

O-329-13

TRADE MARKS ACT 1994

**IN THE MATTER OF AN APPLICATION UNDER NO 83716
BY UNIVERSAL MASTER PRODUCTS LIMITED FOR A
DECLARATION OF THE INVALIDITY OF REGISTRATION NO 2496642
IN THE NAME OF ECUBE SOLUTIONS LLC**

SUPPLEMENTARY DECISION

Background

1. In my interim decision in these proceedings, issued on 14 May 2013, I found that eCube Solutions LLC (“the registered proprietor”) had successfully defended its registration from an application by Universal Master Products Limited (“the applicant”) for a declaration of invalidity of that registration.
2. Following the filing of evidence by both parties, the proceedings were set down for a substantive hearing which was due to take place on 19 July 2012. That hearing was later postponed by the registrar and the parties were advised of this by way of a letter dated 4 July 2012. It was postponed because, in the course of preparing the papers for that hearing, the registrar had realised that, for reasons unknown to me, two of the witness statements which had been filed by the applicant, had been overlooked and not formally admitted into the proceedings.
3. This evidence was that of Mr Guy Lamstaes and Mr Andre Lamstaes. There then followed an exchange of correspondence regarding the consequences of admitting this evidence which led to me appointing a case management conference (“CMC”). That CMC was originally appointed to take place on 11 September 2012 but, due to the unavailability of both parties that day, was rescheduled and eventually took place on 17 October 2012. At the CMC, I confirmed the evidence of Messrs Lamstaes was admitted. I also directed that cross examination would be allowed. That cross examination related to Messrs Guy and Andre Lamstaes for the applicant and Mr Scott Berman for the registered proprietor.
4. A further exchange of correspondence culminated in a substantive hearing being set down to take place on 20 March 2013. At that hearing, the registered proprietor was represented by Mr Michael Edenborough Q.C. instructed by Scott & York Intellectual Property and the applicant by Mr Stacey of Baron Warren Redfern, its trade mark attorneys. All three witnesses were cross examined on their evidence and the hearing was completed within a half day.
5. In my interim decision, I allowed the parties a period to file submissions on costs. Both parties have now filed their submissions which I have reviewed in arriving at this decision.

The submissions on costs

6. In its written submissions dated 24 May 2013, the registered proprietor states:

“The need to request, prepare for and carry out cross-examination greatly increased the overall costs incurred.....Furthermore, grounds of invalidity based on section 5(4)(a) were argued by the Applicant, increasing the complexity of the case, however no proper evidence of prior use was filed. On that basis, in addition to a costs award based on the standard scale, we submit that compensatory costs should be awarded, at least in relation to the extra work relating to cross-examination. Details of the extra costs incurred are set out below.

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Airfare costing USD 1,269.91

Request for compensation of a non-refundable airfare costing USD 1,269.91 is requested in respect of the airfare for the director of eCube Solutions, LLC to attend the hearing scheduled for 19 July 2012, which had to be postponed last minute because of a knock-on effect of the Applicant having late-filed evidence....

Counsel's charges for handling the extra work relating to cross-examination...

A note of counsel's full charges, which amount to £13,462.50 in total, is attached....We request that counsel's charges....be compensated in full, and if not in full, we request that the costs listed above relating to cross-examination be compensated for at minimum.

Representative's charges for handling the extra work relating to cross-examination....[A sum totalling £1995.50 is listed]....

It should be noted that, as a gesture of goodwill to the proprietor given that counsel's charges were likely to be high for this case, the representative did not charge the proprietor for attending the hearing on 20 March 2013. Therefore the extra costs due to the lengthy hearing should have actually been greater than as shown above. On that basis, we request the costs listed above be compensated in full..."

7. In its written submissions, filed by way of a letter dated 7 June 2013, the applicant submitted that such costs were entirely unjustified and that the costs of Mr O'Neill's flight should not be included in the award. It submitted:

- The evidence of Messrs Lamstaes was filed on time and the initial hearing, which was appointed to take place on 19 July 2012 was vacated because of the registrar's failure to admit that evidence when filed rather than because of any fault of the applicant;
- There was no requirement for Mr O'Neill to attend the hearing appointed to take place on 19 July 2012 and no explanation has been provided as to why his presence was required as he would simply have been an observer at that hearing;
- Mr O'Neill is located in New Jersey which has a direct link to London by air, however, the flight schedule provided lists Nashville Tennessee as the start and end of the round trip with a connection in Toronto. The return flight was not scheduled to take place until several days after the hearing date;
- The registered proprietor elected not only to use the services of a barrister but that of a QC with a clear implication that this would increase the costs above the normal scale;
- The CMC was brief and the issues not complex and no additional element should be allowed for the registered proprietor instructing a QC to attend;

- The cross examination arose out of the witness statements of Messrs Lamstaes and there is nothing which establishes any improper conduct by the other party which would justify any award above the usual scale;
- The passing off ground was not complex and did not require any additional time and effort over and above that relating to the claim made under 3(6). Case law is well established and preparation of the skeleton argument and for the hearing would not have been onerous;
- The registered proprietor itself contributed to additional work being needed by not adhering to deadlines and by asking for suspension on the basis of incorrect statements.

The applicant therefore submits that the:

“correct approach on any costs awarded would be to apply the scale costs that the Registrar routinely follows with no allowance for the use of counsel, especially a QC. In conclusion, we submit that the Registrar should apply its scale costs approach without any penalty.”

8. In reply to these latter submissions, the registered proprietor further submitted that the evidence from Messrs Lamstaes were filed by the applicant 4 days late. In relation to the hearing originally booked for July 2012, Mr O’Neill had every right to be there. The flight booked for him had started at Nashville because that was where Mr O’Neill would have been at the time. The return leg of that journey was arranged so as to take advantage of a cheaper ticket. In addition, Mr O’Neill would have liked to have attended the hearing on 20 March 2013 but had been unable to do so. As regards the registered proprietor’s representation, it was entitled to be suitably represented and, like “ a large proportion” of those attending for hearings in any given month before the registrar, counsel was chosen. It goes on to submit that:

“It was clear from early on in this case that cross-examination would be needed (if the Applicant filed direct evidence), and therefore it was perfectly reasonable to appoint a barrister with experience of cross-examination, especially as cross-examination does not occur very often in Registry proceedings. Although Proprietor’s elected barrister is a QC, we believe his fees are somewhat lower than many other QCs with trade marks experience.”

Decision on costs

9. The application for invalidity was filed on the basis of two grounds i.e. under the provisions of section 3(6) and 5(4)(a) of the Act. It failed on both counts and the registered proprietor is entitled to an award of costs in its favour. The registrar makes awards of costs in line with the published scale of costs but has the discretion to make awards off that scale where the circumstances justify such an award.

10. Both parties filed evidence in these proceedings but that evidence was not particularly extensive though would have taken some time to prepare and review, particularly in view of the fact that it included a copy of an agreement. In respect of

the applicant's evidence in reply, it had been allowed a period 3 February 2012 to file such evidence. Its evidence (witness statements of Messrs Lamstaes) was not filed until 7 February, however, it was not "late-filed" as submitted by the registered proprietor because the applicant had sought, and was granted, an extension of time of seven days to file that evidence. The evidence was filed within the extended period allowed.

11. Whilst this evidence was received within the period allowed by the registrar, it was not, for reasons unknown to me, admitted into the proceedings at that time. This only became apparent after a date for the substantive hearing had been set down for 19 July 2012 and the papers prepared. Once the error was realised, the substantive hearing was postponed on the instructions of the registrar and the parties advised by way of a letter dated 4 July 2012, a clear fortnight beforehand.

12. As a result of the admittance of this previously filed evidence, a further exchange of correspondence led to a CMC being arranged. The CMC was not lengthy and the issues were not particularly complex but it led to the cross examination of Messrs Lamstaes and Mr Berman being allowed and a new date was set for the substantive hearing. That hearing went ahead as planned.

13. I decline to include the cost of the registered proprietor's officer Mr O'Neill's flight tickets in the award. I do not consider there is any justification to support an award to recompense for a return trip, from/to Nashville via Toronto, leaving on the 17th July and returning on the 24th. A clear two week's notice was given of that postponement. Whilst he had every right to attend the substantive hearing originally arranged for 19 July 2012, his attendance would have been as an observer only as there was no evidential need for him to be there and certainly no need for him to attend in person. I note that he attended the rearranged hearing via telephone, again as an observer and there is no reason why he could not have made similar arrangements in respect of the earlier, postponed, hearing.

14. In making the award of costs, I also take note that it is a matter for the parties to decide whether, and if so by whom, it will be represented. Whilst cross examination of witnesses is not a feature in every case that comes before the registrar's Hearing Officers, neither is it a particularly rare event. I do not consider, however, that the frequency or otherwise of cross examination is a matter that has any effect on whether costs in this regard is appropriate. As there was a direct conflict of the written evidence of Messrs Lamstaes and Mr Berman, I consider that cross examination of these witnesses was entirely appropriate. At the hearing, all three witnesses were cross examined on their respective evidence. The hearing was of some length but was completed within the half day allocated to it by the registrar. No indication has been given that Mr Berman's attendance necessitated any particular expenditure and no request for same has been made.

15. Taking all matters into account, I make the award on the following basis:

For filing a counterstatement and reviewing the form of application:	£300
For filing and reviewing evidence:	£1500
For preparation for and attendance at the substantive hearing:	£1500
For preparation and attendance at the CMC:	£500
Total:	£3,800

16. I order Universal Master Products Limited to pay eCube Solutions, LLC the sum of £3,800 as a contribution towards its costs. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful. The period for appeal against the interim decision runs concurrently with the appeal period for this supplementary decision.

Dated this 13th day of August 2013

**Ann Corbett
For the Registrar
The Comptroller-General**