

O-694-19

DECISION ON COSTS

TRADE MARKS ACT 1994

IN THE MATTER OF:

**TRADE MARK APPLICATION No. 3280563
BY RETINA INTERNATIONAL LTD
TO REGISTER THE FOLLOWING TRADE MARK
IN CLASSES 38 AND 41**

RETINA

AND

**OPPOSITION THERETO (NO. 412940)
BY APPLE, INC.**

Introduction

1) A main hearing was scheduled to take place before me on 7 June 2019. The day before, the applicant (“Retina International Ltd”) withdrew its application and the hearing was vacated. The opponent (“Apple, Inc”) claims that the late withdrawal and the applicant’s previous conduct are an abuse of process and warrant an award of actual costs. This decision is to determine the costs which should be awarded.

Background

2) On 5 January 2018, the applicant applied to register the mark **RETINA** in the UK for a variety of services in classes 38 and 41. On 29 June 2018 the opponent filed a notice of opposition against the application. Only the opponent filed evidence.

3) Upon request from the opponent a main hearing was scheduled, with both parties due to attend. The opponent filed its skeleton argument in due time. At this point the applicant was not represented and therefore was not required to file a skeleton argument. As previously stated, the application was withdrawn the day before the hearing and the opponent subsequently requested an award of actual costs. The applicant provided submissions in reply to that request which I shall summarise later in this decision.

Mr Michael Gleissner

4) It is not in dispute that Mr Michael Gleissner is a director of the applicant. It is also in evidence that Mr Gleissner, and various companies of which he is a director, and the opponent have been involved in multiple disputes, often leading to off the scale costs being awarded to the winning party (often the opponent).

5) The opponent identifies several earlier decisions of the UK IPO in which off the scale costs were awarded. These include *Sherlock Systems CV v Apple Inc*, BL-O-118-17, where the hearing officer awarded £38,085 to the opponent. The opponent makes particular reference to the hearing officer’s comment that “I have no doubt that the applicants acted unreasonably”. A further example is the *Trump*

*International*¹ case where the High Court upheld the hearing officer's decision to award £15,105.70 against Mr Gleissner's company. The hearing officer remarked that Mr Gleissner's "indefensible position" appeared in this case to be "calculated to maximise potential interference" with the opponent's brand and was filed for an illegitimate purpose.

6) The opponent relies on these previous off the scale costs award and the history of disputes between the opponent and parties of which Mr Gleissner is a director for an award of actual costs in these proceedings. The opponent also relies on a number of factors which it claims demonstrates that the applicant has behaved unreasonably in relation to the filing and pursuit of the application. I summarise these as follows:

i) Part of an abusive course of conduct

7) The applicant's behaviour, and more specifically, Mr Gleasner's, is part of an abusive course of conduct involving numerous applications which stretch beyond these proceedings. The opponent states that the pursuit of such a course of conduct was inherently unreasonable and Mr Gleissner, and his associated companies, are aware of this, as evidenced by the cost awards previously made against them.

ii) Bad faith

8) The opponent states that its opposition was based on a section 3(6) bad faith claim which the applicant has neither denied or defended. It has been silent throughout. Therefore, the opponent states that "rather than face" the bad faith allegation, the applicant "had no answer to Apple's case".

iii) Withdrawal as an abuse of process, including timing and manner

9) In essence, the opponent claims that the withdrawal of the application 18 months after it had been filed and on the eve of the final hearing, is itself abusive and highly unreasonable. The opponent goes on to state that "Mr Gleissner has again shown a

¹ *Trump International Ltd v DTTM Operations LLC* [2019] EWHC 769 (Ch)

flagrant degree of cynicism towards, and disrespect for, the processes of the Registry and the costs incurred by Apple [the opponent] in preparing for the hearing.”² Accordingly, the opponent claims that “The collateral benefit obtained by such withdrawal is avoiding a further finding of bad faith against Mr Gleissner and his companies...”³.

10) The opponent also refers to an undefended opposition in the Benelux, between the same parties. The opponent therefore draws the inference that the applicant had no intention to defend its application in the UK and this is also an abuse of process.

iv) No reasonable basis for filing the application

11) The opponent claims that the applicant has not provided a reasonable basis for filing the application. In other words, the opponent appears to be stating that applying for a mark which is so similar to the opponent’s mark must have been filed for illegitimate and collateral purposes.

v) Requiring proof of use

12) The opponent argues that electing to put the opponent to proof of use was unreasonable, particularly since it is clear that the mark has been used. I note from the Form TM8 (counterstatement) that the applicant requested that the opponent provides proof of use for its services in classes 38 and 41 and not its class 9 goods.

vi) Deterrent and the problem of unpaid costs

13) The opponent states that there is a requirement for the UK IPO to make an actual costs award to act as a deterrent to further abuses of process. Further, it claims that “The IPO’s evidence in *Trump International* suggested that Mr Gleissner’s companies account for over one third of unpaid costs orders in the Registry.” Therefore, a further award for actual costs would support applications for security of costs against future proceedings involving Mr Gleissner.

² Paragraph 25 of the submissions.

³ Paragraph 26 of the submissions.

14) To summarise, the opponent claims that given the history of disputes between it, Mr Gleissner and his associated companies, and the prior actual costs being awarded against them, off the scale costs are justified.

15) In view of the above, the opponent requests costs amounting to £45,527.

Applicant's submissions

16) The applicant was given an opportunity to file its written submissions in response to the request for actual costs. I duplicate it's reply in full below:

"We contest the "Costs" presented by Opponents' attorneys for the following reasons:

1. The Applicant did not request a "hearing" – this was demanded by the Opponent alone – Applicant had no reason to have any hearing and was content to allow the UKIPO to decide the matter. As such, these costs should be shouldered by the Opponent.
2. The amount for the defence (27,710 GBP) is offensively overinflated and should be capped at 5000 GBP – our defence costs were substantially below even this amount."

The legislative provisions

17) Section 68 of the Act and rule 67 of The Trade Marks Rules 2008 read as follows:

"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.

(2)...

(3)..."

And:

“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.”

18) As various Tribunal Practice Notices (“TPN”) issued over the years have made clear, the tribunal normally awards costs by reference to a published scale as a contribution towards any costs incurred; the most recent TPN in this regard is no. 2 of 2016. Such awards are normally, but not exclusively, made to the successful or most successful party. However, as the various TPNs make clear, the tribunal may, if it considers it appropriate, make an award amounting to full compensation.

19) The fact that the applicant is entitled to withdraw its application at any time does not change how I must approach the request for an award of off the scale costs. This is because I must judge the applicant’s behaviour objectively. Having done so, I am of the view that the applicant has acted unreasonably and its conduct amounts to an abuse of process. However, this does not mean that I must automatically award off the scale costs. In *Rizla’s* application⁴, “*the behaviour in question constituted such exceptional circumstances that a standard award of costs would be unreasonable.*” Any award must be assessed taking into account all the relevant factors.

20) Turning to the six points listed by the opponent and summarised at paragraphs 7 to 13 above, I comment as follows. I agree with point (i) that the Mr Gleissner’s actions appear to be part of a history of abusive conduct. There are a number of cases whereby Mr Gleissner’s company’s conduct has evidently been found to be abusive. With regard to point (ii), the onus is on the opponent to prove its *prima facie* case and then for the applicant to demonstrate why the claim is false or incorrect. However, the applicant chose to remain silent on the point. Therefore, I consider this argument to have some merit. I agree with point (iii). The timing in which the application was withdrawn is clearly abusive.

⁴ [1993] RPC 365 at 377.

21) Bearing in mind the history between Mr Gleissner's companies and the applicant, and in the absence of an explanation or denial to the contrary, it does appear that the mark chosen was aimed at disrupting the opponent and along the way the UK IPO was used as the forum to disrupt its business. Therefore, I also agree with point (iv). I do not agree with point (v) since the applicant did not request that the opponent provides proof of use for its class 9 goods. I accept point (vi) insofar that the UK IPO has a duty to deter and protect parties from potentially abusive acts.

22) Taking all of the factors into consideration, I have no doubt that the opponent is justified in being awarded its reasonable costs in opposing the application.

What are the opponent's reasonable costs?

23) The opponent claims £1,971 for the "drafting and filing of TM7 and Statement of Grounds". This roughly equates to around 7 hours of work at around £270 per hour. This task could have been completed in 5 hours and so I allow £1350.

24) The opponent claims £26,710 for reviewing the counterstatement and, in essence, preparing and filing its evidence and submissions. At this stage I should add that the opposition was based upon sections 5(2)(a) and (b), 5(3), 5(4)(a) and 3(6) of the Act. There can be no dispute that the opponent was entitled to rely on these grounds of opposition. The opponent also states that the applicant put them to proof of use for its earlier relied upon registration. However, it only requested use in respect of classes 38 and 41, and not class 9. Therefore, the opponent was not put to proof of use of all the earlier relied upon goods and services.

25) The evidence consists of 1) two witness statements, 2) 41 accompanying exhibits and 3) 34 pages of written submissions with four annexes. The witness statement of Mr Sweeden, a solicitor at Locke Lord LLP, the opponent's representatives, is 2 pages (10 paragraphs) long, with 5 exhibits. The second witness statement was from Mr Thomas La Perle (a member of the opponent's in-house legal team) is 22 pages long with 36 exhibits.

26) As previously stated, the opposition was based on, inter alia, sections 5(3), 5(4)(a) and 3(6). They are evidence based grounds which typically require the opponent to demonstrate use and reputation of the earlier mark that it relies upon. As much of this evidence would have served a proof of use purpose, I do not agree with the opponent's argument that it was put to significantly more expense by the applicant putting it to proof of use of its class 38 and 41 services and not class 9. Whilst the evidence is extensive, I do consider £26,710, which equates to approximately 100 hours, to be excessive. I find a reasonable period of time to be 60 hours, which equates to £16,200.

27) The opponent claims £7,058 for "preparations for hearing (as at June 2019)" and a further £9,588 "Counsel's fees". It is noted that the opponent's "Anticipated costs for hearing (prior to and attendance)" of £1,200 have been struck through. This is sensible since these costs were not incurred. I do accept that the opponent will have incurred some Counsel fees despite the hearing not proceeding. However, it appears from the schedule of costs that Mr Sweeden drafted the skeleton argument. I also note from the file that the opponent filed a brief witness statement shortly before the hearing. The schedule does not specifically state what actions were carried out by counsel and how long it took. Accordingly, I do not consider it reasonable to award £7,058 for the "preparations for the hearing" and a further £9,588 for "Counsel's fees" when there appears to be some overlap in the work carried out, apart for the preparation of the evidence which appears to have been carried out solely by Mr Sweeden. As a consequence, I award £7,000 for the filing of the further evidence and preparations for the hearing. I consider this to be reasonable.

28) To summarise, I award the following:

Preparing and filing the Form TM7 (statement of grounds)	£1,350
Preparing and filing of evidence and relate matters	£16,200
Preparing for the hearing	£7,000
TOTAL	£24,550

29) I therefore order Retina International Ltd to pay Apple, Inc. the sum of £24,550. The above sum should be paid within 21 days of the expiry of the appeal period or

within 21 days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 15th day of November 2019

Mark King

For the Registrar,

The Comptroller-General