or adequate explanation of even the basic elements of a defence. They do no more than state vague unparticularised and unfounded assertions.***”

11. The procedure to be followed was considered at a hearing which took place by videolink on 12 April 2021 before Ms June Ralph acting for the Registrar of Trade Marks.
12. The Applicant had on 6 April 2021 filed a ‘Counterstatement’ for consideration at the hearing. It did so without also sending a copy of it to the Opponent’s professional representative. I understand that the document was filed at the Registry without the Exhibits it refers to. It stated as follows:
  1. Only the proprietor of the earlier trademark number UK00001302903 (**‘the Earlier Trademark’**) can oppose the Application on relative grounds. However, the Opponent has failed to adduce any cogent evidence to substantiate its claim that it is the current proprietor of the Earlier Trademark. The Applicant therefore requests that the Opponent submits documentary evidence to corroborate its claim.
  2. An asset purchase agreement was entered into between the Applicant, Northshore Shipyard Limited and Discovery Yachts Group Limited (**‘Discovery’**) on 3 April 2017 (**‘the APA’**), a copy of which is annexed to this counterstatement at Exhibit 1, concerning certain assets comprising the business of designing, manufacturing and selling new yachts under the “Southerly” brand. The Applicant acknowledges that it transferred the Earlier Trademark to Discovery pursuant to the terms of the APA.
  3. On 19 December 2019, Discovery entered into administration. Mr. Christopher Moore of KJ Watkin & Co was appointed as administrator (**‘the Administrator’**). On the same day, the Administrator sold substantially the whole of Discovery’s business and assets to the Opponent (**‘the Pre-pack Sale’**). The Administrator’s proposals dated 10 February 2020, a copy of which is annexed to this counterstatement at Exhibit 2 (**‘the Proposals’**) confirm that the sale was proposed at a meeting on 4 December 2019, which was attended by the Administrator and two of Discovery’s directors: Mr. Langdon and Mr. Werner Schnaebele. Mr. Schnaebele is also a director of the Opponent.
  4. Discovery entered into creditors voluntary liquidation on 4 May 2020.
  5. Clause 9.5 of the APA provides that:

“9.5 If the Buyer [Discovery] ceases or proposes to cease to operate or transfers or proposes to transfer the Business or the substantial majority of it (it being expressly acknowledged and agreed that an internal reorganisation which involves the transfer of the Business to another company controlled by the shareholders of the Buyer shall not trigger this clause 9.5) within 5 years of Completion for any reason:-

9.5.1 the Buyer [Discovery] shall give the Sellers [the Applicant] at least 30 days’ notice of the proposed cessation or transfer; and

9.5.2 the Sellers [the Applicant] shall have the right (but shall be under no obligation) to purchase the Assets from the Buyer for a total cost not exceeding £1,000.”

6. As recorded in the Proposals, Discovery was actively proposing to cease to operate or to transfer the ‘Business’ under the Pre-pack Sale from 4 December 2019 (i.e. within 5 years of ‘Completion’). By reason of the foregoing, Discovery’s notification obligation under clause 9.5 of the APA was triggered.
7. The Applicant’s commercial rationale for negotiating the terms of clause 9.5 of the APA was so as to give the Applicant the option to re-purchase the Assets, including the Earlier Trademark, in circumstances where it might otherwise be transferred to third parties, who would not be bound by Discovery’s obligations under the APA.
8. In breach of the clause 9.5 of the APA, Discovery failed to notify the Applicant of the Pre-pack Sale. In order to establish, amongst other things, whether the Earlier Trademark formed part of the Pre-Pack Sale to the Opponent, the Applicant has sought to obtain a copy of the relevant contract between Discovery and the Opponent. Requests were made of the Opponent, the Administrator and the Opponent’s director, but those parties have refused to provide evidence of the same. The Applicant has drawn the obvious inferences from the Opponent’s refusal.
9. The Opponent has provided a number of documents which it alleges demonstrates the Opponent’s use that it has made of the Earlier Trademark and the costs it says that it has incurred on promoting the same. However, all of the documentation upon which the Opponent seeks to rely relates to the use that Discovery made of the Earlier Trademark prior to entering into

Administration. The documentation that post-dates the Pre-pack Sale simply identifies the fact that the Earlier Trademark has been used by Discovery Shipyard Limited, as opposed to the Opponent itself. The Opponent has therefore failed to adduce any evidence to show what, if any, use it has made of the Earlier Trademark (or what, if any, money it has spent promoting the same).

10. For the reasons set out above, the Applicant challenges the Opponent's legal standing to bring the Opposition and requires the Opponent to provide documentary evidence to confirm that it is the current proprietor of the Earlier Trademark.
11. In light of the fact that Discovery entered into liquidation and no other party had registered their interest in the Earlier Trademark, the Applicant felt that it had no option but to make the Application in order to (i) protect its ongoing business interests and secure the rights that it should have obtained had Discovery not breached the terms of the APA by entering into the Pre-pack Sale without first complying with its notification obligations and (ii) to prevent third parties and/or the Applicant's competitors from taking steps to register the trademark. It is noteworthy that the Opponent did not make their application to register the alleged assignment of the Earlier Trademark until after the Application was submitted on 21 October 2020.
12. It is respectfully submitted that the Opposition should be dismissed and a decision is found in favour of the Applicant with an award of costs made against the Opponent.
13. Oppositions to registration must and can only be brought and pursued to a determination in the first instance by means of proceedings commenced in the Trade Marks Registry under s.38 as part of the registration procedure laid down in ss. 37 to 41 of the 1994 Act. The Applicant's objection to the Opposition was, in principle, available to it in point of law. The Hearing Officer did not have before her the evidence and materials she would have needed in order to determine whether the objection was well-founded in point of fact. Hence the Applicant's request for the Opposition to be removed from the Fast Track and directed to proceed with evidence on the Standard Track. The Opponent, for its part, wanted the Applicant's objection to the Opposition to be ruled out without any substantive determination by the Registrar of its merits or lack of merits.

14. In her Decision Letter dated 14 April 2021, the Hearing Officer decided as follows: ***“I am not persuaded that IPO has erred in accepting the Form TM16 and neither do I believe that issues of ownership could be resolved through the Standard Track opposition process. ... It strikes me from a reading of the skeleton arguments which have been provided in advance of the hearing and previous correspondence that any issues the applicant has with ownership and assignment lie with the previous owners of the earlier right, DYGL, and / or the administration proceedings. As things stand, these are issues for the courts and cannot be resolved in the IPO. On that basis I am upholding the Tribunal’s preliminary view that the opposition should remain as East Track proceedings”*** (emphasis added).
15. No attempt has been made to appeal that Decision. It follows that in the Registry and now on appeal before me the parties were and are required to proceed on the basis that the Applicant’s objection to the Opposition under Article 2 of the 2007 Order raised issues which ***“cannot be resolved in the IPO”***. I must emphasise that nothing in my decision on this appeal should be taken to imply approval or endorsement of the Hearing Officer’s reasoning or conclusion to that effect.
16. It was open to the Opponent under r.20(4) of the 2008 Rules to seek permission to file evidence in the Opposition (additional to the proof of use it had provided with its Form TM7F). It did not do so.
17. It is specified in r.62(5)(a) that Fast Track opposition proceedings: ***“shall be held orally only if the Office requests it or if either party to the proceedings requests it and the registrar considers that oral proceedings are necessary to deal with the case justly and at proportionate cost”***. Neither party made an application to the Registrar for an oral hearing of the Opposition under r.62(5)(a) and the Registrar did not consider that one was necessary.
18. Both sides filed written submissions for consideration by the Registrar under r.62(6). In the body of the text on page 19 of its 20-page submissions filed on 28 April 2021, the Opponent stated: ***“We are generally content with a ‘decision from the papers’. However, if the Registrar does not find that the Opposition should be upheld based***

*on s.5, we request a hearing.*” This request was inadequate and insufficient for the purposes of r.62(5)(a): (i) it was contingent on the Registrar doing what he could not reasonably be expected or required to do i.e. inform the Opponent he had decided to reject the Fast Track Opposition and then open up his decision for further argument by the parties at a hearing to be appointed for that purpose; and (ii) it made no attempt to address the requirement in r.62(5)(a) for a hearing to be **“necessary to deal with the case justly and at proportionate cost”**.

19. On 24 May 2021, the Opponent filed a further document containing 15 pages of written submissions directed to its claim for an award of indemnity costs. In the body of the text on page 15 it stated: **“Unless the Registrar agrees to award full costs on an indemnity basis, we request a hearing to address the relevant points, issues and law regarding the award of indemnity costs.”** Once again, the request was inadequate and insufficient for the purposes of r.62(5)(a): (i) it was contingent on the Registrar doing what he could not reasonably be expected or required to do i.e. inform the Opponent he had decided to reject the claim for indemnity costs in the Fast Track Opposition and then open up his decision for further argument by the parties at a hearing to be appointed for that purpose; and (ii) it made no attempt to address the requirement in r.62(5)(a) for a hearing to be **“necessary to deal with the case justly and at proportionate cost”**.
20. The amount claimed by the Opponent in its ‘Costs Schedule’ for the proceedings in the Registry was £18,942. of which £320. was attributed to its costs of preparing for and attending the videolink hearing which had taken place on 12 April 2021. The Applicant submitted in a short letter dated 1 July 2021: that there was no justification for an award of indemnity costs; that the costs claimed by the Opponent were excessive; and that there ought to be no departure from the ‘Costs Cap’ of £500. excluding official fees envisaged by Tribunal Practice Notice (2/2015): Fast Track Opposition Costs Cap (26 August 2015).
21. The Hearing Officer proceeded to determine the Opponent’s objections to registration on the basis of the papers on file. The Opposition was upheld for the reasons she gave in the Decision she issued on behalf of the Registrar under reference BL O/540/21 on

19 July 2021. She dealt with the costs of the Opposition as part and parcel of her Decision on the merits of the case:

### **Costs**

50. The opponent has been successful and is entitled to a contribution towards the costs incurred in these proceedings. Ordinarily awards of costs in Fast Track proceedings are governed by Tribunal Practice Notice (“TPN”) 2/2015. This TPN states that costs will be capped at £500, excluding any official fees. However in its submission of 24 May 2021, the opponent requested costs on an indemnity basis. The opponent’s submissions on costs are lengthy but essentially the reasons given are summarised as follows,

“we request an award that Applicant pay Opponent’s entire costs **on an indemnity basis**. It is clear and unarguable that the Applicant has not acted reasonably or in an appropriate manner. Not only did it file the opposed Application in full knowledge that it had no rights to the SOUTHERLY trademark, but it has also continued to be obstructive, to make assertions that lack credibility, and to cause wasted and unnecessary costs to be incurred to bring this to a conclusion.”

51. The opponent submitted its costs schedule on the same date which set out its costs to date totalling £18,942. The applicant has also filed submissions on costs in which it refuted the opponent’s costs schedule and submitted that either both sides bear its own costs or that costs are capped as per the Fast Track TPN.

52. It is clear from reviewing the opponent’s costs submission that there is some history and hostility between the parties pre-dating the current proceedings and that the opponent makes allegations of bad faith against the applicant. However, the matter before me is not one of bad faith but a straightforward opposition under section 5. The opponent could have chosen to add a bad faith claim and use the Standard Track opposition process, but it did not and instead chose the Fast Track route. Therefore, I must have regard to what has taken place during these proceedings and assess the costs on that basis.

53. In terms of the Trade Marks Manual, it states that the Tribunal can award costs off the scale and approaching full compensation for wider breaches of rules, delaying tactics or other unreasonable behaviour. I would add that according to the leading authority, Rizla Ltd’s Application [1993] RPC 365, the conduct complained about must be sufficiently unreasonable as to justify off-scale costs.

54. Taking each of these in turn and from my review of the case I cannot see that there has been any wider breaches of the rules. The applicant may have run a defence regarding the ownership of the earlier mark which was ultimately unsuccessful but that does not accord, in my view, with a wide breach of the rules.

55. With regards to delaying tactics ... Taking all this into account I cannot find instances of the applicant employing delaying tactics, other than a request to vacate the 12 April hearing date, to make this an exceptional case where off-scale costs are appropriate. And given that the opponent elected to use the Fast Track procedure in full knowledge that it was normally governed by a costs cap, and moreover opposed the applicant's request to transfer the proceedings to the Standard Track, there would have to be clear and serious evidence of delaying tactics to justify setting aside the costs cap.

56. Finally with regard to the claims of other unreasonable behaviour, such as the applicant pursuing a hopeless case, I find that whilst the opponent is clearly frustrated by the tenacity of the applicant's defence regarding the ownership of the earlier mark, I do not find that the applicant has behaved unreasonably during these proceedings. They were pursuing a legal point about the ownership of the earlier mark they believed to be valid though it was ultimately a point that could not be realised, due to Section 72 of the Act, through these opposition proceedings.

57. I note that in the opponent's submissions on costs, it requests an oral hearing specifically on the costs matter. I do not believe such a hearing is appropriate or proportionate in these circumstances. I have, however, fully considered the written arguments provided before making my decision.

58. In addition to the £100 official fee, the Fast Track TPN allows for £200 to be awarded for filing a notice of opposition and up to £300 for filing written submissions. In this case I award total costs of £600 to the opponent comprising the above figures.

59. I therefore order Sunchalk Ltd to pay Bindi Marine Holdings Limited the sum of £600. This sum to be paid within 21 days of the expiry of the appeal period or within 21 days of the final determination of this case if any appeal against this decision is unreasonable.

22. The Opponent appeals under s.76 of the 1994 Act contending, in substance, that it should have been awarded its costs of the Opposition on an indemnity basis because the contested application for registration should not have been filed and ought never to have been defended. The Hearing Officer is heavily criticised for rejecting the

Opponent's claim for an award of indemnity costs and for doing so without appointing an oral hearing at which to consider it. The Applicant is repeatedly and in strong terms accused of acting improperly throughout the application and opposition process.

23. The Applicant does not challenge the Hearing Officer's Decision. It maintains, for reasons which it explains, that it was well within the scope of the discretion available to her under the 2008 Rules to deal with the costs of the Opposition in the way that she did.
24. At my request, the Registrar provided a written statement of position (prepared by Mr Mark King, Deputy Director Tribunal) in respect of paragraph [57] of the Hearing Officer's Decision taking account of the provisions of r.63 of the 2008 Rules, which in sub-paragraph (1) provides: ***“Without prejudice to any provisions of the Act or these Rules requiring the registrar to hear any party to proceedings under the Act or these Rules, or to give such party an opportunity to be heard, the registrar shall, before taking any decision on any matter under the Act or these Rules which is or may be adverse to any party to any proceedings, give that party an opportunity to be heard.”***
25. The Registrar's position (with which I agree, subject to what I have said in paragraphs [18] and [19] above and what I say in paragraphs [42] to [45] below) was as follows:

It should first be noted that these proceedings concern an opposition under the Fast Track process. Nothing in Rule 63 can override the discretion afforded to the Registrar by Rule 62(5). Rule 62(5) is specific whereas Rule 63 is a general provision. The normal approach to statutory interpretation is that specific provisions exclude the contrary application of more general ones. Furthermore, to interpret Rule 63 as overriding Rule 62(5) would be to negate altogether the discretion expressly afforded to the Registrar by Rule 62(5). Provided the parties are afforded an opportunity to present their case on costs in writing, the requirements of natural justice are met.

The rules relating to Fast Track cases are set out in Rule 62(5) which states as follows (emphasis added):

“62(5) In the case of a fast track opposition - (a) proceedings shall be held orally only if the Office requests it or if either party to the proceedings

requests it and **the registrar considers that oral proceedings are necessary** to deal with the case justly and at proportionate cost; and (b) the parties shall be given at least fourteen days' notice beginning on the date on which the notice is sent, of the time when the oral proceedings are to take place unless each party to the proceedings consents to shorter notice.

62(6) In the case of a fast track opposition where no oral hearing is held, the registrar shall give the parties the opportunity to provide arguments in writing before reaching a decision that is adverse to either party.”

Rule 63(3) states that the “this Rule” (a reference to Rule 63 itself) shall not apply to fast track opposition proceedings. We take the reference to proceedings to include not just the determination of the substantive matters, but, also, to matters such as costs associated with those proceedings. As such, as these proceedings are Fast Track, Rule 63 has no role to play. The subject matter of fast track oppositions was limited precisely to keep the process simple and costs low. This is why Rule 62(5) gives the registrar the express power to decide if an oral hearing is necessary and proportionate. Further, the scope of Rule 62 is not limited to the substantive issue and therefore also covers related costs. Indeed, it would undermine the purpose of the Rule (to keep fast track costs to a minimum) if the parties retained the absolute right to require a separate oral hearing on costs.

In the present case, it was confirmed by the hearing officer at paragraph 5 that the proceedings should remain as “Fast track”. As such, whilst the opponent did ask to be heard on the matter of costs, Rule 62(5) does state that a hearing shall only be appointed if the “registrar considers that oral proceedings are necessary”. For the reasons provided, the hearing officer did not consider it “necessary” or proportionate to exercise its discretion to appoint a hearing.

26. The Opponent’s “Grounds of Appeal” ran to 12 pages of contentions and accusations. It decided to attach ***“a copy of the submissions regarding costs filed with the UKIPO on 24<sup>th</sup> May and incorporate them herein”***. The latter document added another 15 pages of contentions and accusations along the same lines. Its Skeleton Argument for the hearing of the appeal was filed on 23 November 2021. This ran to 18 pages. Having received the Applicant’s Skeleton Argument on 24 November 2021, the Opponent

proceeded to file another 36 pages of ‘Submissions’ by email timed at 18:21 on 25 November 2021. This was followed at 18:56 by a second email with ‘Submissions’ of the same length attached for use in place of those sent at 18:21.

27. It did not appear from the covering emails that either version of the ‘Submissions’ had been copied to the Applicant’s professional representatives. In an email timed at 10:03 on 26 November 2021, the Tribunal asked the Opponent to rectify the omission. The Opponent’s professional representative replied at 10:12: ***“Skeletons were exchanged but there has not been any exchange of actual submissions prior to the hearing. It would therefore not be appropriate for me to send these to [the Applicant]. They will be presented at the hearing.”*** At the commencement of the hearing, it was necessary to insist that the important duty to include the opposite party in communications sent to a court or tribunal in the course of adversarial proceedings was complied with. The hearing was adjourned for a short time to ensure that compliance took place before the parties presented their cases.
28. This was not the first time that the Tribunal had found it necessary during the pendency of the appeal to remind the Opponent of its duty to comply with that requirement. And as I have noted above, the Applicant had not complied with its duty in that regard when filing its ‘Counterstatement’ for the hearing which took place in the Registry on 12 April 2021. Non-compliance is a recurring problem in Registry proceedings and in civil proceedings more generally.
29. Litigants in adversarial proceedings, including adversarial proceedings in or on appeal from the Trade Marks Registry, must expect the court or tribunal in which the proceedings are pending to react negatively to receiving ‘unilateral’ communications:
  - (i) ***“It is an elementary rule of the administration of justice that none of the parties to civil litigation may communicate with the court without simultaneously alerting the other parties to that fact.”*** : Mohamed v Secretary of State for Foreign and Commonwealth Affairs [2010] EWCA Civ 158 at paragraph [7] (Lord Judge LCJ).

- (ii) *“It is improper to communicate privately with the court, without informing the other side. It is a denial of open justice too often overlooked by courts and tribunals as well as parties. It ignores elementary fairness as well as professional courtesy.”* : Topping v Ralph Trustees Ltd [2017] EWHC 1954 at paragraph [11] (Kerr J).
- (iii) *“I should say straight away that, as all practitioners know, it is improper for a litigant to attempt to communicate with the court on a ‘private and confidential’ basis. Communications having any relevance to the case being conducted inter partes need to be sent to the other side no later than the time when they are sent to the judge. Unless there are special reasons to do so, and there were none here, the court does not take any step adverse to a party without allowing the other party to be heard. If it is possible to do so, a judge who receives such a communication should return it unread, explaining shortly to the litigant the impropriety of sending unilateral correspondence. That, of course, may not always be possible.”* : Zuma’s Choice Pet Products Ltd v Azumi Ltd [2017] EWCA Civ 2133 at paragraph [8] (Floyd LJ).
- (iv) *“ ... it is a cardinal principle of the conduct of proceedings before the Court that, absent an identified compelling reason, a party’s communications with the Court on matters of substance or procedure (unless they are purely routine, uncontentious or administrative) must always be copied to the other parties to the proceedings. It is inappropriate, and unjust, to seek to communicate with the Court without this transparency. This cardinal principle is clearly recorded in CPR 39.8. Observance of it is important ...”* : Bell v Brabners LLP [2021] EWHC 560 (QB) at paragraph [4] (Fordham J).

30. Tribunal Practice Notice (2/2011) emphasises the need for compliance with this important requirement in Registry proceedings:

Disputes before the Tribunal are *inter partes*, which means that the Tribunal is acting as an impartial adjudicating body between two (or more) parties who are in dispute. To ensure fairness and transparency of proceedings, **it is imperative that each party sends a copy to the other party of all correspondence sent to the Tribunal**, however seemingly trivial in nature, **and indicates that a copy has been sent to the other side in its communication**. Failure to indicate copying and failure to copy has a detrimental effect on the resources of the Tribunal and its ability to allot resources to other users fairly. Copying of correspondence also applies to statutory forms. In particular, failure to copy requests for extensions of time can create unnecessary complications if time is granted and the other side has hitherto been unaware of the request. Similarly, failure to copy evidence to the other side, which is a requirement of rule 64(6)(b), results in the evidence not being considered as filed. If parties persistently fail to copy correspondence and documents to the other side, this will be regarded as unreasonable behaviour and there will be costs implications at the conclusion of the proceedings.

It seems to me that the word ‘persistently’ in the last sentence of that paragraph unnecessarily limits the availability of compensating awards of costs for non-compliance. Persistence may be an aggravating factor, but non-compliance does not need to be persistent in order for it to be regarded as an element of unreasonable behaviour. That is the way in which I have viewed the instances of non-compliance during the pendency of the proceedings on appeal before me.

31. The Civil Procedure Rules do not apply to proceedings in the Trade Marks Registry. The Registrar may nevertheless wish to consider the possibility of closer alignment of Registry practice with the provisions of CPR 39.8 (introduced with effect from 6 April 2019):

## **Communications with the court**

### **39.8**

- (1) Any communication between a party to proceedings and the court must be disclosed to, and if in writing (whether in paper or electronic format), copied to, the other party or parties or their representatives.
- (2) Paragraph (1) applies to any communication in which any representation is made to the court on a matter of substance or procedure but does not apply to communications that are purely routine, uncontentious and administrative.
- (3) A party is not required under paragraph (1) to disclose or copy a communication if there is a compelling reason for not doing so, and provided that any reason is clearly stated in the communication.
- (4) A written communication required under paragraph (1) to be copied to the other party or parties or their representatives, must state on its face that it is being copied to that person or those persons, stating their identity and capacity.
- (5) Unless the court directs otherwise, a written communication which does not comply with paragraph (4) will be returned to the sender without being considered by the court, with a brief explanation of why it is being returned.
- (6) In addition to returning a communication under paragraph (5), where a party fails to comply with paragraph (1) the court may, subject to hearing the parties, impose sanctions or exercise its other case management powers under Part 3.
- (7) Paragraph (1) does not apply to communications authorised by a rule or practice direction to be sent to the court without at the same time being provided to the other party or parties or their representatives.

32. Reverting to the Opponent's contentions and accusations in support of its claim for indemnity costs, these were referred to in general terms in paragraphs [50] to [59] of the Hearing Officer's Decision (quoted above). The full enormity of what the Opponent was asking this Tribunal to decide on appeal can be seen by taking some examples from the statements made in its Skeleton Argument dated 23 November 2021.

33. With regard to the conduct of the Applicant: ***“It was abundantly clear to everyone that NO legitimate ground existed or was presented by [the Applicant] that (i) justified filing the [contested Application] and / or (ii) then defending against the opposition”*** : paragraph 15. By filing the contested Application and its Form TM8, the Applicant ***“was falsely claiming it owned title ... of the SOUTHERLY trademark ... this was at all times untrue and known by [the Applicant] to be untrue.”*** : paragraph 20(iii). ***“[the Applicant] intentionally armed itself with an instrument of fraud”*** : paragraph 20(iv). ***“... all of [the Applicant’s] submissions at the April hearing lacked any credibility, factual basis or legal foundation, and were in fact libellous”***: paragraph 20(viii). It was ***“clear as a matter of fact and law”*** that filing the contested Application and then resisting the Opposition ***“was not the appropriate way to resolve any question of ownership”*** of the trademark: paragraph 22. ***“... on its own admission [the Applicant] knew it did not have any existing ownership or authority over the Earlier Mark but at best it had a contractual option against a former owner which was not exercised”***: paragraph 29(i)(h). The Applicant ***“effectively admitted its unreasonable conduct, bad faith and abuse of process, including in its April Skeleton”*** : paragraph 47. In support of these contentions and accusations, the Opponent referred at length and in detail in paragraphs 39 to 59 of its Skeleton to the matters which the Hearing Officer had in her Decision Letter dated 14 April 2021 eliminated from consideration in the present Opposition.
34. With regard to the conduct of the Hearing Officer: Her ***“Decision applied criteria that improperly interfered with the proper exercise of the discretion”*** available to her and ***“was issued without the requested hearing and without any prior notification or consultation before rejecting [the Opponent’s] request”*** : paragraphs 4 and 5. ***“ ... the UKIPO did not at any time before issuing the Decision state that the written written submission filed in May would be the only submission that would be considered, or that no hearing would be held”***: paragraph 6. ***“... significant parts of the findings in the Decision are unsupportable and so distorted that they demonstrate: (i) a significant prejudice against awarding costs on the basis provided by the Rules, and (ii) pursuit of an incorrect policy ... The Decision ignores the vast majority of the uncontested facts and all core facts”*** : paragraph 12. Her conclusions on costs ***“could not be arrived at based on an objective judicial assessment”*** : paragraph 14. ***“The***

*characterisation in the Decision that this opposition is a ‘straightforward opposition under section 5’ is a flagrant mischaracterisation”* : paragraph 23. *“No reasonable judicial assessment could characterise [the Applicant’s] conduct as reasonable ...”* : paragraph 34. It *“... was well known at all times to the Hearing Officer before making the Decision”* that no reasonable defence or argument was or could be advanced by the Applicant providing any credible factual or legal justification for filing the contested Application or defending the Opposition: paragraph 63.

35. The other lengthy documents filed by the Opponent in support of its appeal were populated with contentions and accusations to the same and similar effect as those I have instanced in paragraphs [33] and [34].
36. The Opponent sought to maintain its position to the full extent indicated above in the submissions made orally on its behalf at the hearing of its appeal. However, it came to realise during the course of the hearing that it was bound to accept, since it had filed no evidence in the proceedings, that the narrative of the case it was putting forward in support of its claim for indemnity costs depended, for the most part, on facts and matters which could not be taken either by the Hearing Officer or by this Tribunal to have been proved or established.
37. The position reached at the hearing is reflected in the exchanges recorded in the Transcript at p.22, line 15 to p.23, line 11 and at p.32, lines 3 to 15:

THE APPOINTED PERSON: ... As the record stands, it was incumbent on either party which wished to file evidence to seek permission to do so beyond the proof of use. You made no application to file any additional evidence, and there is no additional evidence on file. That is the end of it, is it not?

MR. RICKARD: By evidence, you mean a formal written witness statement?

THE APPOINTED PERSON: Yes. You know there are rules relating to evidence. It is [a] statement in solemnised form. It can be a witness statement, it can be an affidavit, or it can be otherwise as the Registrar may direct. There are rules relating to the filing of evidence. It is crystal clear that submissions and assertions are not evidence.

MR. RICKARD: I am bound to accept what you say.

THE APPOINTED PERSON: Which means that when your opponent on this appeal, Ms. Hart, says in her skeleton that what you have said about large amounts of things being uncontroverted, undisputed, plainly correct and so on [they] are all matters which are not in evidence in any formal or relevant sense. I think that follows, does it not?

MR. RICKARD: Except for what was said at the hearing which was witnessed by the Hearing Officer.

...

THE APPOINTED PERSON: In some parts of your written submissions, you are extremely heavy in your criticism of the Hearing Officer.

MR. RICKARD: Heavy based on knowledge, but, as I am bound to accept, that is not in evidence because it has not been formalised. So, I can accept that position.

THE APPOINTED PERSON: The most that I think you can say in the absence of evidence is that she knew that there were rival contentions.

38. Moving forward on that basis, I consider the position between the parties to be clear to the following effect:
- (i) There was a presumption that the contested application for registration had not been filed in bad faith. The presumption was not rebutted by evidence to the contrary. The 'Counterstatement' set out in paragraph [12] above indicated that the contested application for registration had been filed with a view to protecting the Applicant's claim to the trade mark **SOUTHERLY** and opening up a battle front in the Registry with respect to its entitlement to the mark as against the Opponent.
  - (ii) By opting to use the Fast Track procedure (and insisting that the Opposition should remain on the Fast Track) the Opponent required the Registrar to treat the Opposition as suitable for determination: (a) without any evidence beyond that

submitted as proof of use of the earlier trade mark with its Form TM7F; and (b) without recourse to an oral hearing; thereby paving the way for an award of costs at the conclusion of the proceedings in accordance with the approach identified in Tribunal Practice Notice (2/2015): Fast Track Opposition Costs Cap (26 August 2015).

- (iii) The Applicant was, in principle, entitled to object to the Opposition on the basis that the Opponent was not entitled to be regarded as ***“the proprietor of the earlier trade mark”*** for the purposes of Article 2 of the 2007 Order. Wherever or however else it might also have done so, it was not inherently wrong or unreasonable of it to do so in the Form TM8 Defence and Counterstatement it filed in the present Opposition proceedings on 27 January 2021.
  - (iv) The Hearing Officer determined in her (unappealed) Decision Letter dated 14 April 2021 that the Applicant’s objection to the Opposition under Article 2 of the 2007 Order raised issues which ***“cannot be resolved in the IPO”***. Her determination to that effect prevented both parties from subsequently attempting to revisit those issues for decision in the later stages of the Opposition.
  - (v) The Hearing Officer was entitled to determine the Opposition without recourse to a hearing: (a) because this was what r.62(5)(a) envisaged; (b) because a hearing did not appear to her to be ***“necessary to deal with the case justly and at proportionate cost”*** as required by r.62(5)(a); and (c) because the Opponent’s contingent requests for a hearing (see paragraphs [18] and [19] above) did not provide a sufficient or proper basis on which to proceed or decide otherwise.
  - (vi) The costs of the Opposition were not a free-standing subject matter for dispute. They were part and parcel of the single set of Fast Track proceedings that the Hearing Officer was called upon to determine. She was entitled to deal with them, as she did in the Decision under appeal, on that basis.
39. The Opponent submitted (Transcript p. 41, line 18 to p.45, line 46) that the Applicant should promptly have withdrawn its Form TM8 Defence and Counterstatement after

receiving the Decision Letter issued by the Hearing Officer on 14 April 2021 and ought therefore to be subject to a higher costs award against it for leaving its general denial (*“The Opposition is denied in its entirety”*) in place after that date.

40. The Applicant’s general denial put the Opponent to proof of its right to obtain the Fast Track relief it was seeking. Withdrawing the denial would not have removed the need for the Opponent to establish its entitlement to the relief it had requested. In order to remove the need for that, it would have been necessary for the Applicant to withdraw the contested application for registration.
41. The Applicant preferred to exercise its legal right to require the Opponent to proceed with the Opposition and let the Registrar decide what the outcome should be. That left the Opponent with the burden it had already taken upon itself to discharge for the purpose of obtaining an adjudication on the merits of the Opposition. No more, no less. It was not something which should, in my view, be regarded as a reason for subjecting the Applicant to a higher costs award against it than would otherwise be justified by the nature and content of the Opposition
42. The Opposition was (once the Applicant’s objection under Article 2 of the 2007 Order had been eliminated from consideration) a simple and straightforward case of the kind that is well-suited to the Fast Track procedure. That was, indeed, the thrust of the Opponent’s submissions to the Hearing Officer at the hearing on 12 April 2021 urging the UKIPO to *“immediately reject”* the contested application for registration for lack of any defence to the Opposition.
43. The Hearing Officer was, in my view, fully entitled to describe the Opposition (shorn of the Article 2 objection) as a *“straightforward opposition under section 5”*. She clearly understood that it was open to her to award off-scale costs for unreasonable behaviour. Her decision in plain terms was: *“I do not find that the Applicant has behaved unreasonably during these proceedings.”* That was a conclusion she was entitled to arrive at. So also (in relation to the Opposition shorn of the Article 2 objection) was her conclusion that it would be reasonable to make an award of costs in favour of the Opponent using the full amount of the Fast Track scale figures identified

in Tribunal Practice Notice (2/2015): £100. for the official fee; £200. for filing a notice of opposition; £300. for filing written submissions; total £600.

44. So far as I can tell from her Decision, she implemented the overall 'Costs Cap' of £600. represented by those figures without allowing for the fact that: (i) the Applicant's request in January for the Opposition to be transferred from the Fast Track to the Standard Track; and (ii) the hearing appointed in April to consider that request; were both significant procedural steps for which no express provision was made in Tribunal Practice Notice (2/2015). They were steps of a kind which do not routinely form part of proceedings of the kind to which the Tribunal Practice Notice is applicable. I consider, for that reason, that they should have been covered by an additional increment in the amount of costs awarded to the Opponent.
45. As to the amount of the additional increment, the Opponent's 'Costs Schedule' quantified its costs of preparing for the hearing on 12 April 2021 as £192. and its costs of attending the hearing as £128. Those figures are not unreasonable or out of line with the amounts awarded in respect of such matters in Registry proceedings. I therefore uphold the Opponent's appeal to the extent of £320. and increase the Hearing Officer's award of costs from a total of £600. to a total of £920.
46. I now turn to consider the costs of the appeal.
47. The fact that the Opponent has succeeded in recovering an additional £320. is not sufficient to justify an award of costs in its favour. That is far below the amount of the indemnity costs it was seeking. Its case on appeal has to a large degree been misdirected and misconceived. Its lengthy and repetitive submissions have been an impediment to identification of the key points for determination. Its heavy criticisms of the Hearing Officer and strong accusations of impropriety against the Applicant have generated heat rather than light and for no gain in the end result. And it should not have been necessary to remind it of its duty to include the Applicant's professional representatives in its communications with the Tribunal.

48. It would, in the circumstances, be unjust to the Applicant if I left it to carry the financial burden inflicted upon it by this predominantly unsuccessful appeal without receiving a contribution to its costs from the Opponent. The Applicant's 'Costs Schedule' shows that its costs of the appeal amounted to £8,042. The Opponent's 'Costs Schedule' shows that its costs of the appeal — without including any figures for preparation and attendance at the hearing — amounted to £24,587. Having regard to what I consider to be the amount of effort and expenditure that is likely to have been reasonably and productively incurred by the Applicant in resisting the appeal and upholding the Hearing Officer's Decision to the extent that it successfully has, I think it would be reasonable to order the Opponent to pay £5,000. to the Applicant as a contribution to its costs of the proceedings on appeal.

49. My determination is as follows:

- (1) The Hearing Officer's Decision and Order are varied by increasing the amount payable by the Applicant to the Opponent in respect of its costs of the proceedings in the Trade Marks Registry from £600. in total to £920. in total.
- (2) The Opponent is ordered to pay £5,000. to the Applicant in respect of its costs of the proceedings before this Tribunal on appeal.
- (3) The amount of £920. specified in paragraph (1) above is to be set off against the amount of £5,000. specified in paragraph (2) above and the balance of £4,080. is to be paid by the Opponent to the Applicant within 21 days of the date of this Decision

Geoffrey Hobbs QC

10 March 2022

Mr David Rickard of Ipulse (IP) Partners LLP appeared on behalf of the Opponent.

Ms Alice Hart instructed by Stephens Scown LLP appeared on behalf of the Applicant.

Mr Mark King, Deputy Director Tribunal, provided a written statement of position on behalf of the Registrar

