

TRADE MARKS ACT 1994

**In the matter of an Interlocutory Hearing
in relation to a request by Candy Team Süswaren
GmbH (the registered proprietors) for an award
of costs in respect of Revocation/Invalidity proceedings
brought against Registration N° 1572646 by
Mars UK Limited, under Revocation N° 10563**

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1. Following an Interlocutory Hearing on 19 July 2000, I decided that the registered proprietors Candy Team Süßwaren GmbH were entitled to an award of costs of £135 in relation to a withdrawn revocation and invalidity action brought by Mars UK Limited (hereinafter referred to as “Mars”).
2. The registered proprietors have requested a statement of the reasons for my decision.

BACKGROUND

3. On 10th February 1999 Mars UK Limited filed an application for revocation and declaration of invalidity of Registration N° 1572646. The grounds were under Section 46(1)(d) in that the mark was liable to mislead the public in consequence of the use made of it; and under 47(1) in that the mark was registered in breach of Section 3(6). On 11 March 1999, shortly after the revocation/invalidity action was filed, the applicants withdrew a further ground under Section 46(1)(c).
4. The registered proprietor filed a Form TM8 and counter-statement on 20 April 1999. In accordance with Rules 31(4) and 13(3) of the Trade Mark Rules 1994 (as amended), a copy of the Form TM8 and counter-statement was sent to the applicants for revocation/invalidity under cover of an official letter dated 23 April 1999. The applicants for revocation/invalidity were allowed a period of three months, until 23 July 1999 for the filing of evidence in support of their revocation/invalidity action.
5. The applicants for revocation/invalidity sought two extensions of time of the period for filing evidence in support of their applications, both of three months. Both extension of time requests state the reasons for the request as being that the parties were in negotiations towards a settlement of the proceedings. Both of the extensions of time were granted by the registrar taking the extended deadline for the filing of evidence to 23 January 2000.
6. By way of a letter dated 21 January 2000 from their representatives, Grant Spencer Caisley & Porteous, the applicants withdrew the revocation/invalidity application.
7. Following the recordal of the withdrawal of the application by the Registrar, the registered proprietors sought an award of full costs by way of a letter dated 14 March 2000 from their representatives.

8. In summary the reasons for the request were:
- the applicants actions had been unnecessarily aggressive, high handed & bullying
 - the proceedings had been launched without warning, with no attempt to try to avoid litigation
 - preliminary preparations had been made for evidence and investigations of the register
 - reference was made to comments of Jacob J in *Mars UK Limited v Teknowledge* [2000] FSR 138 regarding pre-action protocol
 - Woolf reforms place emphasis on settlement & exchange of documents at an early stage to control costs
 - a request for full costs including those of the German instructing principal was made
9. The applicants responded to the registered proprietors application by way of a letter dated 2 May 2000 which in summary:
- confirmed there was no contact prior to bringing the action, but stated that they approached the proprietors during the period for filing TM8 offering to withdraw if consent was provided
 - stated that no response was made within one month later, therefore if the proprietors were keen to settle amicably they would have replied sooner
 - indicated that revocation was no longer necessary as this registration was withdrawn as a citation against the applicants' pending application following a restriction of its specification
 - said that further proposals accepting the request for costs were made on undertaking that the proprietors would not oppose Mars' pending application
 - claimed that the reply was received after deadline set
 - an excessive sum was sought from registered proprietors, which was unreasonable and greedy
 - a "generous" settlement was put forward, but elicited no response
 - alleged that the opposition was vexatious as a result of Mars not paying an inflated claim
 - stated that no attempt was made to open negotiations in relation to the opposition
 - stated that if applicants withdrew costs, costs would not be sought in opposition proceedings
10. Following consideration of the comments of both parties to the proceedings, the Trade Marks Registry issued a preliminary view that £135 should be awarded to the registered proprietor in relation to these revocation proceedings. A period of fourteen days was allowed for either party to request a hearing on the matter of the preliminary view in respect of the costs award.
11. By way of a letter dated 14 June 2000, Messrs Sanderson & Co advised the registrar that they had been instructed to request a hearing to discuss the matter of costs. A hearing was subsequently appointed for 19 July 2000.

THE HEARING

12. At the hearing before me, the registered proprietors were represented by Mr R Buehrlen of Sanderson & Co and the applicants for revocation/invalidity by Ms C Hutchinson of the G.S.C.P. Partnership.
13. I should point out for the record that the start of the hearing was delayed to await Mr Buehrlen's arrival. I record this fact as it was raised during some of the submissions before me, however it did not in my view affect any party in putting forward their submissions nor did it impact on my decision.
14. Mr Buehrlen in his submissions commented that the action was brought by Mars without warning to his clients. He had to carry out research in order to determine what the claims meant in the statement of case and communicate to his clients the likely meaning of the grounds.
15. In view of the grounds, Mr Buehrlen commented that it was necessary to investigate the manner of the use made of the mark by the registered proprietors and accordingly the German principals gathered samples of products bearing the trade mark. Some preparation as to the evidence to be filed in support of the registration had therefore taken place.
16. Mr Buehrlen commented that he subsequently received a letter from the applicants which stated that they were not interested in pursuing this revocation/invalidity action but were seeking a letter of consent in relation to their pending application for registration. He commented that the application for revocation/invalidity was therefore a waste of time. The registered proprietors indicated to the applicants that they were willing to provide a letter of consent subject to the applicants paying all of the proprietor's costs incurred in this action - costs for Sanderson & Co's fees and the German principal's fees. Mars asked Sanderson & Co to put forward a figure in relation to the costs.
17. Mr Buehrlen said that matters then changed slightly as Mars restricted the specification of their own application for registration which in turn overcame the citation of this registration against that application. As a result a letter of consent from the registered proprietors was no longer required. However, Mars then indicated their willingness to withdraw the revocation/invalidity action and accept costs on the basis of the registered proprietors giving an undertaking not to oppose Mars' application for registration. After reporting this point to the proprietors the German principals stated that there would be no problem in agreeing to an undertaking provided costs were paid in full.
18. Mars sought an extension of time to file evidence and the proprietors did not object to the request because of the negotiations. Mars' application for registration was published in the Trade Marks Journal and this was reported to the Registered proprietors seeking instructions on whether to oppose or give the undertaking and reminding them that there was no extension to the opposition period.

19. Mars then sought a further extension for filing evidence in these proceedings, which Mr Buehrlen argued took them beyond the opposition period for the application for registration, but still had not provided an undertaking of what they wanted in relation to these proceedings.
20. Mr Buehrlen stated that the registered proprietors had instructed him that they would only provide the undertaking if the revocation/invalidity was withdrawn. Reminders were sent to Mars' attorneys in November given the impending deadline for opposing Mars' application for registration. A letter was received five days before the opposition period expired stating that Mars were prepared to compensate, but not in full, in return for the undertaking. It was stated that Mars would fight on if no agreement was reached.
21. Mr Buehrlen said that an opposition was filed against the application for registration, as Mars had filed an extension of time request in the revocation/invalidity action which therefore remained live. As a result further costs were incurred. The revocation/invalidity actions were subsequently withdrawn one month after the opposition period had expired.
22. In summary Mr Buehrlen argued that the action was launched without warning and the case in support was very vague. The proprietors offered consent in return for costs and an undertaking not to oppose in return for costs. He commented that the conduct of Mars appeared to be to drag the proceedings out and maximise the expense of the proceedings. He also argued that Mars had a reputation for bullying tactics and referred me to *Mars UK Limited v Teknowledge*. In view of these submissions, Mr Buehrlen argued that a costs award outwith the scale was justified.
23. In reply Ms Hutchinson argued that in his submissions Mr Buehrlen was selectively picking out parts of his file. She commented that in support of the action brief grounds were filed, but that this was not an uncommon practice at that time.
24. Ms Hutchinson said that Mars approached the registered proprietors about a month before the TM8 and counter-statement were due to be filed offering to withdraw this action in return for consent on their pending application. She stated that the letter did not say that Mars had no interest in pursuing this action. It was further argued that a draft letter of consent drawn up by Mars was sent to the proprietors and crossed with the counter-statement in the post. Ms Hutchinson commented that the counter-statement filed would have taken no more than a few minutes to prepare.
25. Ms Hutchinson stated that Mars asked the proprietors for an estimate in relation to the costs being sought, but received no reply. Reminders were sent together with an offer to withdraw these proceedings and accept costs in return for the undertaking from the proprietors. A deadline of 23 July 1999 was set but no reply was received by this date, hence Mars sought the extension of time. Ms Hutchinson commented that the registered proprietors were also at fault for some of the delays in these proceedings.
26. A reply was later received outlining the costs for the registered proprietors, including the costs of their German principals. She argued that the costs of the principal had

nothing to do with these proceedings. There was an address for service within the United Kingdom - Sanderson & Co - and that if there were others in the chain of communication then they were generating their own costs which should not be reflected in any award.

27. Ms Hutchinson stated that Mars progressed their own application for registration by deleting some of the goods originally applied for. Further correspondence took place between the parties in which a genuine figure of £1000 was offered by Mars to the proprietors. It was said that this offer was above the scale.
28. Ms Hutchinson also commented that there had been no need for the proprietors to prepare evidence for these proceedings as yet and the counter-statement filed was a straight denial, but that the proprietors had seemed to generate high costs to date themselves.
29. With reference to the *Mars UK Limited v Teknowledge* judgment, Ms Hutchinson argued that the term “bullying tactics” used by Mr Buehrlen was not the wording used by Jacob J. She said that the judgment dealt with an implied criticism of costs of an extraordinary large amount. She further stated that in the judgment Jacob J also criticised a party for running up large bills without warning to the other party to proceedings. She stated that this was a point to consider in how a party pursued or defended a case.
30. Ms Hutchinson asked that I take into account that a genuine offer of costs was placed before the proprietors which they could have accepted but they did not. The expense of this hearing should also reflect this point.
31. Ms Hutchinson argued that this would have been an expensive route for obtaining consent but it was an intentional exercise to request consent from the registered proprietors. There were time delays on the part of the registered proprietors and she argued there was no counter-proposal from the them. However Ms Hutchinson accepted that the registered proprietors were entitled to some costs for these proceedings.
32. In reply to Mars’ submissions, Mr Buehrlen stated that he appreciated Ms Hutchinson’s arguments regarding the chain of communications and agreed with her point, but stated that he was instructed by the German principals to request costs. He also stated that from an administration point of view the chain was a necessity and he didn’t think it fair to ignore the overseas lawyer, and the point should be taken into account.
33. Mr Buehrlen also stated that the original offer put forward by the applicants had crossed in the post with the Form TM8 and counter-statement filed by the proprietors. He stated that if the offer had been made earlier then the proprietors may not have filed the Form TM8 and counter-statement.
34. After hearing the submissions from both parties I reserved my decision. From Mr Buehrlen’s submissions I noted his claims that the registered proprietors had begun

collating evidence to support their registration. I also noted from Sanderson & Co's letter dated 14 March 2000 that the costs "...includes preliminary preparations for evidence...". This point was unsubstantiated in the Official file in that no documents had been provided to show that such work had commenced. I should also add that during the course of the hearing, which was held via a video conference link, Mr Buehrlen held up a sheaf of papers which he claimed was the preliminary evidence collated by the registered proprietors.

35. Utilising the provisions of Rule 57 of the Trade Marks Rules 2000, I asked Mr Buehrlen to provide me with copies of the documents he had with him at the hearing. Given that these documents were already in his possession, I imposed a short deadline of 12.00pm the following day for the documents to be sent to me and copied to the other party.
36. Copies of the documents were not provided by the imposed deadline nor did I receive any explanation of this failure. I therefore issued my decision, making an award of costs of £135 to the registered proprietors, based on the official file as it stood at 12.00pm on 20 July 2000.

DECISION

37. At the time of the Interlocutory Hearing, the Registrar's power for awarding costs was provided for in Section 68 of the Trade Marks Act 1994 and Rule 60 of the Trade Marks Rules 2000, which read:

Section 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).....

(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.

Rule 60. The registrar may, in any proceedings before her under the Act or these Rules, by order award to any party such costs as she may consider reasonable, and direct how and by what parties they are to be paid.

38. The matter of costs in proceedings before the Registrar is a discretionary power. It could also be said looking at the wording of the rule, that the Registrar has a wide ranging power in respect of awards of costs. The Registrar's scale of costs relevant to these proceedings is attached to this decision at Annex A.
39. I note from the Official file that copies of the Registrar's scale of costs were copied to both parties at the outset of the proceedings in line with Registry practice. Therefore the registered proprietors and the applicants would have been aware at an early stage of the level of costs they could have expected to have received or be responsible for meeting at the conclusion of the actions.
40. It has been Registry practice that award of costs in proceedings before the Registrar are not compensatory to the winning party. However, the Registrar may make an award outwith the scale or award actual costs where the conduct of one of the parties to the proceedings makes such an award appropriate. The circumstances surrounding each particular case must be taken into account and cases determined on their own facts. Detailed guidance on when an award off the scale may be ordered would not be appropriate; the registrar has a discretion which should not be so fettered.
41. Having said that, circumstances which may lead to a higher than normal award of costs may be where there has been an abuse of process in proceedings before the Registrar. Taking account of the circumstances in the instant proceedings and the evidence before me at the hearing, I did not consider that there had been an abuse of process in the matter before me. Mars sought revocation/invalidity of a trade mark which had been raised as a citation against their later filed application for registration. Whilst it may be regrettable that no contact was made prior to launching this revocation/invalidity action I did not consider that their actions amounted to an abuse of process.
42. It is not uncommon for an applicant for registration to try to overcome citations raised during the examination stage through revocation of cited registered marks, or by seeking consent from the proprietors of registered marks, or by limiting the specification of their application so that the clash no longer exists. It may be that the instant case is somewhat unusual in that Mars attempted all three courses of action at some point during the progress of their application. But, again, I did not consider that this amounts to an abuse of process. It would appear that they were exploring several avenues open to them in order to obtain the registration of their application. Also, I noted that attempts were made to try to negotiate a settlement to this dispute. These settlement attempts continued after Mars' application for registration had proceeded to publication following a restriction to the specification of goods which overcame the citation.
43. I turn to consider Mr Buehrlen's contentions that the costs award should take account of the German principal's costs. Neither the registrar's scale of costs in force for these proceedings nor the recently published revised scale of costs (TPN 2/2000 refers) make provision for a contribution to instructing principals based overseas. I think that this is correct. Is it right that the registrar operate in effect two scales of costs; the question of which scale to apply to a party to proceedings being dependant on the

chain of communications being operated by that party? The answer must be no. Of course it may be argued that the costs of an overseas principal could be taken into account where the registrar awards actual costs to a party. But as detailed earlier in this decision I did not consider that an abuse of process occurred in the instant proceedings and accordingly I took no account of the costs of the German principals when making my decision.

44. Regarding the reference to *Mars UK Limited v Teknowledge* [2000] FSR 138, I noted that the pre-action conduct referred to by Jacob J was in respect of pre-action correspondence which in Jacob J's words "set the whole thing off on the wrong foot". That was not the case in the instant proceedings, because as acknowledged by both parties no correspondence took place prior to the action being launched. I also noted from Ms Hutchinson's submissions, the comments that a party running up large bills without warning to the other side is a matter that may be considered as to how a party has pursued or defended his case. It could be said given the early stage these proceedings had reached, that expenses of over £1500 sought by the registered proprietors were high. I noted that settlement was sought by both parties and that at some point an offer was on the table from Mars to the registered proprietors which included a substantial contribution to the costs sought. That offer was not accepted.
45. Considering the matter in the round, I did not consider that the applicants' behaviour in its pursuit of its goal to achieve registration of its trade mark through negotiation and proceedings amounted to an abuse of process or amounted to a case for an award of costs against them outwith the scale. Nevertheless, I was satisfied that the registered proprietors were entitled to a contribution towards their costs in these proceedings and I note that the applicants also accepted this point. If I had been satisfied that the registered proprietors had in fact commenced the preparation of evidence then I would have been minded to reflect this point in the costs award, however as stated elsewhere in this decision, I was provided with no documentation to substantiate the claim. Therefore I took no account of that work in my Award of Costs to the registered proprietors.
46. In the circumstances, I saw no reason why I should depart from the Registrar's published scale of costs in this instance and my decision was to award £135 in respect of the perusal of the application for revocation and for the filing of the brief counter-statement. I made no award to either party in respect of the costs of the hearing before me.

Dated this 28th day of February 2001

J S PARKER
Acting for the Registrar
The Comptroller General

ANNEX A

**Patents Act 1949 Patents Act 1977 Registered Designs Act 1949 Trade Marks Act 1938
Copyright, Designs and Patents Act 1988**

Costs in Proceedings before the Comptroller in respect of inter-partes proceedings under the provisions of the Patents Act 1949, the Patents Act 1977, the Registered Designs Act 1949, the Trade Marks Act 1938 and the Copyright, Designs and Patents Act 1988.

Scale of Costs

The Hearing Officer has a wide discretion when awarding costs. However when exercising this discretion in respect of any award of costs assessed after 1 July 1994, he will as a general rule be guided by the following scale. The figures quoted are not maxima and the Hearing Officer may award a higher figure in respect of any item where he considers it appropriate.

1:	Application or Notice of Opposition And accompanying statement.	£100 plus statutory fee (if any)
2:	Perusing Counterstatement.	£35
or		
1:	Perusing application or Notice of Opposition and accompanying statement	£35
2:	Counterstatement.	£100 plus statutory fee (if any)
3:	Preparing and filing evidence.	£200-£400
4:	Perusing evidence.	One half of figure 3
5:	Preparation for and attendance at Hearing	£200-£900
6:	Where the Applicant or Opponent appears in person and where attendance of witnesses is required by the opposite party, allowance will be made for general expanses and travelling, but the allowance for general expanses will not normally exceed £25 per day.	

On the determination of a case (otherwise than by a decision after Hearing) any party claiming costs may make application for an award. Detailed bills should not be sent, but particulars of any special expenses claimed may be supplied. As a general rule costs will follow the event, but in deciding upon an award the Hearing Officer will consider the extent to which costs to be awarded one party following successes on one or more grounds raised should be offset by costs to be awarded the other party on any grounds on which the other party was successful.

Costs will not be awarded against any party until he has had the opportunity of submitting to the Comptroller any relevant considerations.

In cases determined by a Decision after hearing, a finding on costs will be included in the Decision. Any submission on costs should therefore be brought forward for consideration at the Hearing.

In cases determined by agreement between the parties before Hearing, the settlement should deal with the costs of the proceedings.

The above scale will be used as a guide in all inter-partes patent proceedings before the Comptroller, and similar proceedings under the Registered Designs Act 1949, the Trade Marks Act 1938 and the Copyright, Designs and Patents Act 1988.

Following long-established practice, costs in proceedings before the Patent Office are not intended to compensate parties for the expense to which they may have been put.

Security for Costs in proceedings before the Comptroller

If an opponent, or an applicant for revocation of a patent, for the grant of a licence under a patent, for the determination of a dispute or for rectification of a Trade Mark, neither resides nor carries on business in the United Kingdom. The Comptroller may require him to give security for the costs of the proceedings. Interested parties are advised that for actions launched on or after 1 July 1994 this security will be increased from £700 to £900.

Previous Notice

This notice replaces that published in the Official Journal (Patents) of 26 October 1988 and the Trade Marks Journal of 19 October 1988.

P R S Hartnack
Comptroller-General of Patents, Designs and Trade Marks