

1 THE PATENT OFFICE

Harmsworth House,
13-15 Bouverie Street,
London EC4 8DP.

Monday, 28 July 2008

Before:

5 MR. G. HOBBS QC
6 (The Appointed Person)

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8 In the matter of THE TRADE MARKS ACT, 1994

9 and

10 In the matter of UK Trade Mark Application No. 2371858
11 IN THE PINK in Class 16 by Gerard Dugdill
(formerly in the name of Blue Moon
12 Publishing)

13 and

14 In the matter of Opposition No. 93785 by Xcess Media

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16 **Interlocutory Hearing in relation
to a request by the Applicant for Security of Costs**

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18 *(Transcript of the Stenograph Notes of Marten Walsh Cherer
19 Ltd., 6th Floor, 12-14 New Fetter Lane, London EC4A 1AG.
20 Telephone No: 020-7936 6000)*

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22 The Applicant appeared in person.

23 MR. STEPHEN CHUBB and MS. KATHERINE CHUBB appeared in person for
the Opponent.

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25 **D E C I S I O N**
(As Approved)
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1 THE APPOINTED PERSON: Mr Gerard Dugdill is applying under No
2 2371858 for registration of the designation IN THE PINK as
3 a trade mark for use in relation to: magazines, publications;
4 literature relating to lifestyle and women's health in Class
5 16. The application is opposed by Xcess Media Limited.

6 On 27 September 2007 Mr Dugdill applied for an Order
7 requiring the Opponent to provide security for his costs of
8 the proceedings under Rule 61 of the Trade Marks Rules 2000 on
9 the ground that it was unlikely to meet an award of costs in
10 his favour in the event that he succeeded in overcoming the
11 Opposition.

12 The award of costs in that event might possibly turn out
13 to be somewhere between £2,000 and £4,000 in his favour.
14 The application for security was rejected by the Registrar's
15 Hearing Officer, Mr CJ Bowen, for the reasons he gave in
16 a written decision issued under reference BL O-135-08 on
17 9 May 2008.

18 Having referred to my decision in *Sun Microsystems Inc v*
19 *Viglen* (BL O-585-01), he went on to determine the application
20 adversely to Mr Dugdill on the following basis:

21 "26. In these proceedings I adopted a similar approach,
22 hence my direction following the hearing. In reaching a
23 conclusion on XM's ability to meet an adverse costs order of
24 the quantum indicated, it is appropriate for me to take into
25 account the witness statement of Stephen Chubb (which I refer

1 to below as S Chubb), the first witness statement of Katherine
2 Chubb dated 5 September 2006 (filed as XM's evidence-in-chief
3 and referred to below as K Chubb 1) and also the second
4 witness statement of Katherine Chubb dated 28 August 2007
5 (filed as evidence-in-reply and referred to below as K Chubb
6 2), all of which I note are accompanied by statements of
7 truth. In so far as the latter is concerned, and while I
8 accept that this evidence is currently the subject of an
9 appeal by GD to an Appointed Person, as matters stand it has
10 been accepted by the TMR and as such is, in my view, evidence
11 I am entitled to draw upon. Having reviewed these various
12 witness statements the following points emerge:

13 "that XM started trading as a publishing company in
14 November 2003 (K Chubb 1, Para 3(a));

15 "that in November 2003 XM secured its first contract to
16 publish a parenting magazine for the Make A Wish Foundation (K
17 Chubb 1, Para 3(a));

18 "that in 2007 XM continued to publish a parenting
19 magazine for the Make A Wish Foundation (S Chubb Para 2(a)(i)
20 and exhibit XML SJC1 thereto, which consists of a copy of the
21 cover of the Winter 2007 edition of WISH parenting) and
22 (K Chubb 2, Para 8(a) and exhibit XML 11 thereto, which
23 consists of copies of the covers of WISH parenting from Spring
24 and Winter 2005, Spring, Summer and Winter 2006 and Spring and
25 Summer 2007);

1 "that in association with the Institute of Cancer
2 Research's Everyman Campaign XM have published two editions of
3 the EVERYMAN magazine, (S Chubb, Para 2(a)(ii) and K Chubb 2,
4 Para 8(c) and exhibit XML 13 thereto, which consists of the
5 front covers of the EVERYMAN magazine from October 2006 and
6 June 2007);

7 "that in association with the Pink Ribbon Foundation XM
8 have published the IN THE PINK magazine since September 2004
9 and continue to do so (K Chubb 1, Paras 3(b) and (c) and
10 exhibits XML 1 and 2 thereto, which consist of copies of the
11 complete magazines dated October 2004 and October 2005 and
12 both of which identify XM as the publisher, K Chubb 2, Para
13 8(b) and exhibit XML12 thereto, which consists of the front
14 covers of the IN THE PINK magazine from October 2004, 2005 and
15 2006 and S Chubb, Para 2(a)(iii) and exhibit XML SJC2 thereto,
16 which consists of a copy of the front page of the IN THE PINK
17 magazine from Autumn 2007);

18 "that XM employ four staff (S Chubb Para 2(c)), this
19 would appear to be corroborated by the editorial details
20 (albeit in 2004 and 2005) which appear on the inside pages of
21 the IN THE PINK magazines provided as exhibits XML1 and 2 to K
22 Chubb 1.

23 "27. XM's evidence following my direction is, like a
24 good deal of evidence filed before the TMR, far from perfect.
25 As examples, a number of the exhibits I have mentioned above

1 consist only of the front cover of the respective magazines
2 and do not, as far as I can tell, give any indication of the
3 publisher. That said, in so far as the IN THE PINK magazine is
4 concerned, exhibits XML1 and 2 to Mrs Chubb's first witness
5 statement consist of complete copies of the magazine, on the
6 inside pages of which XM are identified as the publisher.
7 Given the comments in Mr Chubb's witness statement regarding
8 this publication, it is, I think, a reasonable inference that
9 XM are also the publishers of the other editions provided.

10 "28. Similarly only the front covers have been
11 provided of both the EVERYMAN and WISH parenting magazines.
12 Insofar as the EVERYMAN magazine is concerned, this is
13 referred to in both Mrs Chubb's second and Mr Chubb's witness
14 statements. XM are also mentioned by the Hearing Officer in
15 his decision in BL O-166-07 in connection with an opposed
16 application for the trade mark EVERYMAN for goods in class 16
17 filed in the name of GD and opposed by The Institute of Cancer
18 Research: Royal Cancer Hospital and Everyman Action against
19 Male Cancer. Once again when taken together it is, in my view
20 a reasonable inference that XM were also the publishers of the
21 EVERYMAN magazine.

22 "29. In relation to the WISH parenting publication I
23 once again have the witness statements of Mr & Mrs Chubb to
24 draw on. I can see no reason to doubt any of the claims made
25 by the Chubbs in relation to this publication, and am prepared

1 to accept that XM are also responsible for the publication of
2 this magazine.

3 "30. I have dealt with Mr Chubb's comments regarding
4 the four staff employed by XM above and need say no more about
5 it here. Insofar as the turnover for the period ending 31
6 December 2007 is concerned (S Chubb Para 2(b)), I have been
7 provided with no documentary evidence to support this claim,
8 nor has any evidence been provided of XM's overdraft facility
9 or the credit balance held in its account at the time of his
10 witness statement (S Chubb Para 2(d)); that said as mentioned
11 above, Mr Chubb's witness statement is accompanied by a
12 statement of truth.

13 "31. At the hearing GD drew my attention to XM's
14 Abbreviated Balance Sheet for the period ending 30 September
15 2004, and also (in his post hearing correspondence) to XM's
16 Abbreviated Balance Sheet for the period ending 30 September
17 2006. At the hearing itself Mr Chubb commented that a return
18 for 2006 had been filed with Companies House, but added that
19 XM's position in 2007 was much stronger. Balance Sheets can of
20 course only show a snapshot of a company's financial position
21 at a particular point in time.

22 "32. In this case there were a number of factors which
23 led me to the conclusion that an order for security for costs
24 was not appropriate. These were: (I) XM are resident in the
25 United Kingdom, (ii) that it is a reasonable inference that

1 the final invoice mentioned above was paid, (iii) that XM have
2 been in business since November 2003 and continued in 2007 to
3 publish magazines for three charities, (iv) that in 2004 and
4 2005, it would appear that XM employed a similar number of
5 staff to that employed in 2007, (v) that in 2007 XM had a
6 turnover of £318,000 together with a small operating profit
7 and (vi) that at the time of his witness statement XM's bank
8 account was in credit to the amount of £10,400.

9 "33. As I mentioned earlier in this decision, a number
10 of the comments made by Mr Chubb were not supported by
11 documentary evidence; that said, I am equally conscious that
12 all of the witness statements filed by XM contained statements
13 of truth. Whilst the Balance Sheets provided by GD suggest in
14 his view that XM's financial position is precarious, in my
15 view, these balance sheets cannot be considered in isolation.
16 Nor of course can XM's overdraft facility, the monies in their
17 bank account or Mr Chubb's assurance that XM would have no
18 difficulty in meeting a costs award in the normal quantum. As
19 I mentioned above, like the balance sheets these statements
20 simply represent XM's financial position at a particular point
21 in time.

22 "34. However, having considered all of the information
23 before me regarding XM, it speaks to me of a small publishing
24 company which has been in business since 2003 and which has
25 been, and is, responsible for the publication of a number of

1 magazines for three well known charities; charities who I very
2 much doubt would continue to do business with XM if their
3 financial position was as bleak as GD suggests.

4 "35. Having taken all of the competing factors
5 mentioned above into account, including the likely quantum of
6 any adverse costs award, I concluded that in the circumstances
7 of this particular case it was not appropriate for me to
8 exercise my discretion to order XM to provide security for
9 costs."

10 It can be seen from his decision that the Hearing
11 Officer was satisfied on the basis of the evidence and
12 materials before him that Mr Dugdill did not appear to be at
13 risk as to costs in the range of any possible award in his
14 favour.

15 On 6 June 2008 Mr Dugdill gave Notice of Appeal to an
16 Appointed Person under section 76 of the Trade Marks Act 1994.
17 The Statement of Grounds in support of the appeal was 29 pages
18 long. For the purposes of this hearing Mr Dugdill filed
19 a Skeleton Argument in which he itemised his points of
20 disagreement with the Hearing Officer's decision in the
21 following terms:

22 "4. The opponent has not demonstrated that it possesses
23 assets. On the contrary, only liabilities have been
24 demonstrated. Therefore, it should deposit security for
25 costs.

1 "5. The two balance sheets presented in these
2 proceedings - GD40 - and the additional latest set of
3 accounts, for 30 September 2006, and sent into Companies House
4 around the same time as the initial hearing, both show
5 liabilities on the part of the opponent, that are clearly
6 worsening. I believe the second set of accounts were
7 acknowledged by the hearing officer, Mr Bowen, but not
8 considered.

9 "6. Statements made in relation to the opponent's
10 position in 2007 show, at best, contradictory evidence about
11 the opponent's subsequent financial position; and at worst,
12 evidence that the opponent's position has worsened from the
13 2006 position. Its written statements relate to the fact that
14 it lost legal representation because it could no longer afford
15 it etc.

16 "7. In the period 2004 to 2006 the opponent's
17 liabilities increased by a factor of nearly 7. Although it
18 had approximately £10,000 in the bank account at 14 February
19 2008, the latest information on net current liabilities showed
20 a deficit of £116,655.

21 "8. Its latest accounts are due, by law, to be presented
22 on 30 July 2008. The opponent's 2006 accounts were presented
23 seven months late, incurring a fine of £500.

24 "9. None of the other material supplied by the opponent
25 - statements in relation to magazines it purportedly produces

1 (on contract for third party charities), or statements that it
2 employs (four) staff - actually demonstrate the possession of
3 assets. None of these demonstrate assets belonging to the
4 opponent.

5 "Conclusion.

6 "10. On the basis of the above facts, it was clearly
7 wrong, I submit, to infer that the opponent had demonstrated
8 that it possessed assets. I would therefore like on appeal an
9 award for security to be made. I do not believe, if I was
10 successful in proceedings, that I would be paid by the
11 opponent, unless this security was provided.

12 "11. Furthermore, I believe that the opponent fails the
13 'balance sheet test' of solvency and is effectively insolvent.
14 It should therefore no longer be trading, or conducting legal
15 proceedings."

16 From the exchanges which have taken place at the hearing
17 before me, it is clear that the gravamen of Mr Dugdill's
18 complaint on this appeal is that the Hearing Officer did not
19 take account of the Abbreviated Balance Sheets for the years
20 ending 30 September 2004 and 30 September 2006 which
21 Mr Dugdill had put before him in connection with his
22 application for security for costs. That position is, in my
23 view, untenable.

24 The Hearing Officer explicitly referred in paragraph 31
25 of his decision to those Abbreviated Balance Sheets. He did

1 so in the portion of his decision in which he was reviewing
2 the evidence that he was taking into account for the purposes
3 of the conclusion to which he came. He said specifically in
4 the first sentence of paragraph 34 of his decision that he had
5 considered all of the information that was before him
6 regarding the Opponent, Xcess Media Limited, and it is clear
7 from his comment at the end of paragraph 31 in relation to the
8 Abbreviated Balance Sheets that he took them into account for
9 what they were: "a snapshot of the company's financial
10 position at a particular point in time".

11 It is evident from reading his decision that he regarded the
12 information that was supplied by Mr Chubb in a witness
13 statement dated 25 February 2008 (pursuant to the Hearing
14 Officer's Direction under Rule 57 of the Trade Marks Rules
15 2000) as more significant. That information related to the
16 up-to-date position with regard to the Opponent company rather
17 than the position as it appeared historically from the balance
18 sheets from earlier years.

19 It is clear to me that there was material before the
20 Hearing Officer upon which he could properly come to the
21 conclusion that he did. It has not been demonstrated to my
22 satisfaction that there was any manifest error in his
23 reasoning or in his approach to the application for security
24 for costs.

25 There is, so far as I can see, no proper basis for this

1 appeal. The appeal will therefore be dismissed, and it will
2 be dismissed with costs.

3 (After further discussion it was directed that
4 the Applicant pay to the Opponent £200 as a contribution
5 towards its costs of the unsuccessful appeal, to be paid
6 within 14 days of 28 July 2008.)

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