

**TRADE MARKS ACT 1938 (AS AMENDED)
AND TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION NO. 1577133
BY TIM TOM FOOD PRODUCTS PVT. LIMITED TO REGISTER
THE TRADE MARK TIMTOM IN CLASS 30**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER NO. 44756
BY JD CHANDARANA, CD CHANDARANA & SD CHANDARANA.**

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BACKGROUND.

On 17 June 1996 JD Chandarana, CD Chandarana & SD Chandarana filed opposition against application no. 1577133 in the name of Tim Tom Food Products Pvt Limited.

In a letter dated 22 January 1997 the applicants for the opponents, Lewis & Taylor (LT), requested that security for costs should be provided by the applicants. In the letter they noted that the applicants were located outside the European Union and expressed concern as to whether their clients would receive costs if awarded by the Registrar. (This letter predated the filing of any evidence in the proceedings.) The Registrar wrote to both parties on 7 February 1997 advising that in the first instance they should attempt to come to an agreement between themselves. If this was not possible then the matter should be referred back to the Registrar.

A letter dated 12 February 1997 was received from Trade Mark Consultants(TMC), agents for the applicants, which inter alia referred to the request for security for costs. This letter advised that TMC were taking instructions from the applicants in relation to this issue and that they could not meet the deadline set by LT. (A copy of a letter dated 4 February 1997 from TMC to L&T was enclosed, it would appear therefore that the deadline referred to was one set by L&T in correspondence with TMC.)

In a letter dated 27 February 1997 the Registrar inter alia stated that as there was correspondence between the two parties in relation to the issue of security for costs, she would not intervene unless the matter was referred to her again.

In a letter dated 3 March 1997 from TMC, it was stated, inter alia:

“Concerning the letter to you on 22nd January from the agents for the opponents, we should like to state first of all that this letter does not correspond to a request which they sent to us on the same day. In their request to us, they asked whether our clients “are prepared voluntarily to make a payment into a neutral account for the purpose of providing such security”. Our clients are not prepared to do so. They will, in due course, be prepared to give security as may be ordered by the Registrar but not by making payments into a neutral account and we suggest that the Registrar has no power to order how the security is to be given.

As you may know, the Reserve Bank of India, has to sanction foreign remittances. For this purpose, documentary evidence is required. We expect that an order for security for costs issued by the Registrar for a specific amount may suffice. Thereafter, we shall submit the order to the Reserve Bank before we can you assure that security can be given.”

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In a letter dated 26 May 1998 LT again raised the issue of security for costs. They expressed concern over the lack of certitude that the opponents would receive costs if they were awarded in their favour, especially taking into account TMC’s comments re. the Reserve Bank of India. LT again requested an order for security of costs. TMC were asked in a letter from the Registrar dated 11 June 1998 for comments on the contents of the letter from LT dated 26 May 1998. In a letter dated 30 July 1998 LT again raised, inter alia, the issue of security for costs. Subsequent to this the Registrar wrote to TMC on 20 August 1998. This letter was headed for both these proceedings and opposition no 44757, proceedings between the same parties, in relation to the same trade mark but for different goods. The letter advised that the applicants were required to give the opponents security for costs in the amount of £900. It also advised that if the security was not forthcoming the application would be deemed abandoned.

In a letter dated 17 September 1998 LT again raised the issue of security for costs. (By this time the evidence rounds had been completed.) They commented that the appointment of a date for a main hearing in the proceedings should be deferred pending the resolution of the security for costs issue.

In a letter dated 15 October 1998 to TMC the Registrar advised that security for costs had not been supplied the application would be withdrawn. (Again the letter referred to both the instant case and opposition no. 44757.) On 25 November 1998 the Registrar wrote to both LT and TMC to advise them that as the opponents had not provided security for costs that the application was withdrawn; again the letter dealt with the two opposition cases. On 2 December 1998 TMC wrote to the Registrar to state that the failure to comply with the order for costs was because of the breakdown of a member of staff. TMC stated that they were at all times willing to give security for costs and that they themselves would give the opponents security for costs to the sum of £900. They requested that the application be reinstated.

On 8 December 1998 the Registrar advised the parties that the decision to withdraw the application had been rescinded because in the Registrar’s letter of 20 August 1998 the sum for costs combined both opposition nos. 44756 and 44757, although the proceedings had not been consolidated. The letter further advised that security for costs in the amount of £900 was required in respect of each of the opposition cases. Consequent to this TMC advised that the applicants would give security for costs of £900 in respect of each of the proceedings. In a letter dated 18 January 1999 the Registrar advised LT that the applicants had given security for costs and therefore the two proceedings would proceed to a main hearing. In a letter dated 22 January 1999 LT requested an interlocutory hearing in respect of the decision of the Registrar given in her letter of 18 January 1999. This letter crossed with a letter from the Registrar to TMC advising that as security for costs had been given the two proceedings would progress to a main hearing.

On 23 February 1999 LT wrote to the Registrar. In their letter they stated that the Registrar was incorrect to reinstate the application. They stated that the reinstatement was ultra vires. LT also commented that no actual security had been given, they stated that Rule 55 of Trade Mark Rules

1994 (as amended) required actual security i.e. payment to a place where it is accessible.

5 On 23 April 1999 the Registrar advised LT that it was considered that the application was correctly restored to record under Rule 60. The letter also stated that consideration had been given to the comments in the letter of 23 February 1999 in relation to the fact that the TMC had only stated that security would be given, no actual security had been given. Consequent upon this the Registrar had decided that the applicants had not complied with the order to provide security for costs and therefore the Registrar was “inclined” to treat the application as withdrawn. A letter dated 23 April 1999 from the Registrar to TMC essentially gave the same information.

10 A letter dated 30 April 1999 from TMC stated that in their letter dated 18 December 1998 that they had categorically stated that they, TMC, would give security for costs. TMC stated that an undertaking from a trade mark agent had always been considered sufficient and that this was confirmed in the Registry’s Work Manual. TMC requested an interlocutory hearing in respect of this matter.

15 The matter came to be heard on 29 June 1999 when the opponents were represented by Mr Peter Colley, of Counsel, instructed by LT and the applicants by Mr Peter Darlington of TMC.

20 It was agreed at the outset of the hearing that as the same matter was at issue in respect of both opposition numbers 44756 and 44757 that the submissions would encompass them both.

25 At the Hearing I decided that the Registrar had correctly invoked Rule 60 to restore the application. However, I decided also that the applicants had not supplied security for costs and therefore that the application was to be deemed to be withdrawn. Consequent upon this decision the applicants filed form TM5 requesting a formal statement of grounds in relation to this decision. (At the Hearing, following submissions, I also ordered that the applicants should pay the opponents costs according to the published scale in respect of the opposition and an additional £100 in respect of the interlocutory hearing.)

30 **DECISION**

35 As the invocation of Rule 60 was to the advantage of the applicants I presume that this is not a matter which they intend to dispute. However, for the sake of completeness, I will deal with this matter.

Rule 60 of the Trade Marks Rules 1994 (as amended) states:

40 “Subject to rule 62 below, any irregularity in procedure in or before the Office or the registrar, may be rectified on such terms as the registrar may direct.”

45 Rule 62 deals with the alteration of time limits and is therefore not relevant in the instant case. In the *Monster Munch Case (1997) RPC 721* it was held that Rule 60 could only be utilised where the irregularity in procedure was made by the office. In the instant case the irregularity at issue was caused by the office, the notification of the requirement for security for costs being for one sum covering two sets of proceedings. In the *Ducati Case (1998) RPC 227* Mr Probert stated:

“On this point, Miss Clark’s submission was that rule 60 gives the registrar complete discretion to rectify any irregularity which satisfies the terms of paragraph(1). She pointed out, quite rightly in my view, that the wording of the rule does not limit its application in any way, other than the situations envisaged in paragraph(2).”

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Mr Colley’s submission was that the use of Rule 60 was circumscribed on two fronts in the instant case. Firstly that the application having been withdrawn the Registrar was functus officio and had no power to rescind the notification of withdrawal. Secondly that Rule 60 could only apply in relation to a procedural irregularity in relation to an established procedure, a procedure which is well-known and well-published.

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I do not consider that the powers of the Registrar in relation to Rule 60 are limited as Mr Colley submitted. Rule 60 gives the Registrar a wide and general power; the only restriction being that it cannot be used in relation to registered trade marks, there being a presumption of validity of registration (as per *Ducati*). It will be the norm that Rule 60 will be invoked where the Registrar could be considered functus officio. Where Rule 60 is invoked the other party, as in this case, has the right to an interlocutory or joint hearing in which to dispute the decision. To take Mr Colley’s position would be to severely emasculate the rule. The primary purpose of Rule 60 is to rectify errors made by the Registrar so that a party to proceedings is not prejudiced by such an error. The application of the rule needs must be broad to serve its purpose; it certainly cannot be limited to use in relation to what Mr Colley described as an established practice. To do so would be to prejudice parties who had the misfortune to be subject to an error by the Registrar which was not clearly defined in the Work Manual; there are a multitude of matters that can and will never be encompassed by the Work Manual. Such an interpretation would be clearly arbitrary.

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In the instant case the Registrar issued a letter ordering security for costs in a combined sum for two sets of proceedings which had not been consolidated. Such an order must needs be invalid, each of the proceedings is discrete. If the proceedings have not been consolidated the Registrar cannot treat them as if they have been. A simple practical problem arises with the order that was issued. How would any security that was agreed or paid be allocated if only part of the sum of £900 was paid? It was not an issue that occurred in the instant case but is fundamental to the flawed nature of the order, to the fact that the order could not be effectively enforced.

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In these circumstances I consider that the Registrar correctly invoked Rule 60 to rescind the notification of withdrawal.

I turn now to the issue of security for costs.

Rule 55 states:

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“55.–(1) The registrar may require any person who is a party in any proceedings before him under the Act or these Rules to give security for costs in relation to these proceedings; and he may require security for the costs of any appeal from his decision.

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(2) In default of such security being given, the registrar, in the case of the proceedings before him, or, in the case of an appeal, the person appointed under section 76 may treat the party in default as having withdrawn his application, opposition, objection or

intervention as the case may be.”

The Registrar’s practice in relation to requests for security for costs is given in Chapter 15 of the Work Manual:

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“Security for costs is the provision of an amount of money sufficient to cover a party’s liability for costs in proceedings, should they lose. In proceedings before the Registrar it is usually requested where a party does not carry on business in the United Kingdom or does not appear to have any, or sufficient assets in the United Kingdom to cover an award of costs made against them.

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The Registrar has no direct involvement in how the security is arranged. Normally appropriate sums of money are deposited or undertakings agreed by third parties such as trade mark agents, solicitors or banks.

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Requests by UK applicants for security for costs from a party which is a national or resident in another member state party to the Brussels Convention may not be granted unless very cogent evidence of substantial difficulty is provided. This is because the Civil Jurisdiction and Judgements Act 1982, clarified by a decision in the Court of Appeal (*Fitzgerald v Williams*, *The Times*, January 3, 1996, C.A.), determines that the Registrar does not have the vires to automatically award costs against such a party, as the Brussels Convention introduced an effective means by which a successful defendant resident in the UK can enforce an order for costs against an unsuccessful plaintiff in another contracting state.

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Under Section 68 and rule 55 the Registrar has the discretion to make an order for security to be granted. Where the circumstances justify the granting of an order, the Registrar may do so against any party in proceedings before him, this includes:

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a person making an application for a trade mark which has come under opposition

a person opposing an application for a trade mark

an applicant for revocation, invalidation or rectification

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The Registrar will not make an award unless asked to do so and only if the parties are unable to come to an agreement on the matter.”

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In the instant case the applicants are not covered by the Brussels Convention. The opponents have expressed a concern as to the likelihood of receiving any costs they are awarded by the Registrar. The applicants have not in principle objected to the requirement for security for costs.

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The agents for the applicants have made various promises in relation to the issue of security for costs. The issue has been confused in that in the letter of 18 December 1998 TMC state that the applicants will supply for security for costs, whilst in the letter of 30 April 1999 TMC state that they themselves will supply the security for costs. Such confusion and lack of clarity is indicative of the failure to supply actual security for costs.

The argument of TMC has been that they consider that a promise to supply security for costs should be enough to satisfy the requirement for security for costs. Such an argument is fundamentally flawed. The opponents have requested security for costs upon the basis that they are concerned about whether they will receive any costs awarded to them; a promise can only be of relevance if it is accepted by the opponents. Otherwise it still will not overcome the concerns of the opponents.

Mr Colley in his submissions referred me to the Rules of the Supreme Court, in relation to security for costs. I take into account the comments of Ferris J in the *St. Trudo Case (1995) RPC 370* at page 379:

“Before the Registrar the Rules of the Supreme Court have no part to play”

However, where Registry rules and/or practice are silent the Rules of the Supreme Court do supply a useful benchmark for the practice that the Registrar should adopt. Mr Colley argued that the essence of security, as per the Rules of the Supreme Court, is money within the jurisdiction accessible to the party for whose benefit it is provided. Mr Colley submitted that a mere promise, such as offered by the applicants’ agents and not accepted by the opponents’ agents, is not security. Mr Colley further submitted that a mere promise lacks consideration and so does not give rise to an enforceable contract (referring to *Eastwood v Kenyon (1840) 11 Ad & El 438*).

The applicants in the instant case have had a considerable time to furnish tangible security for costs, to make arrangements for the sum to be within a jurisdiction accessible to the opponents. Owing to an error by the Registry they even had a second chance to remedy matters, however, they did not take the opportunity to do so. A promise cannot in itself satisfy an order for security for costs unless it is accepted by the other party. A request for security is born out of doubt and a promise does not diffuse that doubt. It is fundamental to the issue of security for cost that the party in whose favour the order has been made should find no obstacle to recovering the sum if the proceedings go in their favour. In the instant case the opponents have suggested various ways forward and have made it clear from an early stage that they have looked to more than a mere promise. (A promise that is devalued by TMC seeming to be uncertain if they are making the promise or if the applicants are.)

If security for costs is to overcome doubt the applicants have failed to do that. TMC have made promises but it is doubtful if these would be enforceable (*Eastwood v Kenyon*). Even if the promise was enforceable, if the costs were not forthcoming the opponents would be put to the trouble and expense of instigating proceedings to recover the money; thus negating the whole purpose of requesting the security for costs in the first place.

The applicants have had a considerable time to furnish effective and accessible security for costs; the opponents raised this issue initially before any evidence had been filed. However, despite the time at their disposal and the constant indications by the opponents that they required accessible security for costs they have not complied with the first order of the Register, later rescinded owing to the technical error, or the second order. The Registrar cannot turn a blind eye to the requirements of Rule 55, even if it means that proceedings will not be decided upon the substantive issue. The applicants had ample opportunity to properly comply with the order but chose instead to give promises which could not be enforced. Not even at the Hearing did the

5 applicants agree or offer to comply with the order by way of the methods referred to by Counsel for the opponents e.g. security by bond or payment into a joint account. A position of confusion also prevailed as TMC had indicated in one letter that the applicants were making the promise but in another that TMC themselves were; an indication of the lack of force of a promise as security for costs where the other party is not content with the promise.

I, therefore, consider that under Rule 55 the application was correctly deemed withdrawn.

10 The order for costs that I made were as per the scale for the proceedings with £100 addition in relation to the Interlocutory Hearing. (The standard sum of £200 being halved as the submissions were made in respect of both of the proceedings.)

15 **Dated this 23 day of August 1999**

20 **DW Landau**
Principal Hearing Officer
For the Registrar, the Comptroller-General

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