

**TRADE MARKS ACT 1994**

**IN THE MATTER OF REGISTRATION No. 2520347  
IN THE NAME OF BRIGHT CLOUD TECHNOLOGIES LIMITED**

**AND IN THE MATTER OF REVOCATION FOR NON-USE No. 500989 THEREOF  
BY WEBROOT INC**

**AND IN THE MATTER OF AN APPEAL TO THE APPOINTED PERSON  
BY THE REGISTERED PROPRIETOR  
AGAINST A DECISION OF MRS JUDI PIKE  
DATED 21 NOVEMBER 2017**

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**DECISION**

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1. These proceedings have gone through several iterations.

**Hearing Officer's decision 1**

2. First, on 3 July 2009, Bright Cloud Technologies Limited (“the Registered Proprietor”) applied to register, and on 23 October 2009 registered, under number 2520347 the following series of 2 x trade marks for a number of goods and services in Classes 9, 35, 38 and 42:



3. On 16 September 2015, Webroot Inc. (“the Applicant”), without giving prior notice to the Registered Proprietor, made an application to revoke series registration number 2520347 in its entirety for non-use pursuant to Section 46(1)(b) of the Trade Marks Act 1994 with effect from 16 September 2015.
4. In its Notice of defence and counterstatement dated 20 November 2015, the Registered Proprietor accepted that it had made no use of its trade marks for goods in Class 9 with one exception that was relinquished in its skeleton argument for the hearing.
5. On the other hand, the majority of the services in Classes 35, 38 and 42 were steadfastly defended by the Registered Proprietor.

6. The matter came to be heard<sup>1</sup> by Mrs Ann Corbett, for the Registrar, on 11 August 2016. In a decision issued on 29 November 2016 under number BL O/566/16, the Hearing Officer revoked the registration for the goods and services in respect of which the Registered Proprietor acknowledged that no use had been shown but allowed the series of 2 x trade marks to remain on the Register for the rest of the challenged services in Classes 35, 38 and 42. The latter ruling was on the basis of the finding by the Hearing Officer that the Registered Proprietor had shown genuine use of its trade marks in connection with: “*essentially, cloud hosting, back up services, disaster recovery as a service (DRaaS) and other networked managed services*”.
7. The Hearing Officer considered that both parties had achieved a measure of success such that each side should bear its own costs of the opposition<sup>2</sup>.

### **Appeal to the Appointed Person 1**

8. Second, on 23 December 2016, the Applicant filed Notice of appeal to the Appointed Person under Section 76 of the Act against Mrs Corbett’s decision number BL O/566/16.
9. The appeal came to be heard by Ms. Emma Himsworth QC sitting as the Appointed Person who issued her decision on 19 May 2017 under number BL/252/17.
10. Ms. Himsworth upheld the Hearing Officer’s finding that the Registered Proprietor had succeeded in showing genuine use of its trade marks for: “*essentially, cloud hosting, back up services, disaster recovery as a service (DRaaS) and other network managed services*”.
11. However, Ms. Himsworth remitted the case back to the Registrar for rehearing by another Hearing Officer because in Ms. Himsworth judgment that finding did not justify the Hearing Officer’s conclusion that the Registered Proprietor was, therefore, entitled to retain all the services that it had defended.
12. Ms. Himsworth’s directions as to costs were as follows:

“38. Both sides have had a measure of success on this appeal and therefore I make no order as to costs in relation to the costs of the appeal. The costs of the proceedings (other than the costs of this appeal) are reserved to the Registrar upon the basis that the question of how and by whom they are to be borne and paid will be determined at the conclusion of the application for revocation in accordance with the usual practice.”

### **Hearing Officer’s decision 2**

13. Third, on remittance the task before the second Hearing Officer, Mrs Judi Pike, for the Registrar, was to devise a fair specification of services for Registration number 2520347 in view of the first Hearing Officer’s confirmed decision that genuine use of

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<sup>1</sup> Following 2 case management conferences.

<sup>2</sup> No costs were ordered in respect of the CMCs particularly as regards CMC 2 where despite having been invited to by the Hearing Officer, the Applicant made no submissions/gave no indication as to additional costs if any incurred through the admittance of reply evidence.



Preparing a statement and considering the counterstatement	£400
Considering and commenting on the registered proprietor's evidence	£1000
Preparing for and attending two hearings	£1200
<b>Subtotal</b>	<b>£2800</b>
Written submissions filed without being copied into the registered proprietor's hearing request	£200
<b>Total</b>	<b>£3000</b>

25. I order Bright Cloud Technologies Limited to pay Webroot Inc the sum of £3000 which, in the absence of an appeal, should be paid within fourteen days of the expiry of the appeal period.”

18. I note that earlier in decision BL O/582/17, Mrs Pike had prefaced her determined outcome with the following observations:

“19. Taking into account the terms which were undefended, the undisturbed genuine use findings, the scope of the Appointed Person's direction and my analysis based on the authorities, the registration may remain on the register for the following services ...”

### **Appeal to the Appointed Person 2**

19. Fourth, on 19 December 2017, the Registered Proprietor filed Notice of appeal to the Appointed Person under Section 76 of the Act against the costs order made by Mrs Pike only.
20. In the process of appointing a date and time for an oral hearing of the appeal, the parties responded to my enquiry that given this appeal was limited to the question of costs, the parties were content for me to decide the appeal on the basis of the papers before me and the further written submissions of the parties, for which I am grateful.
21. The crux of the appeal was that Mrs Pike erred in according the Applicant overall success status for the purposes of awarding costs in respect of the 2 x first instance hearings.
22. The chief reason was said to be, in so far as I understood, that the Applicant gave no notice to the Registered Proprietor of its application to revoke on grounds of non-use the Registered Proprietor's registration number 2520347. Since in the Notice of defence and counterstatement, the Registered Proprietor did not defend most of its goods in Class 9 and some of its services in Classes 35, 38 and 42, the “effective surrender” of those goods and services could not count as a “success” on the part of the Applicant and must be disregarded.

23. It was also argued by the Registered Proprietor that some of the terms “lost” by it in the revocation proceedings were duplicative in its Classes 35, 38 and 42 specifications, and to the extent of that duplication likewise could not count towards the “success” of the Applicant. Examples given by the Registered Proprietor were:

Class 35 – “*data storage*” and “*electronic storage ... of data and information*”

Class 38 – “*telecommunications disaster recovery services*”, “*telecommunication system emergency response and recovery services*” and “*recovery and restoration of data*”

Class 42 – “*information services relating to information technology*” and “*provision of information relating to information technology*”

24. My points in relation to the above are as follows (in no particular order of importance):

- (1) There is no rule that failure to give notice to a registered proprietor before bringing a cancellation action results in the applicant for cancellation being deprived of its costs in respect of undefended goods and, or services.
- (2) In any event, although the Registered Proprietor signified that it would not defend most of its goods and some of its services, the fact of the matter was that the Registered Proprietor chose to defend the remaining “*information management apparatus*” in Class 9 (subsequently abandoned) and a number of services in Classes 35, 38 and 42 some of which were also ultimately lost. As regards those remaining products, the Applicant would have needed to bring the cancellation action regardless of what the Registered Proprietor termed the “effective surrender” of its undefended goods and services in the Notice of defence and counterstatement.
- (3) Voluntary surrender is not the same as a revocation action which generally speaking operates in the case of Section 46(1)(b) of the Act from the day after the five-year period of proven non-use, in these proceedings 16 September 2015.
- (4) On the other hand, surrender takes place when a notice of surrender in proper form by the registered proprietor is received and actioned by the Registrar in accordance with Section 45 of the Act and Rule 33 of the Trade Marks Rules 2008.
- (5) Therefore, if a particular date for cancellation of a mark is required by the applicant, the only sure way of obtaining this is the due filing of – assuming grounds of non-use – an application for revocation under Section 46(1) of the Act. Even where goods/services are undefended, the Registrar still needs to order revocation in whole or in part consequent on the hearing of the application, or at the request of the parties by consent.
- (6) It seems to me that the Registered Proprietor is misguidedly seeking to equate failure to give notice to the other side in a cancellation action where part of the

goods/services turn out to be undefended, with overall success (or lack of it) in that cancellation action. In my view, the two do not follow.

- (7) Regarding the Registered Proprietor's duplication point, I accept that there was some overlap but not parity between the highlighted terms in Classes 35 and 38, for example, "*data storage*" is arguably wider than "*electronic storage of data and information*". I agree there was repetition in respect of "*information services relating to information technology*" and "*provision of information relating to information technology*" in Class 42. That said, this was how the Registered Proprietor chose to frame its specifications, and to relinquish or defend those specifications for the purposes of these proceedings. I have no reason to doubt that Mrs Pike took into account a degree of duplication in the specified goods/services since this was mentioned at least once in her decision.
- (8) Finally, the Registered Proprietor sought to place the outcome of the decision in terms of success within the wider context of the dispute between the parties, which in my view is irrelevant to the assessment of costs in relation to the present cancellation action alone.
25. Having carefully reviewed the decision in the light of the papers on file and the written submissions of the parties, in my judgment the Hearing Officer was entitled to gauge that in the circumstances that eventually prevailed, the Applicant was the overall winner.

### **Section 68(1)**

26. Section 68(1) of the Trade Marks Act 1994 states that:

"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."

27. Pursuant to Section 68(1), Rule 67 of the Rules provides:

"67. 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."

28. In *NATURALDOC Trade Mark*, BL O/365/16, Mr Geoffrey Hobbs QC sitting as the Appointed Person explained:

"18. 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 part of the paying party.”

29. I set out the detail of the Hearing Officer’s costs award at paragraph 17 above.
30. It is clear that the Hearing Officer applied the Registrar’s scale in an apparently proportionate manner given the route map which the proceedings followed. I have been shown no good reason to interfere with the Hearing Officer’s discretion in this regard, and I decline to do so.

### **Conclusion**

31. In the result, the appeal fails and Mrs Pike’s costs order stands.
32. I will order the Registered Proprietor to pay to the Applicant a contribution towards the Applicant’s costs in the appeal in the sum of £150<sup>3</sup>. The total sum of £3,150 is to be paid by the Registered Proprietor to the Applicant within 28 days of the date of this decision.

Professor Ruth Annand, 9 July 2018

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<sup>3</sup> Bearing in mind that the grounds of appeal were limited, and the parties agreed to dispense with an oral hearing.