

**O-054-19**

**TRADE MARKS ACT 1994**

**IN THE MATTER OF TRADE MARK APPLICATION NO. 3170757**

**BY AIRBLUE LIMITED**

**TO REGISTER THE TRADE MARK:**

**airblue**

**IN CLASS 39**

**AND IN THE MATTER OF OPPOSITION THERETO**

**UNDER NO. 407345**

**BY JETBLUE AIRWAYS CORPORATION**

## **Background**

1. This decision concerns the matter of costs in the opposition against trade mark number 3170757 **airblue**, remitted to the IPO following an appeal.

2. By way of background, the opposition was brought under ss. 5(2)(b), 5(3), 5(4)(a) and 3(6) of the Act. Five earlier marks were relied upon under ss. 5(2)(b) and 5(3). All but one were subject to the proof of use provisions in s. 6A; the applicant put the opponent to proof in respect of airline services in class 39. Under s. 5(4)(a), the opponent claimed to have four unregistered signs which had been in use since January 2000. The claim under s. 3(6) was that the applicant chose the mark “specifically with a view to copying the Opponent in light of their particular knowledge of the Opponent” and that “the deliberate and clear attempt to use and register a mark which so closely resembles the mark of the Opponent [...] falls short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined”.<sup>1</sup> The grounds were all denied by the applicant, which also denied that the opponent had a reputation or goodwill as claimed. Both parties filed evidence. For the opponent, this consisted of the statement of Elizabeth Windram and exhibits EW1 to EW13, and two witness statements of Anna Perry, with exhibits AP1 to AP15. The applicant’s evidence consisted of the statement of Andrew Smithson, with exhibits AGS1 to AGS5. An oral hearing was held, with the opponent represented by Aaron Wood of Wood IP Limited and the applicant by Victoria Jones of counsel, instructed by NML Corporate. On 10 January 2018, a decision was issued in which the opposition succeeded in full on the basis of s. 5(2)(b) only (“the original decision”).<sup>2</sup> An appeal to the Appointed Person was filed, with a cross-appeal whose late initial filing has now been regularised in accordance with directions given by the Appointed Person. In a decision handed down on 24 September 2018, the Appointed Person upheld the original decision, save for paragraphs 72 and 73, i.e. the award of costs which had been

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<sup>1</sup> Form TM7 section D, grounds under s. 3(6) and statement of grounds §5.

<sup>2</sup> BL O/025/18.

made to the opponent.<sup>3</sup> The decision on costs in the proceedings before the IPO was remitted for fresh determination. That is the matter now before me.

3. A hearing regarding the award of costs was held before me on 9 January 2019, at which Mr Wood again appeared for the opponent, by video conference. The applicant was represented by Andrew Smithson of NML Corporate, by telephone. Both parties filed skeleton arguments.

### **The submissions**

4. Mr Wood submitted that the opponent's evidence goes to all of the grounds pleaded, including, for the most part, the s. 5(2)(b) ground on which the decision was made, given that the evidence for ss. 5(3) and 5(4)(a) overlaps with the evidence of use.

5. In respect of the notice of opposition, Mr Wood submitted that the official fee of £200 should be recovered, as there has been no suggestion that the grounds were improper. For preparing the notice of opposition, Mr Wood argued that the opponent incurred £750 and should be awarded a sum at the top of the scale. He submitted that all of the evidence filed by the opponent was necessary to substantiate the opponent's case and to rebut the applicant's evidence. Mr Wood considered that the evidence of partner airlines and their ticket sales, along with the marketing evidence, was necessary and that, whilst some of Ms Perry's evidence is from outside the UK, it demonstrated the unprompted response of consumers to the marks. Where the evidence is not dated within the relevant periods, he said that it was being presented as example evidence and that if some pages did date from after the relevant date, that did not automatically make them irrelevant. He maintained that the evidence at AP4 to AP7 was particularly important to show the similarities between the branding, from which it could be ascertained that copying was deliberate and an inference of bad faith drawn. Again, given the amount expended (£4,650), he claims that an award near or at the top of the scale is appropriate. The hearing, he submitted, lasted for three hours but that did not

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<sup>3</sup> BL O/600/18.

mean half of the work of a full-day hearing; the length of the hearing is not necessarily indicative of the costs incurred, which were £3,820. He seeks the maximum scale amount for the hearing.

6. However, Mr Wood also requests, as he did before the original hearing officer, that costs off the scale be awarded to the opponent. This appears to be because the opponent considers off-scale costs would be justified if there were a successful finding under s. 3(6) and for the following additional alleged defects on the part of the applicant:

- a. the unwillingness to accept similarity of the marks;
- b. the denial of identity/similarity of the services;
- c. the failure to accept any repute of JetBlue;
- d. the errors in the evidence of airblue in response; and
- e. the attempt to prevent their witnesses from cross-examination by presenting hearsay evidence”.

7. Mr Wood accepted that (a)-(c) may be commonplace in opposition proceedings and that (d)-(e) were the most important. He contends that the “serious errors” in the applicant’s evidence, which he characterised as “careless”, required a response. He also stressed that the submissions filed in the counterstatement and the hearsay evidence filed by the applicant were, in his view, inappropriate. He claimed that the opponent had established a prima facie case of bad faith and that the filing of hearsay evidence in response was not appropriate, justifying an award of costs above the usual scale.

8. Mr Smithson submitted that an off-scale award is not appropriate in this case and that the factors relied upon by the opponent in that regard do not justify an off-scale award. Mr Smithson argued that the issue regarding his evidence was not a material matter in this case in any event, that the applicant’s position was that Ms Windram’s evidence is itself contradictory and that the opponent’s evidence did not establish a reputation in the UK. The work done on this element should, therefore, be viewed in context when the matter of costs is assessed.

9. As for the claim under s. 3(6), Mr Smithson argued that the case presented by the opponent is based upon supposition rather than evidence, and that a prima facie case had not been established. He contended that it was plausible Mr Chaudhury, whose evidence was filed as hearsay, was telling the truth and that, as there was no determination on s. 3(6), the applicant should not be treated adversely.

10. Mr Smithson maintained that the official fee should be reduced to £100, since that was the fee for an opposition based on s. 5(2)(b). However, he indicated that he had little or no objection to an award at the higher end of the scale for the preparation and consideration of the pleadings. Mr Smithson did take issue with Mr Wood's claim for an award for evidence at the top of the scale. He stated that the opponent's evidence does not consist of detailed information but rather reports of internet searches. He further submitted that Ms Perry's reply evidence on the Aer Lingus website evidence was irrelevant.

### **Decision**

11. Rule 67 of the Trade Marks Rules 2008 provides:

“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”.

12. Tribunal Practice Notice (“TPN”) 4/2007 indicates that the tribunal has a wide discretion when it comes to the issue of costs, including making awards above or below the published scale where the circumstances warrant it. I would underline that the principle underlying scale costs is that the successful party receives a contribution towards its costs, not full compensation.<sup>4</sup> The published scale of costs was updated in TPN 2/2016, which applies to proceedings commenced on or after 1 July 2016.

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<sup>4</sup> See, for example, TPN 2/2016, paragraph 3.

However, TPN 4/2007 remains relevant, particularly, for present purposes, paragraphs 5 to 8, which concern off-scale costs.

13. It is clear from the authorities that in making an award of costs, I must exercise judgement and discretion with regard to all of the circumstances.<sup>5</sup> The starting point is that the opposition succeeded in full, albeit without consideration of all of the grounds. It would clearly be inappropriate for me to make any determination on the undecided grounds, that aspect of the original decision not having been appealed. There appears to be no dispute that the opponent, having been successful, is entitled to a contribution towards its costs. The matter at issue is quantum.

14. The request for off-scale costs pursuant to a successful finding under s. 3(6) can be shortly dealt with. Paragraph 5 of TPN 4/2007 makes it clear that the fact that a party has lost is not of itself indicative of unreasonable behaviour. There is no reason to believe that s. 3(6) should be treated differently; indeed, if that were the case every successful action under s. 3(6) would result in off-scale costs, irrespective of the actual behaviour of the parties during proceedings. Even had there been a determination on the s. 3(6) ground, which there has not, it would not be appropriate to make an off-scale award on the sole basis that the ground had succeeded.

15. Turning then to the other aspects of the request for costs, the fee for the notice of opposition was £200. I understand the rationale which underpins the applicant's submissions but I do not agree with it. There was no argument before me that it was inappropriate for the opponent to rely on grounds which required the higher fee to be paid,<sup>6</sup> nor can I detect that any such complaint was raised during proceedings. My own view is that it was not obviously inappropriate for the opponent to rely on grounds other than s. 5(2)(b) and, the opposition having succeeded, it ought to recover its full official fee.

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<sup>5</sup> See, for example, *AMARO GAYO COFFEE Trade Mark* (BL O/257/18), paragraphs 13-14 and *FreshGo Trade Mark*, BL O/197/11, paragraphs 22-26.

<sup>6</sup> Oppositions under ss. 5(1) and 5(2) only attract a fee of £100.

16. On preparation of the notice of opposition and consideration of the counterstatement, I have reviewed the forms and, whilst the notice of opposition is not a short document, the grounds are set out with relative brevity, some repetition and without departing significantly from the type of argument that is commonly found in notices of opposition. The counterstatement is, compared to the norm, relatively lengthy but contains relevant information, sets out the applicant's position and, given the grounds, does not strike me as unreasonably long. The applicant accepts that an award towards the higher end of the scale is appropriate. Accordingly, I award costs towards the higher end of the scale but I do not consider the pleadings of a complex nature which would warrant an award at the very top of the scale.

17. The opponent filed a reasonable amount of evidence to shore up its case. Some of Ms Windram's narrative evidence relates to the relevant time and territory but many of the exhibits do not. Certain exhibits, such as lists of global trade mark registrations or decisions from other jurisdictions, are wholly irrelevant. Much of Ms Perry's evidence suffers from the same defects as Ms Windram's evidence regarding the relevant period and territory. The degree to which her statements support the opponent's case in relation to any of the pleaded grounds, if they do so at all, is arguable. It is, for example, not immediately obvious—and Mr Wood was unable to take me to it—which part of her evidence shows the applicant's particular knowledge of the opponent, as relied upon for the opponent's bad faith ground.

18. Much was made by Mr Wood of the applicant's evidence, what he perceives as its shortcomings and the opponent's evidence in response. The applicant's evidence is a witness statement of five paragraphs and five fairly short exhibits. It, too, includes exhibits which are apparently dated outside the relevant period, including those exhibits to which the opponent considered it needed to respond with Ms Perry's second statement. There is also hearsay evidence going to the s. 3(6) case.

19. I do not accept that the applicant's request for evidence of use, which was limited to the services of interest, or its denial of either the opponent's reputation or goodwill in the

UK were unreasonable. Those were positions it was entitled to take and there is nothing to suggest to me that it ought to have done otherwise. Mr Wood contends that the applicant ought to have filed better evidence. I disagree. The applicant may prosecute its case in whatever way it wishes, within reason. The filing of hearsay evidence may have done little to advance the applicant's position but the applicant was, in my view, well within its rights to file evidence in such a manner. The hearsay evidence did not, as Mr Wood accepted at the hearing, itself increase the opponent's costs. As to the allegation that it was an attempt to hide a witness from cross-examination, I do not see that the applicant's behaviour warrants off-scale costs. The weight given to hearsay evidence varies but second-hand evidence of an individual's knowledge or intentions is unlikely to be afforded significant weight. That may undermine the applicant's case but that is a risk the applicant is entitled to run, even where a prima facie case has been established by an opponent.

20. Overall, the evidence is on the light side, the applicant's evidence especially so. Both parties' evidence included irrelevant material which required review, though a professional advisor ought to have been able to establish its relevance (or irrelevance) swiftly. I accept that the opponent perceived inaccuracies in Mr Smithson's evidence to which it felt compelled to respond and that it spent £1460 on the preparation of Ms Perry's second statement. It is, however, questionable whether it was necessary or proportionate to incur that level of costs in responding to evidence not dating from the relevant period. Mr Smithson is also not wrong, in my view, to question the materiality of this allegedly inaccurate evidence in the context of the proceedings at large, particularly given that the burden of proof was on the opponent. Taking all of the above into account, I do not consider that an award outwith the scale is appropriate. There is nothing in the papers, and no argument has been made, which induces me to believe that the applicant acted inappropriately at any stage of these proceedings. Nor, having considered the nature and volume of the evidence filed, do I consider that the evidence warrants an award at the top of the scale. I consider that the award ought to be towards the lower end of the scale, though not at the very bottom.



21. The parties made limited submissions on the hearing before the original hearing officer. Mr Wood told me at the hearing that it took three hours, which is not disputed by the applicant. Although the opponent identified its best mark under s. 5(2)(b), all of the grounds remained under consideration and there is nothing to suggest that full arguments were not made at the hearing. However, this case does not strike me as one of such complexity that the award to the opponent ought to be inflated. The opponent is also entitled to some recompense for the hearing held before me. Some of the skeleton argument was drawn from an earlier version but additional work will have been required; the hearing itself lasted less than an hour. As a consequence of these factors, I make a relatively small award in respect of the most recent hearing.

22. I award costs to the opponent on the following basis:

Official fee:	£200
Considering the notice of opposition and filing a counterstatement:	£500
Filing evidence and considering the other side's evidence:	£800
Preparing for and attending a hearing (x2):	£1,200
<b>Total:</b>	<b>£2,700</b>

23. I order Airblue Limited to pay JetBlue Airways Corporation the sum of **£2,700**.<sup>7</sup> This sum is 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.

**Dated this 25<sup>th</sup> day of January 2019**

**Heather Harrison**

**For the Registrar**

**The Comptroller-General**

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<sup>7</sup> The opponent requests that my decision include an order for the sum awarded by the Appointed Person. However, the Appointed Person's Order dated 6 October 2018 included an order as to the costs of the appeal.