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TRADE MARKS ACT 1994

IN THE MATTER OF:

TRADE MARK No. 3004544

IN THE NAME OF ASNAKECH THOMAS

AND INVALIDITY APPLICATION No. 500950

IN THE NAME OF GOYA FOODS INC.

DECISION ON COSTS

1. Trade Mark No. 300343 **AMARO GAYO COFFEE** was registered in the name of Asnakech Thomas (“the Proprietor”) on 18th October 2013 with effect from 22nd February 2013 for use in relation to ‘*coffee*’ (rather than ‘*coffee plantations*’ as incongruously recorded in the register) in Class 30 and various commercial activities relating to coffee in Classes 35, 39 and 40.
2. On 6th August 2014, Goya Foods Inc (“the Applicant”) applied under number 500950 for a declaration to the effect that the registration of the trade mark was and remained invalid in its entirety.
3. The registration was found to be entirely invalid for the reasons given in a decision issued by Mrs. Ann Corbett on behalf of the Registrar of Trade Marks under reference BL O-517-16 on 3rd November 2016. The Hearing Officer ordered the Proprietor to pay £1,100 to the Applicant in respect of its costs of the proceedings in the Registry.

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4. The Proprietor appealed to an Appointed Person under s.76 of the Trade Marks Act 1994 contending that the Hearing Officer's decision was wrong and should be set aside for manifest error in the application of the legal principles she had identified to the facts of the case at hand. During the pendency of the appeal, the Proprietor filed a Form TM23 requesting partial surrender of the registration in issue with a view to confining it to goods and services linked to '*single-source coffee imported exclusively from Ethiopia*'.

5. The Applicant maintained that the reduced specification of goods and services failed to neutralise the objection to validity which the Hearing Officer had upheld in the decision under appeal. The Proprietor asked for the question whether the partial surrender was adequate for that purpose to be determined as a preliminary issue at a hearing to be appointed. I declined the request on the basis that any issues arising between the parties in relation to the request for partial surrender should be addressed at the hearing of the appeal in the context of the case as a whole.

6. The appeal was listed for hearing at 10:30am on Monday, 24th April 2017. Both sides filed their Skeleton Arguments on Thursday, 20th April 2017. At 18:49 on Friday, 21st April 2017 the Proprietor's professional representatives sent an email to the Tribunal, copied to the Applicant's professional representatives and others on the relevant circulation, announcing that the Proprietor '*has after careful consideration decided not to pursue this appeal and we accordingly withdraw the appeal with immediate effect. It follows that the hearing set for Monday is no longer required*'. The hearing was vacated when that email came to the attention of the Tribunal on Monday, 24th April 2017.

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7. The Respondent applied in writing on 13 September 2017 for an award of costs in its favour consequent upon the withdrawal of the appeal notified in the email timed at 18:49 on 21st April 2017. The application comprised: (1) a 10-page letter; and (2) Annexes 1 to 21. Annex 21 was an itemised schedule of costs covering work on time recorded dates over the period from 20th May 2015 to 5th September 2017 (both dates inclusive). The Hearing Officer had dealt with the costs of the proceedings in the Registry in her decision dated 3rd November 2016. The Applicant did not appear to have appealed against the quantum of the award. The application for costs would, on that basis, necessarily have been an application for an award in respect of costs incurred both subsequent to the date of the Hearing Officer's decision and in relation to the conduct of the withdrawn appeal. The Applicant was therefore asked to clarify the scope of its application for costs.

8. It was confirmed on 13th November 2017 that the application was *'for an award of costs incurred both subsequent to 03 November 2016 and in relation to the conduct of the withdrawn Appeal'*. On 6th December 2017, I gave directions for the filing of written representations in respect of the application for costs taking into account the limitation confirmed on 13th November 2017: *'the representations made in the [Applicant's] 10-page letter dated 13th September 2017 with reference to the Annexes numbered 1 to 21 which accompanied it shall be taken to have been reduced in scope so far as necessary to give effect to that limitation'*.

9. In its application for costs dated 13th September 2017, the Applicant requested an 'off the scale costs award' to fully compensate it for the extra time and cost which it claimed to have expended as a result of what it considered to be the Proprietor's unreasonable

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conduct. The conduct cited by the Applicant concerned: (1) the filing of the requests for extension of the time for appeal, with the second request being filed (and granted following a contested hearing) after the deadline for appeal set pursuant to the first (granted) request had expired; (2) the failure to specify any discrete grounds of appeal in the 'attached Appeal for Review by the Appointed Person' which accompanied the Proprietor's Form TM55P; (3) the filing without permission of extensive additional evidence and materials with the Form TM55P and again during the pendency of the appeal; (4) the filing of the Form TM23 requesting partial surrender with a view to altering the parameters of the appeal; (5) the filing of a Skeleton Argument on 20th April 2017 which moved the arguments on appeal away from the 'attached Appeal for Review by the Appointed Person' which had accompanied the Form TM55P; and (6) the sudden withdrawal of the appeal on Friday, 21st April 2017 at a time in the evening when the notification of withdrawal could achieve relatively little by way of cost saving in relation to preparations required for the hearing which had been set for the following Monday.

10. In response to the application for costs, the Proprietor pointed out that the Applicant had in correspondence (27th April 2017) called for payment of £5,500 in respect of its costs of the withdrawn appeal in circumstances where the itemised schedule of costs it provided as Annex 21 indicated that the costs it had actually incurred between 3rd November 2016 (the date of the Hearing Officer's decision) and 27th April 2017 (the date of the request for £5,500) were substantially lower at approximately £4,350. She also pointed out that, unbeknown to her, the Applicant had filed its own Form TM55P on 3rd April 2017 with a view to setting aside the extension of time she had obtained and thereby rendering her appeal inoperative. The suggestion being that there would have been a substantial saving

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in costs if the Applicant had, instead of doing nothing with its appeal, proceeded and succeeded with it and her own parallel appeal had in the meantime been stayed. It was submitted that the Proprietor *‘an individual running a small coffee growing business in Ethiopia --- certainly did not knowingly act contrary to the practice of the Office or in any way that can be considered to be unreasonable’* whilst acting on her own behalf in the conduct of her appeal. It was observed that the subsequent involvement of her professional representatives helped to bring order to the proceedings on appeal, rather than the opposite as suggested by the Applicant. And with regard to the late withdrawal of the appeal: *‘As soon as we determined with the client it (sic) no longer wished to pursue the Appeal, we let all of the relevant parties know in order to save the costs of the hearing and thereby avoid further expense’*.

11. In reply, the Applicant stated that the figure of £5,500 put forward for payment on 27th April 2017 was an estimate, with the amount actually billed in respect of the proceedings on appeal being £4,549.34. It requested *‘an award of costs off the scale equivalent to the £4,549.34 plus any punitive award seen fit, or in the alternative an award of costs which the Appointed Person deems fit in the circumstances’*. It noted that it was in no position to ignore the Proprietor’s appeal and that it had no real choice but to deal with the burdens created by the disorderly way in which it had, in fact, been conducted.

12. Section 68(1) of the Trade Marks Act 1994 establishes that:

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

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

Rule 67 of the Trade Marks Rules 2008 accordingly provides that

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

13. The long established practice in Registry proceedings is to require payment of a contribution to the costs of a successful party, with the amount of the contribution being determined by reference to published scale figures. The scale figures are treated as norms to be applied or departed from with greater or lesser willingness according to the nature and circumstances of the case. The use of scale figures in this way makes it possible for the decision taker to assess costs without investigating whether or why there are: (a) disparities between the levels of costs incurred by the parties to the proceedings in hand; or (b) disparities between the levels of costs in those proceedings and the levels of costs incurred by the parties to other proceedings of the same or similar nature. The award of costs is required to reflect the effort and expenditure to which it relates without inflation for the purpose of imposing a financial penalty by way of punishment on the paying party.

14. The provisions of Rule 67 noted in paragraph 12 above apply via Rule 73(4) 'to the person appointed and to proceedings before the person appointed as they apply to the registrar and to proceedings before the registrar.' The Appointed Persons usually follow

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the approach indicated in paragraph 13 above when considering what it would be 'reasonable' to award by way of costs in relation to the appeals which come before them under s.76 of the Act. It is necessary to emphasise in that connection that the scale figures published by the Registry do not have the force of statute. They do not limit – on the contrary they are subject to – the exercise of judgment and discretion which the decision taker should bring to bear in relation to the case at hand when giving effect to the applicable statutory provisions.

15. The costs inflicted upon the Applicant by the withdrawn appeal were what they were as a result of the Proprietor's decision to file the appeal and conduct it in the way that she did. It is nothing to the point that the costs in question were inflicted upon the Applicant without professional advice and assistance down to the point in time at which she instructed trade mark attorneys to act for her. There is also no merit in the Proprietor's suggestion that the Applicant could, should and would have saved everybody's time and money by pursuing its own appeal with a view to rendering her appeal inoperative. The Applicant cannot reasonably be criticised for not pursuing what would, in reality, have been an appeal with negligible prospects of successfully reversing the Registry decision to extend the Proprietor's time for appeal. It is quite inappropriate in the circumstances of the present case for the Proprietor to be maintaining in answer to the Applicant's request for costs "it's your own fault for letting me do what I did to you".

16. The fact that the Applicant over-estimated the costs it had incurred in relation to the Proprietor's appeal (telling the Proprietor on 27th April 2017 that they amounted to £5,500. when, according to the information that the Applicant has since provided, the true figure

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was £4,549.34) is not a reason for depriving it of an award of 'reasonable' costs under the provisions of the Act and the Rules I have referred to above.

17. The Applicant's request for an award of '*£4,549.34 plus any punitive award seen fit*' is misconceived. As I have already pointed out, an award of costs is required to reflect the effort and expenditure to which it relates without inflation for the purpose of imposing a financial penalty by way of punishment on the paying party. The determination of a 'reasonable' amount to award must depend on the nature and circumstances of the case at hand.

18. The schedule at Annex 21 to the Applicant's application for costs dated 13th September 2017 contains a number of short narrative statements briefly summarising in general terms the kind of work that was undertaken by the Applicant's professional representatives in relation to the appeal, cross-referenced to a succession of detailed figures specifying units of time and cost relative to that work (with multiple entries carrying the same calendar dates) running down the length of adjacent columns on the print-out. I can (or at least I think I can) see from the schedule that four different individuals with different levels of seniority and experience were involved to a greater or lesser extent collectively as a team in the work to which their units of time and cost relate. However, I cannot tell what any of them was individually contributing to which particular aspects of the narratively described work at the figures for time and cost specified alongside their initials in the columns of the schedule. I am not able to form any view as to the existence or absence of overlap between them in the performance of the work undertaken by them or as to the absolute or relative 'value' of their contributions to the collective effort of the team.

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19. I intend to adopt the approach to determination indicated in paragraphs 13 and 14 above and in doing so to look objectively at the tasks the Applicant realistically needed to perform in order to deal efficiently and effectively with the Proprietor's appeal, having regard to the way in which the appeal was actually conducted. I recognise that it was in large part conducted in a disorderly manner and that this added to the tasks that the Applicant realistically needed to perform in order to deal with it. I am not in a position to 'audit' the cost-efficiency or cost-effectiveness of the work done by reference to the time and cost figures set out in the Applicant's Annex 21. Looking at matters in the round and doing the best I can on the basis of the information and materials before me, I consider that it would be reasonable to order the Proprietor to pay £2,200. to the Applicant in respect of its costs of the withdrawn appeal, that sum to be paid within 21 days of the date of this decision. It is payable in addition to the sum of £1,100 awarded to the Applicant by the Hearing Officer in respect of its costs of the Registry proceedings.

Geoffrey Hobbs QC

25th April 2018

Stobbs IP Limited provided written submissions on behalf of the Applicant.

Abel & Imray provided written submissions on behalf of the Proprietor.

The Registrar took no part in the proceedings on appeal.