

O-251-08

**TRADE MARKS ACT 1994
IN THE MATTER OF TRADE MARK APPLICATION NOS. 2394061, 2395768
AND 2395771 IN THE NAME OF TV21 CAFE BAR LIMITED
TO REGISTER THREE TRADE MARKS IN CLASSES 41 OR 43**

AND

**IN THE MATTER OF OPPOSITION THERETO
UNDER NOS. 93702, 93746 AND 93734 IN THE NAME OF
JORDAN MICHAEL ROYCE**

Trade Marks Act 1994

IN THE MATTER OF Trade Mark Application Nos. 2394061, 2395768 and 2395771 in the name of TV21 Cafe Bar Limited to register three trade marks in Class 41 or Class 43

And

IN THE MATTER OF Opposition thereto under Nos. 93702, 93746 and 93734 in the name of Jordan Michael Royce

BACKGROUND

1. On 10 June, and 30 June 2005, Fab Café Limited, subsequently TV21 Café Bar Limited made two applications to register a trade marks in Class 41, and one to register the same trade mark in Class 43, the services for which registration is sought are as follows:

2394061 - Class 43 Bar, cafe and restaurant services; provision of food and drink.

2395768 - Class 41 Nightclub services.

2395771 - Class 41 Nightclub services.

2. Jordan Michael Royce filed notice of opposition to these applications, the grounds of opposition being as follows:

- 1. Under Section 3(6)** Because the applications were made in bad faith.
- 2. Under Section 5(4)(a)** By virtue of the law of passing off.
- 3. Under Section 5(4)(b)** By virtue of an earlier right other than found in Section 5 of the Act, in particular, the law of copyright, design right or registered designs.

3. The applicant filed Counterstatements in which they denied the grounds on which the oppositions were based. They claimed that the Directors of the applicant company had created the trade marks in 1996 and owned the copyright in the marks and all variations thereof. They further asserted that the businesses run under the name FAB CAFE were held in trust for the applicant, and they would provide evidence of this. The Counterstatement also alleged the oppositions were filed in bad faith.

4. The only evidence filed was the opponent's evidence in chief, which consisted of three Witness Statements from Jordan Michael Royce and one from Harvey Stringfellow. One set of identical evidence was filed for each set of proceedings. After the conclusion of the normal evidence rounds the opponent sought leave to file additional evidence consisting of two Witness Statements from Jordan Michael Royce, and a Witness Statement from Harvey Stringfellow, the opponent's representative. I gave leave for the evidence to be admitted subject to the applicants being given one month in which to consider its contents and respond. The applicants did not comment so the evidence was admitted.

5. The matter came to be heard on 9 October 2007, when the opponent was represented by Mr Matthew Kime of Counsel, instructed by Halliwells LLP, their representatives. The applicants elected not to be represented and did not file any written submissions in lieu of attending.

6. After giving the usual consideration to the facts and circumstances of the case, and taking into account the established case law and the very useful submissions made by Mr Kime, on 1 May 2008 I issued my decision. In this I found the opponent to be successful on all counts, that is, under Section 5(4)(a), Section 5(4)(b) and Section 3(6).

7. In paragraph 64 of my decision I stated that the opposition having been successful, the opponent is entitled to a contribution towards his costs. Mr Kime stated that in the circumstances of this case his client was seeking an award off the usual scale of costs used in relation to proceedings before the Registrar, and provided a schedule of costs. Mr Kime appreciated that I would wish to have the benefit of written submissions from both parties before making a decision on this matter, particularly given that the applicants had not been represented at the hearing. I therefore directed that both parties would be allowed one month from the date of the substantive decision in which to make submissions on whether costs should be awarded, and if so, whether the circumstances fall within those that permit an exceptional award. Mr Kime on behalf of the opponent's submitted detailed written submissions, the applicants did not comment.

DECISION

8. It is the long-established practice that costs in proceedings before the Comptroller are awarded by reference to a standard published scale and are not intended to compensate parties for the expense to which they may have been put. Rather, an award of costs is intended to represent only a contribution to that expense. This provides access to a low cost tribunal for all litigants, and a degree of predictability as to the amount that the proceedings, if properly pursued, may cost.

9. In his submissions Mr Kime referred me to *Rizla Ltd's Application* [1993] RPC 365, a patents case. Mr Anthony Watson QC sitting as a Deputy Judge of the High Court held at paragraph 374, that:

"The wording of section 107 could not in my view be clearer and confers on the Comptroller a very wide discretion with no fetter other than the overriding one that he must act judicially. I see no reason why the previously adopted practice could not be altered by the Comptroller in the same way as from time to time an important decision leads the courts to adopt a different attitude to what had previously been accepted practice. Thus, if the Comptroller felt it was appropriate, a form of compensatory costs could become the norm."

10. The Deputy Judge went on to say:

"As a matter of jurisdiction, I entertain no doubt that if the Comptroller were of the view that a case had been brought without any bona fide belief that it was soundly based or if in any other way he were satisfied that his jurisdiction was being used other than for the purpose of resolving genuine disputes, he has the power to order compensatory costs."

11. On page 377, towards the end of his judgment he said:

"Counsel was unable to refer me to any reported case where such a strong order for costs had been made by the Comptroller and therefore there is no established yardstick to measure what might be regarded as exceptional. I believe a case such as the present can only be regarded as exceptional if it can be shown that the losing party has abused the process of the Comptroller by commencing or maintaining a case without a genuine belief that there is an issue to be tried. In my view, this is not shown to be such a case."

12. Significantly, the Deputy Judge added:

"There are of course a large number of other circumstances such as deliberate delay, unnecessary adjournments etc. where the Comptroller will be entitled to award compensatory costs, but it is unnecessary to define what is clearly a wide discretion."

13. Likewise, under Section 68 of the Trade Marks Act 1994, the Comptroller and hence Hearing Officers acting for him have a similarly wide discretion to award costs. That Section and the associated Rule 60 read as follows:

“ **68.**- (1) 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."

14. Rule 60 states:

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

15. Hearing Officers will be prepared to exercise that discretion and exceed the scale when circumstances warrant it, in particular but not exclusively, to deal proportionately with breaches of rules, delaying tactics and other unreasonable behavior. In the *Rizla* case, Anthony Watson QC stated that the Act conferred no fetter other than in making an award of costs the Comptroller must act judicially, and that in deciding whether an award beyond the scale of costs was appropriate, the question to be asked is whether the conduct of the losing party constituted such exceptional circumstances that a standard award would be unreasonable.

16. The position is, therefore, that in making an award of costs the Comptroller will adhere to the published scale, but where he considers that the particular facts of the case are such that an award on this basis would not be just, he has the power to make a higher award but in doing so must be fair, and award an amount proportionate to the circumstances. Accordingly, each case will be decided and turn on its own particular facts. This approach mirrors the Civil Procedure Rules. Although the CPR do not make it clear exactly when indemnity costs orders are appropriate, in the case of *Bowen Jones -v- Bowen Jones* [1986] 3 All ER 163 it was suggested that indemnity costs should only be awarded in "exceptional circumstances" but

did not give any direction as to what "circumstances" should be considered "exceptional". Conduct that is considered to be wholly unreasonable will frequently be a significant deciding factor in determining whether costs on an indemnity basis are appropriate. Other circumstances in which an order for costs on an indemnity basis may be appropriate is where a party makes an offer to settle a case and beats that offer at a subsequent trial or assessment. That is not the case here so I need say no more. It is also worth noting from the outset that the Civil Procedure Rules in relation to indemnity costs states that advancing a case which is unlikely to succeed or which fails in fact is not a sufficient reason for an award of costs on the indemnity basis. (*Shania Investment Corp v. Standard Bank London Ltd*, November 2, 2001 (unreported)).

17. Apart from taking account of the extent of the evidence provided, and the time and effort that is likely to have been expended in its compilation, I have little on which to say whether the costs claimed on behalf of the opponent is reasonable. What I am able to say with a little more certainty is that given the heavy burden placed upon the opponent in proving his case under Section 3(6) in particular, the evidence is relevant and proportionate.

18. The CPR states that I must have regard to the conduct of the parties, before, as well as during, the proceedings. Unfortunately the evidence is one-sided; the applicants have not seen fit to answer any of the statements or allegations made. However, I do not see that they should be in a better position through silence; they have had the opportunity to say their piece. I must therefore proceed on the basis that the opponent has provided an accurate account of events.

19. Mr Kime set out the opponent's case for an award off the scale under a number of heads, in particular, that the applicants had acted unreasonably in commencing or maintaining a case without a genuine belief there is an issue to be tried, which is an abuse of process. He began with the proposition that in considering whether an award of costs should be off the usual scale, it is probably the point at which the opponents started incurring costs that is the earliest event. Mr Kime put the material date as being when the opponent caused its letter before action to be written and sent to the applicants.

20. I have no argument with the starting point for a decision on the amount of an off-the-scale award of costs being taken as the time from when costs were first incurred by the opponent. However, where, as in this case, the parties were in a commercial relationship/it is likely that factors from well before the time when the dispute arose will contribute to the decision whether such an award is justified.

21. Mr Kime draws attention to the fact that on 10 October 2005 the applicant changed its name from FAB CAFE LIMITED to TV 21 CAFE BAR LIMITED. He asserts that the timing is consistent with the logical conclusion that the applicant considered the passing off case against them had some substance, and that continued use of a corporate name that emphasised "FAB CAFE" exposed them to a risk of a successful passing off action. Mr Kime also highlights that the applicants did not notify the Office of this name change, suggesting that an adverse conclusion may be drawn from this failure. Companies change their name; it is a commonplace commercial action. The timing might cause some suspicion but that does not make it fact, but in any event, changing the corporate name would not avoid the threat of the opposition proceedings under any of the heads. I cannot, therefore, take the assertion regarding the change of name as being any more than conjecture.

22. Mr Kime's submissions go on to highlight what he describes as a clear problem that the applicants have in "reconciling dates of material events and its case", including, in summary, the following points:

The applicants claim to have created the marks even though they had been present at, or had close, intimate, knowledge of the material events relating to the creation and usage of the marks. At no stage has the opponent's evidence that he created the drawings of the designs for the composite marks been effectively challenged by the applicant. This is unsurprising as the opponent was able to exhibit his drawings signed and dated by him. This is but one example of how the applicant must have known it had no case to be tried in relation to copyright. The applicant's conduct or inactivity, or that of their representatives, suggests that it had no belief that there was an issue to be tried.

Despite being clear that marks applied for had been created in about 1996 and had been used from about 1998, the applicants did not address adequately or at all how they could claim benefit from such use.

Without any further explanation from the Applicant as to how it claims relevant rights notwithstanding such earlier use, the applicant was abusing the procedure of the Comptroller.

The applicant's claim that the businesses run under the name FAB CAFE were held in trust for the applicant is not supported by any information as to how that trust arose. Moreover, the allegation of ownership by the beneficiary of a trust was, in effect, a statement that the applicant did not, in law, own the goodwill of the businesses run under the name FAB CAFE, which conflicts with the applicant's claim to have created the trade mark in 1996, and to own the copyright in the mark, and all variations thereof.

The Counterstatements alleged the respective oppositions were filed in bad faith without any further particularisation. Such an allegation and the manner in which the allegation was made, is such a serious matter that it is a stand-alone allegation of unreasonable behavior.

On the material facts there are irreconcilable conflicts between the case in the Particulars of Claim as said to be true by Stephen Petricco's statement of truth, and the applicant's case in the oppositions, namely, that FAB café premises were run as "themed bars trading under the name FAB café " more or less the same businesses were carried on as café bars trading under the name FAB CAFE from the same premises as previously. From about 29 November 2004, Kinetic Red Ltd has been trading under the name FAB CAFE from the same premises in Manchester and Leeds as those of the café bars that had been trading under that name/having acquired the assets, including goodwill of Fab Leisure Ltd from the Liquidator.

These points are all consistent with the opponent's case, and inconsistent with the applicant being able to assert that it had superior rights to the goodwill of the marks, and are highly significant for inferring that the Applicant had no belief that there was an issue to be tried in the oppositions.

The applicant's counterstatements allege that the applicant devised the trade mark in 1996, and own the copyright in the mark, and all variations thereof. The opponent was able to exhibit his drawings as signed and dated by him. This is but one example of how the Applicant must have known it had no case to be tried in relation to copyright.

In considering off-scale costs, actions such as filing a statement of case, filing evidence, providing written statements, cross-examining and so on are indications that a party had genuine belief that there is an issue to be tried. The failure to take such steps is consistent with, and indicative that there was no genuine belief. Here, the applicant filed no evidence, provided no written submission in support of its claims (eg skeleton argument), and it did not cross-examine or even attend the hearing.

In asserting that the oppositions were filed in bad faith without particularising the claim with full details, or the filing evidence in support, such allegations are unreasonably made and vexatious. The filing of a statement of case that is deliberately vague and imprecise may be an abuse of the process of the Comptroller, or simply unreasonable conduct in and of itself. It means that issues are not defined early, if at all, and so makes settlement difficult and causes costs of the other party to escalate. The Hearing Officer is invited to find that the Applicant's counterstatements were deliberately vague and imprecise and that this was unreasonable behaviour. In the event that the Hearing Officer perceives that this form of unreasonable behaviour may not have been emphasised in the Registry, I draw the attention of the Hearing Officer to Civil Litigation by O'Hare and Browne, 13th edition 2007 at page 301 paragraph 20.011 in the context of costs in small track claims where the CPR Rule 27.14(2)(d) power to order a party to pay further costs if it has behaved unreasonably on a small claims track matter is addressed.

There the circumstances mentioned may be considered to have been exacerbated by failure to comply with a court order to clarify the claim.

It is submitted that the Applicant has behaved dishonestly in the making of the applications, and, rather more clearly so, on the making of the counterstatements having regard to the knowledge the applicant had imputed to it, in particular, its knowledge of the relevant contents of the Particulars of Claim.

The making of dishonest statements is unreasonable behaviour.

23. The history of the relationship between the parties goes back to 1995, when Mr Royce, and the applicants, Stephen Petricco and Paul Petricco discussed the possibility of opening a themed bar based on cult television series of the 60s. Mr Royce claimed and provided evidence that he produced the artwork for the trade mark used by the business on its signage and in its advertising, etc, one of which is the FAB Café logo of the subject applications. Of course, the act of inventing a name, or a conceptual connection to some image does not, of itself, bring the inventor any rights (*Harrods Limited v Harrodian School Limited* [1996] R.P.C 697)Limited [1996] R.P.C 697)

24. On 22 March 1996, a company called Halesden Limited was formed. On 23 April 1996, Stephen Petricco was appointed a Director of the company, with Paul Petricco becoming Secretary and on 1 June 1998, also a Director. Mr Royce was involved with the setting up and running of the company but did not become a Director until 29 March 2001. On 14 January 1998, the company took a lease on premises in Manchester, and commenced trading in June 1998. It changed its name to Halesden Leisure Limited on 8 June 1998, and to FAB Leisure

Limited on 26 March 1999. Further premises were opened in Leeds in September 2002 both trading as "FAB Café" using the FAB CAFE logo for the premises.

25. Fab Leisure Limited went into creditor's voluntary liquidation on 29 January 2004, but the FAB Café Leeds and FAB Café Manchester continued to trade, being operated by a company called Fame City Limited with the consent of the liquidator. The company was incorporated on 21 November 2003, the Petriccos and Mr Royce were appointed Directors on 8 January 2004, and were joint shareholders. The company reached agreement with the Liquidator of Fab Leisure Limited by which Fame City was to purchase the assets, including goodwill. Fame City Limited subsequently carried on the FAB CAFE business from the same premises in Manchester and Leeds until 27 November 2004, Mr Royce saying that the use of the FAB CAFE name and logo being "on an informal basis."

26. On 8 September 2004, Mr Royce and Leonora Johnston incorporated a company called Kinetic Red Limited. Just over two months later, on 27 November 2004, Mr Royce resigned from the board of Fame City Limited. On 28 November 2004, the Petriccos discovered that the assets and leases of Fab Café Limited, including the two clubs had been transferred to Kinetic Red Limited.

27. In the Particulars relating to Court proceedings, the Petriccos asserted that the Directors of the applicant company had created the trade mark in 1996, own the copyright in the mark and all variations thereof. The only element of this claim that appears to have any basis in fact, or at least that is supported by evidence, is that the name had been created by "a" Director, namely, Mr Royce. The Petriccos further claim that the businesses run under the name FAB CAFE were being held in trust for the applicant; there is no evidence of this. Nor is there any support for their assertion that the acquisition of the business came about in a less than open and ethical manner, and that there was a breach of Mr Royce's fiduciary duty to Famecity Limited.

28. The Deputy Judge in *Rizla* referred to a case being regarded as exceptional if it can be shown that "the losing party has abused the process of the Comptroller by commencing or maintaining a case without a genuine belief that there is an issue to be tried". Whether or not they agreed with the situation, the applicants must have filed for registration in the knowledge that Kinetic Red Limited are the de-facto owners of the FAB CAFE businesses, and would challenge their claim to ownership to the FAB CAFE name and logo.

29. The proceedings were effectively launched by the filing of the letter before action dated 5 August 2005, sent by the opponent's then representatives Wack Caller, to Fab Café Limited. The letter made it clear that Mr Royce claimed ownership of the intellectual property rights in the marks that were the subject of the three applications that were the subject of these proceedings, one further application for FAB CAFE and another application for a composite mark "NEO-DISCOTEQUE SATANS HOLLOW". The letter requested withdrawal of the applications and set out the consequences, namely opposition under Section 3(6), Section 5(4)(a) and Section 5(4)(b) should they fail to do so. A fax header sheet sent by Fab Café Limited to Wack Caller on 15 August 2005 stated that they had just received the letter and asked for seven days to review its contents. There is nothing that shows there to have been any further exchanges of correspondence, the only clue to what subsequently happened is a comment in Mr Kime's written submissions in which he say the applicants did not give a substantive response. What can be certain is that the three subject applications were not withdrawn, and on 31 August 2005 were opposed on the grounds stated.

30. The Counterstatements were received on 12 December 2006, the final day of the allotted period. They did not just deny the grounds on which the opposition was based, they claimed to have created the trade mark in 1996, to own the copyright and all variations thereof, and further asserted that the businesses run under the name FAB CAFE were held in trust for the applicant, all of which would be proved in evidence.

31. The opponent's evidence was received by the Registrar on 22 March 2006, the final day of the statutory period, but was returned on 30 March 2006 because it was incorrectly headed. It was re-filed on 13 April 2006, which was the last day of the period allowed, the receipt being communicated to the parties, including the applicants, by the official letter of 2 May 2006, setting a period to 12 July 2006 for the applicants to file their evidence.

32. By way of a letter dated 4 May 2006, Wilson Gunn, the applicant's representatives notified the Registrar that they had not received the opponent's evidence and asked that proceedings be suspended until it had been received, at which point the date for filing their evidence would be set. In their letter of 20 June 2006, the opponents confirmed that a further copy of the evidence had been provided, the receipt of which was confirmed by way of a letter dated 22 June 2006 from the applicant's agents.

33. The official letter of 22 June 2006 set a date of 20 September 2006 for the applicants to file their evidence. On 19 September 2006 the applicants filed a request for a three month extension of this period, the justification being stated as:

"The applicant is in the process of collating all the information and material required to be included as evidence in support of its applications. As the oppositions arise from a dispute which has been ongoing for several years, and which incorporates some complicated matters such as company liquidations, other legal proceedings etc., this is proving to be a time consuming task. The applicant wishes to ensure that all relevant information is included in its evidence, therefore we respectfully request a 3 month extension of time to the evidence deadlines. We confirm that a copy of this request has been sent to the Opponent's representatives."

The Registrar's preliminary view was that the extension should be granted; the opponents did not object.

34. On 20 December 2006, the final day of the period, the applicants filed a further request for an extension of three months, the justification being stated as follows:

"The applicant is still collating certain documents which form a key part of the evidence, and with a view to refuting the particular allegations raised in the Notice of Opposition. Because a decision can only be rendered upon consideration of the evidence in this particular case, it is critical that the Applicant is allowed the opportunity to submit as much clear and concise evidence as can be obtained. So we can make sure that the evidence is complete and addresses the allegations raised, we must request this further extension is permitted."

35. The Registrar's preliminary view was that the extension should be granted. The opponents objected and an interlocutory hearing was appointed, but subsequently did not take place as circumstances prevented this happening before the end of the disputed extension. No further extensions were requested or evidence filed by the applicants.

36. The official letter of 22 March 2007 notified the parties that the evidence rounds were considered complete, and set dates for a hearing to be requested, or alternatively, for written submissions in lieu of a hearing to be filed. The opponents requested to be heard, the parties agreeing that this should take place on 9 October 2007, which it did. The applicants were not represented and did not file any submissions. As I mentioned earlier, at the hearing the opponent sought, and were given leave to file additional evidence, subject to the applicants being given one month in which to consider its contents and respond. The applicants did not respond so the evidence was admitted.

37. The applicants always had the option of not filing a defence or withdrawing the applications; they did neither. They filed the Counterstatement indicating intent to defend, and making an assertion of bad faith by the opponent which they made no attempt to substantiate. All that they did was to request two extensions of time in which to file evidence, subsequently not doing so.

38. The opposition having been filed, the onus fell upon the opponent to make his case. He filed a reasonable amount of evidence, which was relevant and proved sufficient for me to find for him on all grounds. The burden of proof then shifted to the applicants. Given the earlier Court proceedings it would seem reasonable to infer that their minds had already been focused on gathering evidence to support their case in those proceedings, and well before the launching of these oppositions. They said in their Counterstatement that they would be filing evidence to substantiate their claims, and asked for/and received six months in extensions to do this, but in the end did nothing but make bald assertions; they lit the blue touch-paper and then stood back, leaving the opponent to make the running and incur all the costs. On these facts it is not difficult to reach the conclusion that they made the applications in the full knowledge that they could not justify their claim to ownership, or successfully defend themselves against the rival claims of the opponent. They conducted the proceedings with the intent of delaying the progress and in a manner calculated to cause inconvenience and cost to the opponent.

39. Another issue is the assertion in the Counterstatement that claimed the oppositions had been made in bad faith. Recent case law has indicated that bad faith is a serious allegation. In *Royal Enfield* BL 0/363/01 Mr Simon Thorley QC, sitting as the Appointed Person, held:

"An allegation that a trade mark has been applied for in bad faith is a serious allegation. It is an allegation of a form of commercial fraud. A plea of fraud should not be lightly made (see Lord Denning M.R. in *Associated Newspapers* (1970) 2 QB 450 at 456) and if made should be distinctly alleged and distinctly proved. It is not permissible to leave fraud to be inferred from the facts (see *Davy v. Garrett* (1878) 7 Ch. D. 473 at 489). In my judgement precisely the same considerations apply to an allegation of lack of bad faith made under section 3(6).

It should not be made unless it can be fully and properly pleaded and should not be upheld unless it is distinctively proved and this will rarely be possible by a process of inference."

40. Although stated from the perspective of an attacking party, it seems to me that the principles should apply to a defence that relies upon the same allegation. The Counterstatement did not go any further than saying "The applicant contends that the opposition has been filed in bad faith, and we will submit evidence of this ". I do not see how a claim so lacking in detail and fact can come anywhere near to being "...fully and properly pleaded...", and if, as happened here, no evidence is subsequently filed, there is no way that it can be said to have been "distinctly proved". If you make an allegation of this nature, you should be prepared to support it or risk the consequences.

41. Taking all of the above into account, I consider that the facts and circumstances of this case are such, that an award beyond the usual scale is appropriate.

42. Mr Kime asserted that if exceptional circumstances are found, the usual factors to take into account in deciding the amount of costs (there is inevitably some overlap between some factors in some cases) are as follows:

‘Whether proportionately and reasonably incurred or whether unreasonably incurred or unreasonable in amount,

The conduct of the parties, including in particular before and during the proceedings,

The efforts made, if any, to try to resolve the dispute, The amount or value or property involved,

The importance of the matter to the parties,

The complexity or difficulty or novelty of questions raised,

The skill, effort, specialised knowledge and responsibility involved,

The time spent on the case,

The location and the circumstances in which work was done.’

43. These points mirror Part 44.5 of the Civil Procedure Rules which sets out certain factors to be taken into account in assessing the amount of costs. Under Part 44.4 of the Civil Procedure Rules, the Court will generally not allow costs that have been unreasonably incurred or which are unreasonable in amount. Any doubt will always be resolved in favour of the paying party. I believe the same position must apply where it cannot be seen that the costs have been reasonably incurred

44. Mr Kime stated that during the proceedings, the opponent filed had filed its statement of case and evidence expeditiously, although conceded that it had been necessary to supplement it with pertinent but not excessive evidence very late in the day. On the contrary, the applicant's statements of case were not appropriate, did not disclose material facts or detail how the applicant could have rights in a mark superior to those of others. They did not explain how they could apply for registrations of the disputed marks when it claimed the businesses which had used such marks were held in trust for it. The Applicant introduced excessive delays for no good reason by not filing evidence timeously; asking for, and having

long extensions, and then not filing any evidence. Having already said that it would be easy to infer that the applicants filed for registration knowing they could not justify their claim to ownership, or successfully defend themselves against the rival claims of the opponent, it would be difficult to take issue with Mr Kime. I also said that they conducted the proceedings with the intent of delaying their progress and in a manner calculated to cause cost and inconvenience to the opponent. Whilst the actual delay was not inordinate, from my reading of the case file this was only because matters were brought to a head by a peripheral circumstance.

45. Mr Kime highlights that the applicant failed to file evidence, failed to submit any written submissions, failed to attend at the hearing, failed to notify the opponent's representatives whether or not they would attend the hearing, and failed to cross examine. Although not causing extra cost, this lack of action is an indicator of a preparedness to require the opponent to incur costs unnecessarily by taking the matter to hearing and decisions. On the face of it, it would be hard to dispute that the applicants did not expend much, if any effort in these proceedings.

46. Mr Kime further says that the applicant was uncooperative with the opponent in that, as can be seen from the applicant's letter dated 16 January 2007 they declined to answer reasonable inquiries asked by the opponent's letter dated 11 January 2007. A copy of this correspondence has been provided with Mr Kime's submissions. In their letter the opponent's refer to conversations with the applicant's agents over the past week, confirms their objection to the request for an extension of time, and requested information on what had been done and still needed to be done in the preparation of the applicant's evidence, and why it had not been possible to complete this within time. The letter also requested the details of the basis of the applicant's claim to rights in the mark, referring to the agents having declined to comply without consulting their clients. The letter in reply stated that the applicants await the Registry decision on the extension of time request, and went on to say:

"In the meantime, with regard to your requests for further information on the nature of our client's evidence and the basis for filing the applications, our client is under no obligation to provide such information. As the opposition is based upon sections 3(6), 5(4)(a) and 5(4)(b) of the Trade Marks Act, the onus of proof lies with the opponent.

Should you wish to discuss any issue relating to these proceedings in further detail, we would suggest the applicant be contacted directly"

47. This is somewhat at odds with an e-mail sent on 9 January 2007 in which Judith Tonner, the applicant's agent, told Mr Stringfellow, the opponent's agent, that she had recently taken over the case and that it was her understanding "...that the parties are negotiating an amicable settlement so we requested an extension of time to the December evidence deadline to facilitate this...". Mr Kime refutes the suggestion that there had been any serious attempt to resolve the dispute by either party, but in any event he doubted that the nature and complexity of the proceedings would have allowed for this. This does not conclusively say that there had not been any attempt to negotiate, but without more I cannot say what efforts had been made or by whom.

48. It is difficult to place a value on trade marks. They are clearly of enormous importance to those who own them, and no doubt to those who covet the marks of others. The opponent obviously considers them to be of value otherwise he would not be concerned by the

applications to register them. Likewise, the applicants must see value in the trade marks, either intrinsic or in their capacity to cause a nuisance to the opponent.

49. Mr Kime submitted that whilst the relevant areas of law are not that difficult, the application of the law and procedures to the bad faith allegations made against the oppositions had to be carried through with careful research and marshalling of the facts. It is material that these allegations have not had to be addressed in isolation, but in the context of other complex and serious litigation between the parties. The complexity and difficulty of these proceedings required the involvement of relevant solicitors, and for a mix of skills in different professional areas. The opponent sensibly engaged the same solicitor involved in other relevant and related litigation, whereas the applicants chose to do otherwise.

50. The basis and case law relevant to a claim of passing off (Section 5(4)(a)) and bad faith (Section 3(6)) is fairly well settled, and any party seeking to rely on these grounds will be well aware of the evidential requirements. Making a case in an allegation of passing-off does not usually present any real complexity, difficulty or novelty although may do so in some circumstances where, as in this case, there has been a commercial relationship between the parties. This can complicate the ownership and transmission of any goodwill. The position with an allegation of bad faith is somewhat more difficult and requires skill and knowledge in knowing how, and where to focus the evidence.

51. Prosecuting a case based on copyright is less common and would certainly be more challenging. Whilst it is by no means beyond the wit of the man in the street, it would be somewhat of a risk to take on the last two of these grounds without the assistance of a trade mark attorney or other legal practitioner. Mr Kime submitted that these oppositions are such that it was appropriate and reasonable to instruct Counsel, and even in this, the opponent was reasonable by doing so only for the hearing and for matters relating to the hearing. I have no argument with this, but in the context of these proceedings it should have been possible for a competent trade mark attorney to have prosecuted the case, particularly given that they applicants were not represented and there was no cross-examination or other issue of law requiring the particular skills of Counsel. Mr Stringfellow would have been required to be at the hearing in any event, but for the reasons I have given I shall reduce Mr Kime's costs by half so as to only reflect the added value work in providing pre-hearing advice. The £4,000 claimed for counsel is therefore reduced to £2,000 plus VAT.

52. Mr Kime says that the Schedule of Costs is a faithful statement of time spent and prepared in accordance with rules under the CPR such that they are certified not to exceed the amount the opponent is liable to pay. He asserted that the costs claimed can be seen to be proportional and reasonable in the light of the points made in relation to the other factors. He stated that the opponent studiously avoids submitting that whether or not the applicants are found to have acted unreasonably, that an award should be made on an equivalent to the standard basis or the indemnity basis of the CPR. Mr Kime informed me that an award on the indemnity basis in commercial litigation involving the costs of a Manchester solicitor may be around 95% of the actual costs incurred, but, failing that, the opponent submits as its secondary case that the standard basis in which recovery in commercial litigation involving costs of a Manchester solicitor may be around 70-80% of the actual costs incurred would be appropriate.

53. With the exception of the costs from engaging counsel, the actions listed on Mr Stringfellow's "summary assessment" are charged at a fixed hourly rate. The most significant amounts are for 15.8 hours spent with the opponents and 21 hours working on documents. In the circumstances of this case it is easy to see how nearly 16 hours could be spent receiving instructions and discussing the issues with the opponents. Taken in isolation, 21 hours does not appear to be an excessive amount of time dealing with the work involved in considering documents, preparing and filing evidence and dealing with issues that arose in this case. That said, there is not an inordinate amount of evidence much of which is likely to have been readily available. I am also conscious that some of the work for the ongoing court proceedings, such as gathering and assessing evidence may have been of benefit here.

54 There are two further entries "attendances on others" amounting to 6.1 hours, and "attendances on (unspecified)." showing 1.1 hours. These clearly do not involve the opponent; that is detailed separately. It may well be, as seems reasonable, Mr Stringfellow had a pre-hearing conference with Mr Kime, but looking at Mr Kime's costs this cannot have amounted to much time. In the absence of any explanation I do not consider it reasonable to accept these costs. This requires a reduction of £1,620 net of VAT.

55. Whilst I can easily understand and assess the reasonableness of these costs, the same is not the case in respect of the 8.1 hours said to have been spent on "other work"; what other work? There will undoubtedly have been other work, such as in communicating with the other side, drafting letters, instructing counsel, etc., so I will not take issue with this.

56. Taking these comments into account, I determine that of the £22,334.56 listed in the Statement of Costs, the opponents should be awarded £15,477.50 plus £2,708.56 VAT making a total costs award of £18,186.06. This falls in the upper end of the opponent's secondary case. I therefore order that the applicants shall pay the opponent the sum of £18,186.06 towards his costs. This is to be paid within seven days of the expiry of the appeal period relating to this decision, or within seven days of the final determination if any appeal against this decision is unsuccessful.

Dated this 3rd day of September 2008

**Mike Foley
For the Registrar
The Comptroller General**