O/0220/24

TRADE MARKS ACT 1994

CONSOLIDATED COSTS PROCEEDINGS

IN THE MATTER OF APPLICATIONS TO REVOKE ON THE GROUNDS OF NON-USE BY SAMSUNG ELECTRONICS CO., LTD. AGAINST THE FOLLOWING TRADE MARK REGISTRATION NOS:

UK00913657994 & UK00904821773 IN THE NAME OF GLASHÜTTER UHRENBETRIEB GMBH UNDER NOS. 505030 & 505031

AND

UK00903441722 & UK00801328990 IN THE NAME OF BLANCPAIN SA (BLANCPAIN AG) (BLANCPAIN LTD) UNDER NOS. 505032 & 505096

AND

UK00801324675 & UK00903440881 IN THE NAME OF MONTRES BREGUET SA (MONTRES BREGUET AG) (MONTRES BREGUET LTD) UNDER NOS. 505033 & 505037

AND

UK00900226019 & UK00801329569 IN THE NAME OF SWATCH AG (SWATCH SA) (SWATCH LTD.) UNDER NOS. 505034 & 505098

AND

UK00900226233 IN THE NAME OF COMPAGNIE DES MONTRES LONGINES, FRANCILLON S.A. (LONGINES WATCH CO., FRANCILLON LTD.) UNDER NO. 505035

AND

WO0000000749521 IN THE NAME OF TISSOT SA UNDER NO. 505036

AND

UK00801256550, UK00002552141 & UK00900225698 IN THE NAME OF TISSOT SA UNDER NOS. 505038, 505040 & 505043

AND

UK00801255609 & WO0000000771474 IN THE NAME OF OMEGA SA (OMEGA AG) (OMEGA LTD.) UNDER NOS. 505039 AND 505041

AND

UK00900226282 IN THE NAME OF OMEGA SA (OMEGA AG) (OMEGA LTD.) UNDER NO. 505042

AND

UK00900225615 IN THE NAME OF OMEGA SA (OMEGA AG) (OMEGA LTD.) UNDER NO. 505046

AND

UK00900103358 IN THE NAME OF MIDO AG (MIDO SA) (MIDO LTD) UNDER NO. 505048

AND

UK00913496013 IN THE NAME OF HAMILTON INTERNATIONAL AG (HAMILTON INTERNATIONAL SA) (HAMILTON INTERNATIONAL LTD) UNDER NO. 505049

AND

UK00900509224 IN THE NAME OF MONTRES JAQUET DROZ SA (MONTRES JAQUET DROZ AG) (MONTRES JAQUET DROZ LTD) UNDER NO. 505050

AND

AN APPLICATION FOR AN AWARD OF OFF-SCALE COSTS IN CONNECTION WITH THE SAME

BACKGROUND

1. The proceedings referred to on the cover pages of this decision involved various revocation applications brought by Samsung Electronics Co., Ltd ("the applicant") against various trade marks owned by the companies set out on the cover pages of this decision. All of the proprietor companies are members of the Swatch Group (for ease of reference in this decision, I will refer to the various Swatch Group companies simply as "the proprietors"). The applications were all reliant upon sections 46(1)(a) and 46(1)(b) of the Trade Marks Act 1994 ("the Act").[1] It was the applicant's pleaded case that, as a result of the proprietors' non-use of their marks for a range of goods in classes 9 and 14, the proprietors' marks should either be revoked in full (for the marks registered in class 9) or partially revoked (where class 14 goods were at issue).[2]

2. Hearings for all 13 proceedings took place before me via video conference between the dates of 26 July and 15 August 2023. On 6 November 2023, I issued 13 separate decisions wherein I either fully or partially revoked all of the proprietors' marks. I do not intend to summarise the full extent of the revocations here but note that they were published under the reference numbers BL O/1041/23, BL O/1042/23, BL O/1043/23, BL O/1044/23, BL O/1045/23, BL O/1046/23, BL O/1047/23, BL O/1048/23, BL O/1049/23, BL O/1050/23, BL O/1051/23, BL O/1052/23 and BL O/1053/23 (collectively, "the decisions").

3. In respect of costs, it was made clear to me prior to the first hearing (by way of written skeleton arguments) that the parties would both be requesting off-scale costs for the proceedings. Rather than discuss the issue of costs for each respective set of proceedings individually, it was decided at the conclusion of the first hearing, that the issue of costs would be dealt with by way of a separate hearing held after the decisions were issued. While I note that the applicant

[1] Although I note the focus of the proprietors in each case were limited to the relevant periods under section 46(1)(b) of the Act.
[2] On this point, it is noted that three of the marks for which revocation was sought included goods and services in other classes (see marks numbered 801256550, 900509224 and 913657994). However, the goods and services outside of classes 9 and 14 were not subject to the revocation actions.

requested off-scale costs for all 13 sets of proceedings, the proprietors' did not request off-scale costs in respect of the revocation applications against the trade marks numbered 913657994 and 801328990 (being those brought under application numbers 505030 and 505096 and covered by decisions numbered BL O/1046/23 and BL O/1047/23, respectively).[3]

4. Upon the issuance of the decisions, the Tribunal provided the parties with the opportunity to file evidence in support of their claims for off-scale costs. Both parties filed evidence in respect of this and I will summarise this accordingly below. The costs hearing was subsequently held before me via video conference on 31 January 2024. As was the case throughout the course of these proceedings, the applicant was represented by Mr David Stone of Allen & Overy (being the applicant's legal representative) and the proprietors were collectively represented by Mr Daniel Selmi, Counsel of Three New Square (acting upon the instruction of Dentons, being the proprietors' legal representative).

5. This decision is the supplementary costs decision in respect of all of the separate proceedings between the applicant and the proprietors.

EVIDENCE

6. The proprietors' evidence in respect of costs came in the form of the witness statement of Ms Anna Copeman dated 4 December 2023. Ms Copeman is a partner at the proprietors' representative firm and is, therefore, duly authorised to file evidence on the proprietors' behalf. Ms Copeman's statement is accompanied by 17 exhibits, being those labelled AC1 to AC17.

7. The applicant's evidence in respect of costs came in the form of the second witness statement of Mr David Stone dated 4 December 2023. As above, Mr Stone is the applicant's legal representative and is, therefore, duly authorised to file evidence

[3] It is noted that off-scale costs are still claimed for the other proceedings that were consolidated with the applications against these marks, being proceedings numbered 505030 and 505096. On this point, I note that the proprietors set out that 80% and 75% of the total costs incurred for these proceedings cover the work relating to those other marks.

on its behalf. Mr Stone's statement is accompanied by 12 exhibits, being those labelled DAS II-1 to DAS II-12.

8. In addition to the above mentioned evidence, both parties filed skeleton arguments ahead of the costs hearing. I can confirm that I have given consideration to both parties' evidence, their skeleton arguments and their oral submissions made at the hearing.

THE LAW

9. Section 68 of the Act and Rule 67 of the Trade Mark Rules 2008 give the Registrar a wide discretion to award costs. Section 68 reads 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) Any such order of the registrar may be enforced—
>
> (a) in England and Wales or Northern Ireland, in the same way as an order of the High Court;
>
> (b) in Scotland, in the same way as a decree for expenses granted by the Court of Session.
>
> (3) Provision may be made by rules empowering the registrar, in such cases as may be prescribed, to require a party to proceedings before him to give security for costs, in relation to those proceedings or to proceedings on appeal, and as to the consequences if security is not given.

10. Rule 67 reads as follows:

> 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.

11. As Anthony Watson Q.C. stated in *Rizla Ltd.'s Application*[4] when considering a very similar provision under the Patents Act 1977:

> "The wording of section 107 could not in my view be clearer and confers on the Comptroller a very wide discretion with no fetter other than the overriding one that he must act judicially."

12. The Registrar normally awards costs based on a published scale.[5] The scale aims to award costs on a contributory rather than a compensatory basis. This is because the Registrar operates an accessible low-cost tribunal with predictable costs. However, the Registrar's practice makes it clear that costs may be awarded on a compensatory basis if a party behaves unreasonably. In the present case, both parties' claim that the other side has acted unreasonably throughout the course of these proceedings. Detailed reasons for these claims were provided in the parties' skeleton arguments and at the hearing. I do not intend to repeat these detailed reasons here but will, if necessary, discuss them further below.

13. Although the courts have endorsed the Registrar's power to award compensatory costs in cases of unreasonable behaviour, it does not follow that compensatory costs must be awarded whenever there is any unreasonable behaviour. Rather, as stated in *Rizla's Application*, the question is whether *"the behaviour in question constituted such exceptional circumstances that a standard award of costs would be unreasonable."*

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[4] [1993] RPC 365 at 377

[5] See paragraphs 5.3 and 5.6 of the Tribunal section of the Trade Marks Manual. It is noted that paragraph 5.3 makes references to the current scale, being that in relation to proceedings commenced on or after 1 February 2023 (which is not applicable here). However, the principle of costs normally being awarded on the scale remains in place.

COSTS DECISION

14. As above, Hearing Officers in cases before the Tribunal have a very wide discretion in relation to costs. Costs usually follow the event, meaning that it is ordinary in proceedings before the Tribunal that costs are awarded to the successful party. In the present proceedings, however, both parties have achieved a degree of success and I am in the unusual position of both the proprietors and the applicant arguing that it is them that has achieved the greater degree of success and, therefore, entitled to recover their costs. As such, it is necessary for me to determine which party was the more successful party. Only upon that determination will I move to consider whether off-scale costs are appropriate or whether they can be dealt with on the scale which, in this case, is set out in Tribunal Practice Notice 2/2016.[6]

15. I do not intend to go over each and every point raised by the parties but will endeavour to summarise the most pertinent points below. In considering the level of overall success, I will consider two separate points which, in my view, are the most relevant. These are to be broken down as follows:

    i. The level of commercial success which will involve considerations as to (1) the number of terms that survived the revocation actions against the number of terms that were in the proprietors' respective specifications to begin with and (2) the 'overall commercial success' in light of external considerations (such as the High Court proceedings between the parties).[7]

    ii. The specific class 14 argument in relation to the applicant's pleaded case to partially revoke all of the class 14 goods in the marks' specifications save for "analogue watches" and the alternative argument of all of the class 14 goods in the marks' specifications being partially revoked save for "watches other than connected watches and smartwatches".

[6] While an updated TPN regarding costs has been issued (TPN 1/2023), this is only applicable to proceedings brought on or after 1 February 2023. This does not apply to any of the present proceedings.
[7] Being a point that has been expressly argued by the proprietors.

16. For the avoidance of doubt, I consider point (ii) to be a significant consideration due to the fact that, during the course of these proceedings, it was the class 14 goods with which the parties were most concerned.

17. I will deal with these points in turn below.

i) The level of commercial success.

18. The proprietors' position is that the applicant's revocation applications were brought off the back of the High Court proceedings between the parties wherein the proprietors' succeeded in obtaining injunctive relief against the applicant in relation to a range of different trade marks owned by the proprietors. As a result of this injunction, the proprietors claim that the applicant made the present applications in the hopes that by limiting the proprietors' specifications to 'analogue watches' or 'watches other than connected watches or smart watches', the applicant could subsequently argue that those goods (being analogue watches, or watches other than smartwatches) fell in a different class of the Nice Classification from smartwatches and that this would allow it to disapply the injunction imposed by the High Court.

19. While the proprietors accept that the applicant succeeded in knocking out some of its class 9 goods and pared down some of its class 14 goods, the proprietors' retained their specifications for "watches" at large (subject to alternate wording being adopted in some cases, albeit terms that essentially cover the same goods).[8] The proprietors' position is, therefore, that the applicant's strategy failed entirely. Overall, the proprietors claim that these proceedings must be viewed in conjunction with the High Court proceedings and, on this basis, they are the commercial winners as the applicant's sole objective in bringing 20 revocation applications came to nothing.

[8] I refer, for example, to proceedings 505049 (under reference number O/1052/23) wherein the mark 'HAMILTON' was permitted to retain the term "horological and chronometric instruments, namely watches and parts and fittings for the aforesaid goods".

20. On the contrary, the applicant claims that it achieved the revocation or partial revocation of all of the proprietors' marks for the overwhelming majority of the relevant goods in classes 9 and 14, extensively narrowing the scope of protection of each of the proprietors' marks. In support of this position, the applicant's skeleton argument contained a table wherein it compared the specifications of the proprietors' marks prior to the revocation actions alongside a list of the remaining goods that survived the revocation actions. I do not intend to reproduce this here as the table is extensive and only sought to summarise the outcomes of the decisions. Instead, I will simply note that of the 20 marks for which revocation (be that partial or full) was sought, four were revoked in their entirety, 11 marks were partially revoked to the point where only one term remained, being "watches" (or "analogue watches" in one instance) with the remaining five retaining additional goods (as well as watches) including one retention of "smart watches", three retentions of "parts of watches" or "watch straps" (albeit worded slightly differently) and one retention of "jewellery".

21. In response to the proprietors' position that I have summarised at paragraphs 18 and 19 above, the applicant argued that the High Court proceedings and the alleged reasons for bringing the claims have no effect on the fact that it was the overall winner of these proceedings. On this point, the applicant's position is that the overall success of these proceedings should be assessed in relation to these proceedings only. At the hearing, Mr Stone provided an example scenario wherein he noted that if it was the case that an unconnected third party had brought these exact proceedings against the proprietors and achieved the same level of success that the applicant did, then there would be no doubt that it was the overall victor. As a result, the applicant's position is that it cannot be prejudiced against in these proceedings just because there is an ongoing history between the parties.

22. In respect of the point regarding the volume of success of the proceedings as a whole, I note that in several proceedings the proprietors sought to withdraw their defence of some class 9 goods either prior to the hearing (be that in the pleadings

stage or via skeleton arguments)[9] or at the hearing itself. While I appreciate that some of these withdrawals came late in the day, I note Mr Selmi's comments wherein he set out that in proceedings of this nature, this is what happens. On this point, I am minded to agree and I do so because it is often the case in proceedings before the Tribunal that parties identify issues such as this late in the day, i.e. during the course of preparing for a hearing. While it is regrettable that these terms were not dropped earlier in these proceedings in all relevant cases, I am grateful to Mr Selmi for attempting to identify these issues and withdrawing the defence of such goods prior to the hearings. On this point, I have some sympathy towards Mr Selmi and the proprietors' legal representatives as, at the time, they were juggling the preparation of 13 separate revocation hearings in short succession so it is not, in my view, necessarily surprising to see these withdrawals coming late in the day. In the circumstances, I am of the view that the revocation of these goods should not be held against the proprietors' when considering the issue in respect of the volume of success.

23. In considering the position of the parties, I have a great degree of hesitation in declaring that the proprietors were the overall successful parties based on the 'overall commercial position'. As rightly pointed out by Mr Stone at the hearing, any unconnected third party could have brought these proceedings and achieved the same degree of success. In such circumstances, there would be no scope to raise arguments in relation to the 'overall commercial position' following on from the High Court proceedings. As such, I consider that it would be unfair to the applicant to hold the High Court proceedings and the history between the parties in other jurisdictions against them when considering the level of success in the present proceedings. Therefore, I do not consider that they have any bearing on the outcome as to the overall winner of these proceedings.

24. Taking all of the above into account, I accept that from a pure volume point of view, the applicant achieved the greater degree of success. Having said that, the degree

[9] For example, see paragraph 5 of decision of the BREGUET decision (BL O/1053/23) wherein nine terms of the proprietor in that case were dropped at the pleadings stage and, in the skeleton arguments of Mr Selmi, all remaining goods save for two terms were withdrawn. Additionally, see paragraph 52 of the BLANCPAIN decision (BL/1047/23) wherein it was confirmed that only seven terms were being defended.

of success isn't as outright as it would appear on the basis that a number of terms in the proprietors' marks were abandoned prior to the hearings. While I accept that the abandonment of such terms was left until a late stage, they were abandoned all the same. As I have set out above, however, this is not the end of the matter as the class 14 limitation point made up a significant part of both parties' overall cases. I will now turn to consider this point.

ii) The argument in respect of the class 14 limitation

25. In respect of the limitation of the class 14 goods, I note that the parties have also argued that the wording of the decisions on this point favours their overall position. The applicant argues that the limitation to just "watches" (or an alternative wording for the same) for the majority of the class 14 goods means that the proprietors' marks are now expressly stated as omitting smartwatches. While I agree that smartwatches are omitted from class 14 goods, the position remains the same as it was prior to the applications being brought as the broader terms, by virtue of being class 14 goods, excluded smartwatches in any event. In respect of the proprietors' position on this point, the proprietors' argue that the specifically worded limitation proposal (and the alternative limitation introduced later in these proceedings) were rejected and while it accepts that its injunctions may be pared back, the applicant remains validly injuncted in respect of the proprietors' class 14 marks.

26. I do not agree with the applicant's position in that the overall aim of its revocation of the class 14 goods (that smartwatches were excluded from class 14) was achieved. I accept that my comments in the decisions set out that the proprietors' goods exclude smartwatches by virtue of being in class 14 and that the broader terms of the proprietors were all limited to just "watches" (or an alternatively worded term covering the same). However, I ultimately rejected both the applicant's pleaded case (save for one instance which succeeded because the proprietor in that case failed to show use of the mark or an acceptable variant of the same)[10]

[10] See the application in relation to mark numbered 2552141 in decision BL/1043/23

and the alternative arguments raised during the course of these proceedings. Further, I am of the view that the position in respect of those class 14 terms excluding smartwatches would have remained the same had no applications been brought at all, namely, that they excluded smartwatches which are proper to class 9 in any event. On this point, I note that the relationship between watches and smartwatches is not as straight forward as simply suggesting that a product is only capable of being a watch or a smartwatch. For example, I remind myself that in two of the decisions, I found that an example of use for one type of watch was sufficient to show use of goods in both class 9 and class 14.[11]

27. Taking the above into account, despite the fact the majority of class 14 terms were limited to just "watches" I am of the view that the proprietors were ultimately the successful party in defending the applicant's pleaded case (and the alternative case raised throughout the course of these proceedings) in respect of the proposed limitation to the class 14 goods at issue.

My determination of the overall success of these proceedings

28. Before turning to discuss my determination, I wish to discuss the applications against those marks which were ultimately revoked in their entirety and the application that succeeded in revoking one class 14 mark in line with the applicant's pleaded case. On this point, I remind myself that the applicant was successful in fully revoking four of the proprietors' marks for all goods in class 9 and one of the proprietor's marks in class 14 for all goods save for "analogue watches". While that may be the case, each of the applications against these marks were consolidated with applications against other marks of the proprietors. While the success against these marks is noted, I am of the view that my determination of the overall success of the same is to be judged in light of the consolidated proceedings as whole.

[11] See decisions BL O/1043/23 and BL O/1050/23 wherein I found that one watch was capable of being both a smartwatch in class 9 (as it had connected functionality) and a watch in class 14 (on the basis that it had an analogue face).

29. Having assessed the outcome of the present proceedings as a whole (and bearing in mind the fact that the proprietors did not defend a number of terms that were attacked), I am of the view that both parties achieved a certain degree of success. It is clear that the applicant successfully struck out the majority of the terms against which its applications were targeted and, therefore, achieved a significant degree of success. Ordinarily, I accept that this would give rise to a finding that it was the applicant that enjoyed the greater degree of success across all proceedings. However, these proceedings were far from ordinary and while I accept that the applicant was indeed successful in striking out the majority of the terms for which revocation was sought, the proprietors did achieve a significant degree of success by rebutting the applicant's argument that the class 14 goods should be limited to 'analogue watches' (save for one mark, of course, but this was consolidated with revocations against other marks, a point that I have already discussed above). I appreciate that, on balance of the proceedings as a whole, the limitation point related to only one term in each of the class 14 marks at issue and, therefore, represented only a small percentage of the overall terms at issue. However, this issue was a significant point of focus for both parties in each set of proceedings (as demonstrated by the length of arguments put forward in respect of the same across all 13 hearings) and I do not consider that the level of success in relation to this point can be whittled down to a minute percentage of the overall proceedings as a whole.

30. As above, I do not consider that the present proceedings can be judged solely on the percentage of terms that remain in the proprietors' specifications when compared with those actually targeted for revocation. Therefore, I am of the view that on the balance of what I have said above, I consider that the parties have achieved roughly an equal degree of success in these proceedings. As such, I do not consider it necessary to make a costs award in favour of either and, as a result, order that the parties bear their own costs.

Final remarks

31. As above, both parties have sought off-scale costs and I note that the applicant's request relates to costs in the sum of £343,847.20 and the proprietors' request relates to costs in the sum of £475.595.02. Plainly, these are significant costs and while I appreciate that these proceedings cover 20 revocation applications, I remind myself of the case of *Denis McCourt and Darren Chapman's Application* (BL O/299/02) wherein the Hearing Officer stated that "[t]he Trade Mark Tribunal is intended to be a relatively informal, low cost, easy access alternative". While I appreciate that these comments were made in relation to representation of parties at hearings, the principle of the Tribunal being low cost remains relevant for all proceedings. Further, I also remind myself of paragraph 1.8 of the Tribunal section of the Trade Marks Manual which sets out the following:

> "In its role as a tribunal, the Tribunal adheres to the same overriding objective as the court for dealing with cases justly. This is set out in rule 1.1 of the Civil Procedure Rules 1998 (as amended) and includes, so far as is practicable:
>
> (2) (a) […]
>
> (b) Saving expense.

32. Bearing in mind the above and in light of the amount of costs claimed and the fact that these proceedings cover 20 different revocation applications (consolidated down to 13 sets of proceedings), I wish to point out that I do not reach the decision for the parties to bear their own costs lightly. While I do not intend to labour over this point in any detail, I am of the view that throughout the course of these proceedings, both parties have engaged in conduct that I deem to have been unhelpful. As an example, I note that the voluminous and vague nature of the proprietors' evidence was such that it made my assessment of the evidence complicated and drawn out (and no doubt caused issues for the applicant in seeking to respond to the same). On the other side of things, I remind myself the applicant's excessive attack on the proprietors' evidence was only unveiled at a

very late stage in these proceedings. While I accept that the applicant was entitled to raise these points when it did, I remind myself that, as set out in the decisions, a consequence to this approach was that there was potential for unfairness towards the proprietors.[12] Such an unfairness can reasonably be said to involve the necessity to incur additional costs in respect of time spent appropriately considering and preparing to respond to the issues raised.

CONCLUSION

33. I hereby order that the parties in these proceedings bear their own costs.

34. Further, as confirmed in the body of the decisions, the appeal period would not begin to run until the issuance of my supplementary decision. As a result, I hereby confirm that the appeal period for this decision and the decisions issued in respect of application numbers 505030, 505031, 505032, 505033, 505034, 505035, 505036, 505037, 505038, 505039, 505040, 505041, 505042, 505043, 505046, 505048, 505049, 505050, 505096 and 505098 begins from the date of this supplementary decision.

Dated this 14th day of March 2024

A COOPER
For the Registrar

[12] For example, see my comments at paragraph 19 of decision BL O/1041/23 in respect of proceedings 505034 and 505098. Those comments were a common threat throughout each decision issued.