

O/0503/24

TRADE MARKS ACT 1994

DECISION ON COSTS

**IN THE MATTER OF REGISTRATION NO. 3562154
IN THE NAME OF BEREAL WEAR LIMITED**

BeReal[®]

IN CLASS 25

**AND THE APPLICATION FOR A DECLARATION OF INVALIDITY THEREOF
UNDER NO. 506174 BY BEREAL**

Background

1. Trade mark number 3562154, for the mark BeReal, was applied for on 30 November 2020 and registered on 18 June 2021 by BeReal Wear Limited (“the proprietor”). The registration is in class 25 for *Clothing for cyclists; Clothing for gymnastics; Clothing for leisure wear; Clothing for men, women and children; Clothing for sports; Clothing.*

2. On 5 June 2023, BeReal (“the applicant”) filed an application to have the registration declared invalid on the basis that the applicant was entitled to prevent the use of the contested mark under the law of passing off. I will refer to this as the first invalidation action. The pleaded ground was section 5(4)(a) of the Trade Marks Act 1994 (“the Act”). The applicant claimed that, at the relevant date of 30 November 2020, it had used its sign BeReal in the UK since March 2020 in relation to its business of “social media software and mobile application (app); online social networking services.”

3. The claim was served upon the proprietor, which filed a defence and counterstatement on 18 August 2023. The proprietor denied the ground, pointing out that the claimed date of use of the applicant’s sign was only eight months prior to the relevant date and was in an area of trade completely unconnected to clothing. The proprietor referred to opposition 434629, in which the proprietor is the opponent against the applicant. In the opposition proceedings, the proprietor’s earlier mark is the registration which was the subject of this (first) invalidation application (506174).

4. The defence and counterstatement was served upon the applicant on 4 September 2023, and a date of 6 November 2023 was set for the applicant to file evidence substantiating its claim to goodwill in the UK, as set out in its pleadings.

5. On 6 November 2023, the applicant withdrew its application for a declaration of invalidity, without having filed evidence.

6. There followed a few items of correspondence and submissions from the parties regarding the proprietor’s requests for costs off the scale, culminating in a preliminary view from the Tribunal on 29 April 2024. The proprietor was represented at the time

it filed its defence and counterstatement. In its preliminary view, the Tribunal stated that it could see no reason for awarding costs above the standard scale because the proceedings were concluded prior to either party filing evidence. It said that an award for preparation of evidence had not been considered and that an award in favour of the proprietor should be paid by the applicant, as follows:

Considering Form TM26(I)	£125
Filing Form TM8	£250
Total	£375

7. On the same date, the proprietor requested to be heard on the matter of the cost award. By this time, the proprietor represented itself, having removed its legal representative, Digip AB, on 18 October 2023.

The costs hearing

8. The hearing took place by telephone before me on 17 May 2024. Only the proprietor attended, represented by Ms Batool Zaidi, its director. Ms Zaidi referred to the background to the dispute which involves other sets of proceedings, which I summarise below. She submitted that the invalidation action was unethical, that the invalidation action was baseless, that the other party was using a strategy of delay and that she wanted this case to be an example to others regarding the filing of baseless cancellation applications. Ms Zaidi submitted that she had spent time and money putting evidence together for these proceedings and she requested the proprietor's full costs.¹ The other proceedings involved the following:

- the proprietor's opposition (number 434629) against the applicant's international registration for the mark BeReal in class 25 was provisionally successful, depending on the outcome of a second invalidation action (506416) against the earlier mark (see below);²

¹ £8540, in submissions from the proprietor dated 21 March 2024.

² BL O/1156/23, 5 December 2023, against international registration 1647102.

- the first invalidation action (506174) was filed late in the opposition proceedings. I held a case management conference on 7 June 2023 regarding the applicant's request for an extension of time to file evidence in the section 5(1), and 5(2)(a) and 5(2)(b) opposition. I refused the request for insufficient reasons and I also refused the applicant's request to suspend the opposition proceedings pending the outcome of this first invalidation action because it had been made so late in the day;
- at a second CMC, on 2 August 2023, I refused the applicant's request to consolidate the opposition and the first invalidation action (506174) for the same reasons and because the request was an attempt to circumvent my decision not to suspend the opposition proceedings. Furthermore, the Tribunal had taken into account that the cancellation action was based on 8/9 months alleged antecedent use in an area of trade which was distant from the proprietor's clothing. Whilst not determinative, this was a factor to be balanced with the delay in commencing the invalidation action. Another consideration was that the applicant's representative for this invalidation action (Carpmaels and Ransford LLP) was different to its representative for the opposition. At both the CMCs, Ms Zaidi represented the opponent and Mr Craig Beaumont of Barker Brettell LLP represented the applicant;
- a second invalidation action was filed by the applicant on 14 August 2023 (506416), this time under section 5(2)(b) based on an earlier mark which the applicant acquired by assignment from a third party on 28 July 2023. This earlier registration (3490021) was applied for on 14 May 2020 by Joseph Andrews in class 25 for 'clothing'. The mark is BE THE REAL. A substantive hearing on that case took place on 30 May 2024;
- the proprietor filed a cancellation application against the BE THE REAL mark on 6 November 2023 on the basis of section 3(6) of the Act because it claimed that the assignment had been made in bad faith. That cancellation application was struck out by the Registrar because the claim did not and could not relate to whether BE THE REAL had been invalidly registered. The proprietor appealed to the Appointed Person and the decision to strike out the application

was upheld by Mr Geoffrey Hobbs KC, sitting as the Appointed Person, in decision BL O/0376/24, dated 23 April 2024.

9. In its written submissions in relation to costs in the first invalidation case (506174), Carpmaels & Ransford LLP submitted that the action was withdrawn as soon as the cancellation applicant “found itself in a position to file a simpler and evidentially less burdensome case against the Proprietor’s same registration” (i.e. the second invalidation action (506416) based upon BE THE REAL).³ It was submitted that the first invalidation action (506174) was withdrawn at the earliest opportunity and before the evidence rounds to save costs for both parties. The cancellation applicant accepts that the proprietor is entitled to seek a reasonable contribution to its costs in defending the application, pointing out that the Form TM26(I) comprised three brief paragraphs and that the Form TM8 and counterstatement comprised a single page. It rejects the accusation of false claims and unreasonable behaviour made in the proprietor’s applications for off-scale costs dated 17 January 2024 and 21 March 2024.

10. In further written submissions, the applicant denies that the section 5(4)(a) claim was false and says that the procedure is not for the applicant to file evidence with its Form TM26(I) but to wait until the evidence rounds commenced.⁴ It says that it withdrew the application “before the evidence rounds commenced”. Therefore, the applicant submits, it should not have to pay for the evidence preparation which the proprietor undertook, before the proprietor’s own evidence round had commenced and before the proprietor had even seen the applicant’s evidence (which was never filed because the action was withdrawn).

Decision

11. The relevant parts of section 68 of the Act state:

“(1) Provision may be made by rules empowering the registrar, in any proceedings before him under this Act—

³ Written submissions dated 15 February 2024.

⁴ Written submissions dated 16 April 2024.

(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.”

12. Rule 67 of the Trade Mark Rules 2008 states:

“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.”

13. I note that the proprietor was legally represented when it filed its Form TM8 and counterstatement. If parties are legally represented, the scale of costs applies unless the registrar orders off-scale costs. The scale of costs applicable to these proceedings is published in Tribunal Practice Notice 1/2023. Costs are normally awarded as a contribution rather than compensation because this is a low-cost tribunal. However, in *Rizla Ltd’s Application* [1993] RPC 365 (a patents case), the court accepted that the registrar has the power to award costs on a compensatory basis. This is set out in Tribunal Practice Notice 2/2000:

“On page 374 of *Rizla*, the Deputy Judge held that:

“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. I see no reason why the previously adopted practice could not be altered by the Comptroller in the same way as from time to time an important decision leads the courts to adopt a different attitude to what had previously been accepted practice. Thus, if the Comptroller felt it was appropriate, a form of compensatory costs could become the norm.”

He went on to say:

“As a matter of jurisdiction, I entertain no doubt that if the Comptroller were of the view that a case had been brought without any bona

fide belief that it was soundly based or if in any other way he were satisfied that his jurisdiction was being used other than for the purpose of resolving genuine disputes, he has the power to order compensatory costs.”

On page 377, towards the end of his judgement he said:

“Counsel was unable to refer me to any reported case where such a strong order for costs had been made by the Comptroller and therefore there is no established yardstick to measure what might be regarded as exceptional. I believe a case such as the present can only be regarded as exceptional if it can be shown that the losing party has abused the process of the Comptroller by commencing or maintaining a case without a genuine belief that there is an issue to be tried. In my view, this is not shown to be such a case.”

Significantly, the Deputy Judge added:

“There are of course a large number of other circumstances such as deliberate delay, unnecessary adjournments etc. where the Comptroller will be entitled to award compensatory costs, but it is unnecessary to define what is clearly a wide discretion.”

5. In the light of Rizla, the Office considers that the existing legislation provides the power to operate a nominal cost regime or a full cost recovery regime - or anything in between - and that no legislative change is necessary to put in hand any revision of that sort.”

14. In *Goya Foods Inc. v Asnakech Thomas (“Amaro Gayo”)*, BL O/257/18, Mr Geoffrey Hobbs QC, sitting as the Appointed Person, considered an off-scale costs request for a withdrawn appeal. Mr Hobbs said:

“13. 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 paying party.”

15. Ms Zaidi’s submissions that she wants off-scale costs because the applicant was using a strategy of delay, and because she wanted this case to be an example to others regarding the filing of baseless cancellation applications, are tantamount to making an award as a punishment for the applicant. She claims that the passing off ground was false because there is no evidence. Of course, the applicant is correct in submitting that it was not required to file evidence prior to 6 November 2023. (Although it is incorrect that it withdrew the action prior to the commencement of the evidence rounds: it withdrew on the deadline for its own evidence to be filed.) One factor in the refusal to suspend opposition 434629 pending the outcome of the first invalidation action (506174) was that the 8/9 months of claimed antecedent use is in an area of trade far removed from clothing. However, despite that, I am not in a position to say that the claim was false or spurious because I have not seen the evidence, which was never filed. Consequently, to use the words in *Rizla*, I cannot say that this is a case which “had been brought without any bona fide belief that it was soundly based”.

16. Ms Zaidi’s submission that the application was unethical relates to the matrix of proceedings between the parties: that the applicant has persistently sought to delay the finalisation of the proprietor’s opposition and to thwart the proprietor’s success by acquiring a still earlier mark (BE THE REAL) which it is now using to attack the proprietor’s mark. In other words, she submits that an off-scale award in these proceedings is justified because the applicant is bringing proceedings for an improper collateral purpose, amounting to an abuse of process by using the trade mark system

for purposes other than that for which it is intended. From what I can see from the appeal decision referred to above, Ms Zaidi made similar submissions before Mr Hobbs in relation to the invalidation against the proprietor's mark on the basis of the applicant's acquisition and reliance upon BE THE REAL as an earlier mark (the second invalidation, number 506416). I note that Mr Hobbs said this in his decision:

"... I do not doubt that the Registrar has an inherent power to strike out Registry proceedings, in whole or in part, on the basis that they involve or amount to an improper and abusive assertion of the rights conferred by registration of a trade mark. Any application for an order to that effect would clearly need to have been made by BRW [the proprietor] in answer to Invalidity Application No. 506416.

The caselaw relating to the operation of Civil Procedure Rule 3.4(2)(b) (which enables a Statement of Case in court proceedings to be struck out on the basis that it is an abuse of the Court's process, or is otherwise likely to obstruct the just disposal of the proceedings) shows that there is little scope for a **well-founded** claim to be struck out on that ground.

The same can be said of the caselaw relating to Article 3(2) of the Enforcement Directive (Directive 2004/48/EC) which specifies that measures, procedures and remedies for the enforcement of intellectual property rights, which of course includes registered trade mark rights, shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse. And likewise in relation to claims for liability for malicious prosecution and abusive use of process, as discussed at length in chapter 15 of the current (24th) edition of Clerk & Lindsell on Torts.

On the limited information presently available to me, the claim for invalidity made by BRS [the applicant] against BRW's trade mark Registration No. 3562154 appears to be no less lawful and legitimate for BRS to pursue after 28th July 2023 than it would have been for Joseph Andrews to pursue if he had wished to do so prior to that date. However, that is as far as I am prepared to go in relation to the arguments addressed to me on that subject in the context of the present appeal. And I must emphasise that nothing I have said in this

decision is to be taken as determinative, one way or the other, of any application which BRW might hereafter decide to make to the Registrar, for Invalidity Application No. 506416 to be struck out.”

17. What the proprietor is asking me to do is to punish the applicant for the way it has conducted itself through all of the proceedings between the parties. It would not be right for me to take into account in these particular invalidation proceedings what else has gone on in the other proceedings, to which Mr Hobbs referred. It cannot form part of my consideration in the first invalidation proceedings (506174), which were short and withdrawn without evidence having being filed.

18. In relation to these proceedings, I am mindful that *Amaro Gayo* cautions against inflating an award of costs for punishment. An award of costs is required to reflect the effort and expenditure to which the receiving party was put. It may be that unreasonable behaviour by a paying party has led to increased expense for a receiving party which should be compensated; for example, repeated amendments to its case, late-filed evidence or failure to particularise what goods and services are similar in lengthy specifications. However, in the present case, the documentation from both parties amounted only to their pleadings, which were not voluminous. I understand that Ms Zaidi, by now acting as a litigant in person for the proprietor, wished to get ahead in preparing evidence before the proprietor’s evidence round had commenced, but that was her choice. Such a choice cannot be compensated for. Nor can there be a contribution to evidence prepared prior to that party’s timetable having commenced when I have not even seen that evidence (or the applicant’s evidence).

19. In all the circumstances, I consider that the preliminary view was correct.

20. I order BeReal to pay to BeReal Wear Limited the sum of £375. This sum is to be paid within twenty-one days of the expiry of the appeal period or within twenty-one days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 31st day of May 2024

Judi Pike
For the Registrar,
the Comptroller-General