# O/0297/25

## TRADE MARKS ACT 1994

**TRADE MARK APPLICATION No. 3694283**

**BY TRANSPORT FOR LONDON**

**AND**

**OPPOSITION No. 431511**

**BY GAP (ITM) INC.**

## BACKGROUND

1. On 24th December 2024, I issued a decision on behalf of the Registrar of Trade Marks in which I partially allowed, but mostly rejected, an opposition by Gap (ITM) Inc. ("the opponent") to an application filed on 14th September 2021 by Transport for London ("the applicant").

2. I rejected the opponent's grounds of opposition based on sections 5(2), 5(3), 5(4)(a) and 5(4)(b) of the Trade Marks Act ("the Act").

3. However, I found the application to register the mark GAP in class 18 was made in breach of an agreement between the parties, and therefore in bad faith, in relation to:

> Purses and wallets, including purses for travel cards and passes, purses for payment cards; wallets for travel cards and passes, and wallets for payment cards; card cases and holders for cards and passes.

4. Consequently, the ground of opposition based on section 3(6) of the Act succeeded to this extent. The bad faith ground failed in relation to the remaining goods covered by the application, these being:

> Class 9: Contact lenses; spectacles, eyeglasses, eyewear and their frames, cases, chains, and lenses; helmets.
>
> Class 18: Goods made of leather and imitations of leather, namely, shoulder belts and shoulder straps, suitcases, trunks, garment bags for travel, briefcases, card cases, canes, umbrellas and parasol covers; beach bags; sports bags; shopping bags and wheeled shopping bags; rucksacks; school bags; school satchels; portfolios; brief cases; document bags and cases; music cases; attaché cases; travel bags; trunks and travelling bags; suitcases; slings and pouches for carrying infants; hat boxes; key cases; cases for toiletry or cosmetic articles; umbrellas, parasols and walking sticks; clothing for pets.

**COSTS**

5. As regards costs, I set out the position as follows:

> "*194. The opponent submits it is entitled to off-scale costs for the work involved in filing evidence and making submissions to establish the use, reputation, and goodwill of GAP in relation to clothing. According to the opponent, such matters are common knowledge. It was, therefore, unreasonable for the applicant to require proof of these self-evident facts.*
>
> *195. I note the applicant persisted in its request for proof of the reputation of GAP for clothing even after via a letter from the caseworker dated 7th October 2022, I asked it to reconsider whether its requests for proof of such use and reputation were justified.*
>
> *196. Unreasonable behaviour can, in principle, justify an award of off-scale costs even where the party responsible is ultimately successful on the grounds concerned. My decision to reject the section 5(2), 5(3) and 5(4)(a) grounds does not, therefore, preclude the opponent from pursuing its request for off-scale costs.*
>
> *197. The applicant also asks for its costs if the opposition fails.*
>
> *198. Due to constraints on time, the issue of costs was not properly explored at the hearing. I therefore invite the parties to provide written submissions on the appropriate basis for an award of costs in the light of the above findings and the opponent's claim for off-scale costs in respect of the matters described in paragraph 194. If I am satisfied that either side is entitled to off-scale costs, I will request an appropriate breakdown of the relevant costs."*

6. I subsequently received written submissions on behalf of the parties. The opponent submits that it is entitled to off-scale costs for the work involved in establishing the reputation and goodwill that existed at the relevant date under the mark GAP in the UK in relation to clothing. This involved the preparation of the opponent's evidence in chief, and the time taken to cover the issue in the opponent's skeleton argument and at the hearing. The core of the opponent's case is that GAP is a clothing business with

a significant reputation/goodwill in the UK, and the applicant must have known this when it requested proof of the same. According to the opponent, the applicant's request for proof of reputation and goodwill is made even more untenable by the fact that the parties have had prior dealings and reached an agreement which recognised the opponent's rights in GAP for clothing. Further, the applicant had accepted the opponent's reputation (presumably in the EU) in parallel proceedings before the EUIPO.

7. For its part, the applicant points out that:

(1) Neither the opponent nor the IPO made any comment about the applicant's request for proof of use of, and reputation/goodwill under, GAP when the applicant's counterstatement was filed: the issue was raised for the first time by the IPO only after the first version of the opponent's evidence-in-chief was filed.

(2) The evidence in question was inflated (over 800 pages), disproportionate to what was required (proof of use of, and reputation and goodwill under, one mark for goods in one class) and poorly focussed (it included use in multiple territories outside the UK). The evidence filed was, in fact, essentially the same evidence that had been filed in parallel EU proceedings, despite the lack of relevance of large parts of it to the UK proceedings.

(3) The applicant nevertheless had to examine this evidence, as well as the subsequently filed slimmed down version (which was still over 400 pages) and better (but still not entirely focussed), that was admitted into the proceedings. This unnecessarily added to the applicant's costs. The applicant reminded me that in a letter I sent to the parties on 4th November 2022 setting out the outcome of the Case Management Conference held that day, I stated *"the additional cost of assessing the opponent's original inflated evidence would be taken into account in the final costs award within scale costs."*

(4) The time devoted to the opponent's request for proof of reputation/goodwill after I questioned whether it was necessary was modest, accounting for only a couple of pages of the opponent's skeleton argument, and only a small part of the roughly four-hour hearing.

8. These are points of mitigation. The core of the applicant's case for persisting with its request for proof of the reputation/goodwill associated with GAP in the UK is set out below.

> *"12. Having done its best with the original evidence filed, on 27 October 2022, the Applicant filed an amended counterstatement from which the request for the Opponent to provide proof of use of GAP in relation to clothing was removed. The request that the Opponent prove reputation/goodwill in GAP for clothing in the UK and goodwill was not withdrawn since;*
>
> *i) the Applicant is not aware that it is possible to run a 5(4)(a) case based on passing off without filing evidence of reputation and goodwill;*
>
> *ii) as the Case Worker had indicated, swathes of the Opponent's evidence related to use outside the UK, so would have been irrelevant to proving either reputation in the UK, or goodwill in the UK;*
>
> *iii) at that stage the Opponent's evidence relating to reputation/goodwill had not been accepted into proceedings, and the Applicant did not know whether or to what extent the evidence would be pared down to any documents relevant to reputation/goodwill and could not predict the strength of that evidence."*

9. The points at 12(ii) and 12(iii) above do not really engage with the opponent's core complaint that the applicant required it to go the cost of proving facts of which it was already aware, even without seeing evidence. According to the opponent, the request for proof of reputation/goodwill was purely intended to intimidate the opponent and push up its costs. This constituted unreasonable behaviour.

10. The heart of the applicant's case in response is made in paragraph 12(i). The applicant says it did not believe it was possible to run a case based on reputation and goodwill without the opponent filing evidence to show the reputation/goodwill relied on. It supplements this statement by pointing out that it is normal practice in Registry proceedings to require opponents to file evidence proving any reputation/goodwill they rely on.

11. The applicant's central proposition is wrong. The pleadings, including the counterstatement, are intended to identify the legal and factual issues relied on by the parties, and to flush out which matters are admitted, not admitted, or positively disputed. Evidence only becomes necessary when facts are not admitted, or positively disputed. If a fact is known to one of the parties, no legitimate purpose is served from requiring the other party to prepare and file evidence to prove it. Legal proceedings are expensive. The cost can act as a barrier to access. There is, therefore, a public interest in discouraging behaviours that are purely intended to inflate the other side's costs, or which display a casual indifference towards the cost of requiring the other side to prove something the requestor already knows. It is no answer to this criticism for the requestor to point out that it was legally entitled to request proof. So it was. And no one can make an applicant admit a fact it is not prepared to admit. However, when it comes to costs, this does not mean that the party requesting proof is immune from a complaint that the request was unreasonable. Armed with whatever knowledge they possess, the party concerned decides whether to exercise their legal entitlement to request proof. Their reasons for doing so may be appropriate, or at least understandable. But they may also be unreasonable. Simply asserting that people always tick the 'provide proof' box, when they can, shows a misunderstanding of the very purpose of pleadings. It does not make every such request appropriate or reasonable.

12. It is, of course, legitimate to require proof of the extent to which a claimed fact is true. For example, if a party claims to be the market leader for particular goods, and the other side don't know this, it is entirely proper to require proof of this fact. In those circumstances the party requiring proof should admit what it already knows and require proof of what it does not. If the other side's mark is also claimed to be a reputed High Street name, it might be appropriate to admit that fact (if known) whilst requiring evidence that the mark at issue is also a market leader for the goods at issue.

13. In this case, the opponent claimed only that GAP had a "*significant reputation"* for clothing in the UK. The opponent operated over 100 GAP stores throughout the UK during each of the 5 years prior to the relevant date in 2018, all selling clothing. The applicant must have been aware of this retail presence when it requested proof of reputation. It is not suggested that the applicant was unaware of GAP clothing stores.

The applicant decided to persist with its request for evidence of reputation/goodwill even after it had seen the first version of the opponent's evidence. Consequently, it knew that the opponent's UK annual turnover was around, or in excess of, £100m in each of the four years leading up to the relevant date. I therefore find it difficult to understand why the applicant was unable to accept that GAP had a *significant* reputation in the UK for cloths stores. It is true that, at the hearing, the applicant questioned whether the opponent had established that GAP was used in relation to the goods sold in its retail stores. However, by this time the applicant had formally accepted the opponent had established genuine use of the mark in relation to clothing. Further, if this was really a reason the applicant continued to deny that the mark had a reputation for clothing, it should have accepted what it knew about GAP cloths stores and specifically put the opponent to proof that the reputation extended to clothing as goods.

14. Section 68 of the Trade Marks Act and Rule 67 of the Trade Mark Rules 2008 give the registrar a wide discretion to award costs. As Anthony Watson Q.C. stated in *Rizla Ltd.'s Application*[1] 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."*

15. The registrar normally awards costs based on a published scale. The aim is 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 different basis if a party behaves unreasonably. The opponent's case is essentially that the applicant has acted unreasonably in the way described above.

16. 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

[1] [1993] RPC 365 at 377

*Rizla's Application*, the question is whether *"the behaviour in question constituted such exceptional circumstances that a standard award of costs would be unreasonable."*

17. If the opponent had objected to the applicant's request for proof of use/reputation/goodwill of GAP in relation to clothing at the time it was made, and the applicant had persisted with it, without requiring better particulars of the reputation claimed, I would have found that the applicant acted unreasonably. However, in circumstances where the opponent simply accepted the applicant's request and prepared evidence to meet it, I am not prepared to treat the initial request for proof as unreasonable behaviour, at least not on a scale sufficient to justify off-scale costs for the evidence prepared to respond to it.

18. However, it was unreasonable for the applicant to persist in denying that GAP had a significant reputation in the UK in relation to clothing. There should be consequences for the costs the opponent incurred in dealing with this in its skeleton argument, and at the hearing

19. I accept that the time wasted on this matter at the later stages of the proceedings was relatively modest. Further, any award in favour of the opponent should be offset by the additional and unnecessary work the opponent caused the applicant by filing evidence that was initially very inflated and poorly focussed.

20. I must also take account of the outcome of the proceedings. The applicant was more successful than the opponent, including on all the grounds where the reputation/goodwill of GAP for clothing was a relevant factor. This would normally mean that the applicant would be entitled to an award of on-scale costs, including an additional sum to reflect the extra work involved in assessing the opponent's initially unsatisfactory evidence.

21. Taking all these matters into account, I find that the appropriate and proportionate response to the unreasonable behaviour described in paragraph 18 above, is that the applicant should forego the normal contribution towards its costs.

22. I therefore direct that each side should bear its own costs.

**Dated this 28th day of March 2025**

**Allan James**
**For the Registrar**