

O-648-17

TRADE MARKS ACT 1994

IN THE MATTER OF

TRADE MARK REGISTRATION NO 3035323

IN THE NAME OF FIDERES PARTNERS LLP

FOR

THE TRADE MARK

The logo for FIDERES consists of a stylized 'F' inside an orange square, followed by the word 'FIDERES' in a bold, sans-serif font. The 'F' and the first 'E' are orange, while the 'I', 'D', 'E', 'R', and 'S' are grey.

IN CLASS 36

AND

THE APPLICATION FOR INVALIDATION THEREOF (UNDER NO. 501085)

BY

FIL LIMITED & FIL INVESTMENT SERVICES (UK) LIMITED

Decision on costs

1) I issued an interim decision in these proceedings on 07 September 2017. The relevant paragraphs of that decision, for present purposes, read as follows:

“Request to rely upon ‘without prejudice save as to costs’ correspondence in support of the proprietor’s request for costs off the scale

11) Annex 5 to Mr Murray’s skeleton argument [the representative for the registered proprietor] consisted of a letter entitled ‘without prejudice save as to costs’. Neither the letter nor page 32 of the skeleton argument which referred to the content of that letter have been passed to me. Instead, upon receipt of them, the Hearings Clerk informed the parties by email that the admissibility of the letter and page 32 of the skeleton argument would be dealt with as a preliminary point at the hearing.

12) At the hearing, Mr Murray argued that the letter should be admitted on the basis that, as it is entitled ‘without prejudice save as to costs’, it would be permissible for him to refer to it when giving his submissions on costs. I rejected that contention. As the substantive decision maker, it is clearly inappropriate for me to admit that letter before I have issued my substantive decision. I refused to admit it at the hearing. Mr Malynicz stated that he had no objection to the letter being taken into account, but only at the appropriate time. I proposed to the parties that the best way forward would be for me to hear submissions on the substantive matters only at the hearing. I would then issue my substantive decision and provide the parties with a period thereafter to file written submissions on the matter of costs, at which point the relevant letter could be admitted. Both parties agreed that this was a sensible way forward.”

Having gone on to find that the application for invalidation failed on all grounds, I turned to consider the matter of costs and, in this connection, I stated:

“58) As the proprietor has been successful, it is entitled to an award of costs.

59) In keeping with my earlier comments at paragraph 12, the proprietor is allowed a period of 14 days from the date of this decision to file submissions on the matter of costs (and to file the relevant letter headed ‘without prejudice save as to costs’, should it still wish to do so). Any request for off-scale costs should be supported by full reasons and a breakdown of the costs incurred in these proceedings. The proprietor must send a copy of its submissions to other side. The applicants will have 14 days from receipt by them to file written submissions in reply which must be copied to the proprietor.

Thereafter, I will issue a supplementary decision in which I will decide the matter of costs. The period for appeal against this substantive decision and the decision on costs will run from the date of the latter.”

2) I subsequently received a request for off-scale costs from the proprietor, together with written submissions in support of that request, copies of pre-action correspondence between the parties, including the ‘without prejudice save as to costs’ letter dated 16 March 2016 (which Mr Murray had originally sought to have admitted at the substantive hearing) and a breakdown of the costs it had incurred during the proceedings. That breakdown is as follows:

Phase	Hours for Phase	Proprietor’s Costs (£)
Preparing a statement and considering the other side’s statement 12 January 2016 – 24 March 2016	49.3	9,408.10
Preparing evidence and considering and commenting on the other side’s evidence 5 April 2016 – 6 January 2017	101.7	20,720.60

Preparing for and attending hearing	104.6	32,800.50
9 January 2017 – 7 September 2017		
Expenses		0
TOTAL COSTS		62,929.20

3) The proprietor claims that it “was put to undue burden and wasted costs as a result of the applicants’ disproportionate and unnecessary over-citing and over-pleading of the case”. The submissions in support of the request for off-scale costs are detailed. I have carefully considered all of the submissions before me but will not set them all out here. I consider it sufficient to set out the proprietor’s key points which are summarised at point 1.3 of its letter which states:

“1.3.1 Thirteen trade mark registrations were relied upon by the Applicants, most of which did not further advance the Applicants’ prospect of success. The registrations included identical EU and UK registrations, colour and monochromatic signs, registrations that post-dated the Proprietor’s Registration and signs which could provide no better case for the Applicants than others they cited.

1.3.2 The Applicants made certain concessions at the hearing but throughout the course of these proceedings advanced grounds of invalidity based on sections 5(2)(b), 5(3) and 5(4)(a) of the Act and up until the hearing, all registrations were advanced in respect of each ground. Thus, the proprietor had to respond to and prepare for the hearing on the basis of at least 39 separate grounds of invalidity.

1.3.3 The Applicants maintained their position despite being challenged by the IPO on 12 January 2016 in a letter which stated “having considered the number of earlier marks pleaded, it is not clear why so many are required”.

1.3.4 The Applicants’ reliance upon so many registrations was unjustified and knowingly erroneous in circumstances where the Applicants had written to the

proprietor on 16 March 2015 and acknowledged that FIDERES was not confusingly similar to FIDELITY and therefore they had no genuine interest in pursuing the case in the manner they did, save to inconvenience the proprietor.”

Paragraphs 2.7 – 2.11 of the proprietor’s submissions flesh–out its point about the applicants’ reliance on word-only FIDELITY marks. Those paragraphs state:

“2.7. In fact, the Applicants’ reliance on registrations covering the word marks FIDELITY, FIDELITY INTERNATIONAL and FIDELITY WORLDWIDE INVESTMENT was wholly unnecessary and unjustifiable, particularly considering the correspondence from the Applicants’ representatives prior to the commencement of the proceedings.

2.8. At Annex B is a letter dated 16 March 2015 from the Applicants’ representatives written on a ‘without prejudice save as to costs’ basis. In that letter it was stated that:

“Our client’s concern is not, however, with your client’s use of FIDERES on its own”

and

*“Our client has no wish to escalate this matter, and it is prepared to resolve this dispute amicably under terms that provide for the phasing out or substantial amendment of your client’s “double turnstile” device, **so as to remove the overall visual and conceptual similarity between your client’s mark and that of our client.**” (emphasis added).”*

2.9 Accordingly, it is clear that the Applicants were not of the view that the marks FIDERES and FIDELITY are similar, and were only concerned by the use of the turnstile symbol. Given this acknowledgement that use of the sign FIDERES does not infringe the Applicants’ rights, there can be no justification

for citing the registrations covering FIDELITY (and other word elements) against a less similar mark (FIDERES with double turnstile).

2.10 However, the Applicants nevertheless proceeded to deploy allegation of invalidity based upon word only registrations and signs that did not comprise anything similar to the Proprietor's turnstile symbol or anything remotely comparable to it. These allegations were maintained, despite the Applicants having no genuine concern regarding the Proprietor's use of FIDERES.

2.11 In support of their allegations of invalidity, the Applicants also filed significant volumes of evidence to support their position that the FIDELITY word mark had been used in advance of the filing date, which needed to be reviewed in detail."

Paragraph 4 of the proprietor's submissions expands upon its point about the number of marks relied upon being unreasonable and states:

"4.1 The Applicants were given due warning that they had over-pleaded their case and cited too many registrations and that there would be costs consequences if they did not narrow the issues. The Registry wrote to the Applicants' representative on 12 January 2016 immediately following receipt, identifying... that:

"... You are invited to restrict the number of earlier marks to something considered more proportionate. I should point out that if you decide not to do this and at the end of the proceedings it was clear that the case was overly pleaded, then this will be taken into account by the Hearing Officer in determining the question of costs."

4.2. However, via an email dated 21 January 2016...the representative for the Applicants' responded, stating that they wished to continue to rely on all of the registrations identified in their TM26(I) and grounds of invalidity."

I note that the applicants had stated in their letter of 21 January 2016 that the marks it relied upon fell into “roughly five groups” and that the marks within each group were similar in terms of content and coverage such that it did not consider it to be overly burdensome for the case to continue as pleaded and that “Moreover, the Applicant considers that the body of prior marks relied upon, as a whole, forms the relevant factual backdrop against which this case should be considered, not least because any decision the IPO makes in this matter may give rise to *res judicata* in any future proceedings between the parties.”

4) Further to receipt of the proprietor’s request for off-scale costs, I received the applicants’ submissions on the matter. Their points can be summarised as follows:

- None of the proprietor’s arguments concerning alleged unreasonable conduct come close to satisfying the necessary threshold as set out in the case law or IPO guidance concerning off-scale costs. In this connection, the applicants draw attention to TPN 2/2000 and to the decision of Mr Daniel Alexander QC in BL O-116-13 *Alloro* at [13] and state that i) their case was not self-evidently without merit; ii) they did not abuse the system and were entitled to rely upon all of the marks and grounds that were pleaded, bearing in mind that the marks fell into roughly five groups and that its reliance on UK and EU versions of the same marks was reasonable because the reputation of an EU mark may be easier or harder to establish than a UK mark; iii) they did not unreasonably reject any settlement offers made to them by the proprietor because none were made; and iv) they did not breach any rules, use delaying tactics or exhibit any other kind of unreasonable behaviour.
- The proprietor is wrong to suggest that the applicants advanced a case in which they had no reasonable belief. The applicants remain of the view that there is a likelihood of confusion between the contested mark and the earlier marks and are considering filing an appeal.
- The proprietor’s own conduct was inappropriate and wasteful of costs in that it wrongly sought to bring without prejudice correspondence to the Hearing Officer’s attention in the substantive case, wrongly sought to introduce a large

amount of inadmissible material at the hearing and wrongly sought to strike out pleadings or evidence at the hearing.

- Bearing in mind all of the above, the applicants submit that the parties should bear their own costs or, alternatively, any costs award should be on the scale.

5) There is no doubt that Section 68 of the Trade Marks Act 1994 and Rule 67 of the Trade Mark Rules 2008 give the registrar a wide discretion to award reasonable costs. The Office's practice is to award costs based on a published scale, but as the published Manual of Trade Mark Practice makes clear, awards may be made above or below scale costs where the circumstances justify it. The relevant part of the Manual states:

“5.6 Costs off the scale

It is vital that the Tribunal has the ability to award costs off the scale, approaching full compensation, to deal proportionately with wider breaches of rules, delaying tactics or other unreasonable behaviour. In *Rizla Ltd's application* [1993] RPC 365 (a patent case) it was held that the jurisdiction to award costs, derived from section 107 of the Patents Act 1977, conferred a very wide discretion on the Comptroller with no fetter other than to act judicially. It is considered that the principles outlined in Rizla's application apply also to Tribunal proceedings. Thus, if the Tribunal felt that a case had been brought without any bona fide belief that it was soundly based or, if, in any other way, its jurisdiction was being used for anything other than resolving genuine disputes; it has the power to award compensatory costs. It would be impossible to outline all of the situations which may give rise to such an award; however, Hearing Officers have stated that the amount should be commensurate with the extra expenditure a party has incurred as the result of unreasonable behaviour on the part of the other side. This "extra costs" principle is one which Hearing Officers will take into account in assessing costs in the face of unreasonable behaviour. Hearing Officers should act judicially in all the facts of a case. It is worth clarifying that just because a party has lost, this is not indicative, in itself, of unreasonable behaviour. Any

claim for costs approaching full compensation or for "extra costs" will need to be supported by a bill itemising the actual costs incurred."

6) I have carefully considered both parties' comments. I agree with the applicants that there is nothing before me to indicate that they have attempted to delay the proceedings or breach the rules. I also agree that, whilst, in my view, the applicants' case was a weak one, I would not go so far as to say that it was self-evidently without merit. I note the applicants' criticism of the proprietor's own behaviour. However, I do not consider that any such behaviour would excuse or justify unreasonable behaviour on the part of the applicants should I find that to be the case. Turning to the pleadings, I agree with the proprietor that the case was overly-pleaded. Indeed, I gave the view at the substantive hearing that the number of earlier marks appeared to me to be 'excessive'. I also see some merit in the proprietor's criticism of the applicant's reliance upon its word-only marks given the content of the applicant's letter of 16 March 2015 which would appear to indicate that the applicants did not have a genuine belief in its case, insofar as it was based on them.

7) Notwithstanding the above, I take into account that the applicants made some attempt to focus its case by indicating early on in the proceedings (and before the filing of the counterstatement) that it considered its earlier marks fell into roughly five groups, albeit maintaining that it wished to rely upon all of the marks on the basis that the "body of prior marks relied upon, as a whole, forms the relevant factual backdrop against which this case should be considered" without clearly explaining what it meant by this. Further, the specifications of the earlier marks were identical or largely the same (covering financial services/investment type services) and many of the marks differed only as to colour or the addition of entirely descriptive words such that, in my view, the legally represented proprietor should have been able to understand the strength of the case against it. Furthermore, the hours claimed relate to all of the work undertaken in defending the case and therefore a portion of them would still have been incurred. Indeed, bearing in mind the content of the proprietor's evidence which went primarily to the issue of the genesis of the contested mark and the use that had been made of it, it seems to me that all of the costs associated with the preparation of that evidence would still have been incurred regardless of the over-pleaded case and reliance upon the word-only marks.

8) Having reviewed all of the circumstances, I do not consider it appropriate to award the proprietor all of the costs it has claimed. Instead, I will make the award on the basis of the top end of the scale in Tribunal Practice Notice 4/2007 (which was in force at the time of commencement of these proceedings). Bearing in mind the length of the notice of invalidation, the volume of the applicants' evidence which had to be considered by the proprietor and that the hearing lasted about half a day, I award costs to the proprietor in the amount of £3,500.

9) I order FIL Limited and FIL Investment Services (UK) Limited, being jointly and severally liable, to pay Fideres Partners LLP the sum of **£3,500**. This sum to be paid within fourteen days of the expiry of the appeal period or within fourteen days of the final determination of this case if any appeal against this decision is unsuccessful.

10) My decision of 07 September 2017 is now a final decision as regards the substantive matters covered by the application for invalidation. The period for appeal against that decision, and this decision on costs, runs from the date shown below.

Dated this 18th day of December 2017

Beverley Hedley
For the Registrar,
the Comptroller-General