

**TRADE MARKS ACT 1994**

**IN THE MATTER of Application No 2192332  
by Karl Harrison**

**and**

**IN THE MATTER of Opposition thereto under No 50250  
by Teton Valley Trading Company Ltd**

**Decision on Costs**

Background

1. The substantive decision in the above opposition proceedings was issued on 2 August 2002. The proceedings concerned an application filed on 19 March 1999, by Karl Harrison, to register the trade mark **CHINA WHITE** for a specification of goods which read:

Class 32

Beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages.

Class 33

Alcoholic beverages (except beers) including 'cocktails'.

2. The application was opposed by Teton Valley Trading Limited. The grounds of opposition went to sections 3(6) and 5(4)(a) of the Trade Marks Act 1994. In my decision dated 2 August 2002, I found that the opponents' had failed to prove their case under section 5(4)(a) but that their case under section 3(6) had been made out. I refused the application for the trade mark.

3. The case was a complicated one and there had been a number of interlocutory hearings during the course of the proceedings. As a consequence, both parties submitted that I should not make a decision on costs as part of the main decision but instead that they should be allowed to make written submissions on the issue of costs, taking into account my decision.

4. In my decision, I gave one month from the date of the decision for both parties to file written comments. The opponents filed their submissions under cover of a letter dated 2 September 2002. The applicants did not file any submissions but appealed the main decision to the High Court. They indicated that they wanted the matter of costs stayed pending the outcome of that appeal. I understand that the appeal has now been heard although I have not seen a copy of the judgment. I asked the registry to write out to the applicants asking for their submissions on costs and these were received with their letter of 3 March 2003.

5. From the letter it appears that they may be considering an appeal to the Court of Appeal. Regardless of that fact, it seems to me that the issue of costs in these proceedings has been outstanding for long enough. If there is an appeal to the Court of Appeal then, in the event that any appeal was successful, the issue of costs before the registry would be taken into account. Therefore, after a careful study of both parties submissions on costs and a review of the papers, I give my decision.

## **Decision**

6. As noted above, the issues inherent in these proceedings were complex. The opponents' submissions on costs fall into two parts. Firstly they seek costs from the usual scale and second, they request additional costs as a result of the further work and hearings that they claim were necessary in these proceedings. I will deal with the request for costs in chronological order.

## **Additional Costs**

### Hearing on 5 December 2001

7. The opponents refer to the interlocutory hearing which took place on 5 December 2001. This was the date set for the main hearing in this dispute. Shortly before this hearing, the opponents' original representatives withdrew. This had followed correspondence from the applicants claiming a conflict of interest. The opponents sought a postponement to allow them time to appoint new representatives. There was correspondence on the opponents' request but the applicants maintained that the hearing should go ahead. The opponents submit that the applicants' opposition to the postponement was, in the circumstances, entirely unreasonable. In addition, the applicants had on the 20 and 28 November sought leave to file additional evidence in the proceedings. As such, the opponents submit that it was unrealistic for the applicants to expect that the main hearing could go ahead without the opportunity for the opponents to either comment on the additional evidence, or file evidence in reply to it.

8. As the applicants maintained their request that the main hearing should proceed on 5 December, I heard the opponents' request for a postponement as a preliminary point. After hearing submissions, I allowed the opponents' request. The opponents seek an award of £529 for attendance at that hearing.

9. The applicants note that the opponents' representatives in the lead up to the main hearing, DLA, withdrew on 27 November having been made aware of the alleged conflict in June 2001. They note that I found that a delay to the main hearing would cause prejudice to the applicants and that as such they submit that this should be laid at the door of the opponents or their representatives. They argue that whilst they filed additional evidence on 20 and 28 November 2001, that was with a view to the main hearing taking place on 5 December.

10. I find the applicants' argument unconvincing. Firstly, given DLA's late withdrawal from the proceedings, I find the opposition to the request for a postponement was unreasonable. The withdrawal followed correspondence between the representatives concerning an alleged conflict. Whilst, absent the request to file late evidence, there would have been some

prejudice to the applicants in postponing the hearing, the prejudice to the opponents would have been far greater. They would have had to try to instruct new representatives to argue what has been acknowledged by both parties to have been a very complex case with large amounts of evidence in an unreasonably short space of time. The applicants sought costs from the opponents' previous representatives to cover their inconvenience. From their submission on costs it seems that this issue may have been resolved. I note that they state that "...we understand that the opponents previous representatives have reached an agreement with the applicant concerning the compensation the applicant is entitled to". I am pleased that this issue has been resolved without the need for further litigation, but it still leaves me with the issue of the opponents' costs from the hearing on 5 December.

11. As noted, I find the applicants' opposition to the request for a postponement unreasonable. In the circumstances, a short postponement was it seems to me, entirely justified and reasonable. I reach this view without taking into account the applicants' two requests to file additional evidence. I cannot accept, or understand, the applicants' position that they filed their request to submit additional evidence with a view to the hearing taking place on 5 December. The second request was filed barely five working days prior to the hearing. The evidence filed raised serious allegations and a new defence. As it was filed on 20 and 28 November, this did not, in my view, give the opponents enough time to consider the evidence and to reach a view as to whether they would want to object to it or file evidence in reply. This, merely strengthens my view that the applicants' opposition to the request for a postponement was unreasonable.

12. Thus, having considered the matter, it seems to me that the opponents' request for the costs of the hearing that took place on 4 December 2001 are entirely justified. In my view, given the late withdrawal of the opponents' representatives and the late request by the applicants to file additional evidence, the hearing should have been postponed. As such, I will make an award of £529-00 to the opponents.

#### Hearing on 8 January 2002

13. The opponents also seek costs from the hearing on 8 January. This was to determine the opponents' opposition to some of the late filed evidence and also to the applicants' defence of *ex turpi causa*.

14. The opponents submit that given the serious nature of the allegations contained in the applicants' additional evidence it was entirely reasonable for the opponents to refuse to accept some of the late filed evidence. They note that whilst I admitted the evidence on 8 January, in my substantive decision I found it to be entirely without impact on the proceedings. The opponents note that although I found in the substantive decision that the defence of *ex turpi* could in principle apply to passing off cases, that on the evidence before me there was nothing to suggest that it applied here. The opponents argue that it was merely an attempt by the applicants to muddy the waters and blacken the opponents' name.

15. The applicants point out that at the hearing on 8 January they were successful in having the additional evidence admitted and in allowing the defence of *ex turpi* to be argued at the main hearing. As such, the applicants seek their costs of £782-00 and counsel fees of £1750 giving a total of £2532.

16. Whilst the applicants were successful in their request to file evidence, this was an indulgence on the part of the registrar. Further, the opponents were given leave to and did file evidence in reply. The additional cost of considering the further evidence and of preparing and filing the evidence in reply, should fall, in my view, on the applicants since it was their request that led to the need for the opponents to file further evidence. Further, although I allowed the applicants to run their defence, this was not set out in their original pleadings. Therefore, in allowing their request to run the defence, it was necessary for them to amend their counter-statement.

17. Thus although the applicants were successful in both their requests, these led to additional costs falling on the opponents. Therefore, in all the circumstances I find that I should make no award of costs from this hearing. Each party should bear their own costs.

#### Main Hearing on 13 March 2002

18. In respect of costs from the main hearing, the opponents seek costs from the scale and additional costs. In so far as the first of those is concerned, the opponents suggest that the costs from the usual scale would amount to £1635. This is made up of the usual costs for filing the opposition, but the figures for filing evidence, perusing the other sides evidence and attendance at the hearing are taken from the upper end of the scale. They argue that as this was a complicated opposition, substantial initial and further evidence was filed by both parties and the main hearing took a whole day. In these circumstances they argue that it is only right that the maximum amount of costs be awarded.

19. In addition, they seek further costs in relation to this hearing. They argue that the *ex turpi* defence had to be dealt with as a preliminary issue. They estimate that two hours were taken up arguing this point. I think that this estimate is about right. They argue that this defence, on the evidence before me, could never have been successful. As such, they ask for £730-00 costs for the additional costs in arguing this defence.

20. The applicants argue that faced with the serious allegation of bad faith they were entitled to raise this defence. The applicants in their submissions note that the opponents claim the maximum amount on the grounds that the case was complicated. They submit that this was due to the opponents' allegations being serious and that the issues to be resolved were not clear cut. In their view for those reasons, particularly in view of the fact that the issues being examined were not clear cut, there is ample justification for not making an award for the maximum requested. They argue that it was the opponents who chose grounds of such a complex nature which in turn led to the applicants taking such extensive steps to defend the opponents' allegations. They point out that the opponents had two grounds and failed on one. In their view the passing off ground could not have succeeded. They also note that on the ground of bad faith, I found that the applicant had seen nothing wrong in his own behaviour. As such, they argue that if costs are to be awarded at all then it must be a considerably smaller sum than that requested.

21. I have looked carefully at the submissions made to me. However, at the end of the day, the opponents were successful in their opposition to the application in suit. The case was complex, as was the hearing. I note the applicants submission that the opponents selected the grounds but I do not follow their argument on this point. The opponents did not plead a large

number of grounds. They argued only two. Those two grounds were legitimate grounds of opposition. As it was, they succeeded on the ground of bad faith.

22. I have already taken into account the additional costs burden of considering the further evidence and of filing evidence in reply in deciding the costs of the hearing on 8 January. However, the substantive evidence in this case, was complex. I will, on this occasion also take into account the fact that, on the evidence before me, the opponents failed on the passing off ground and thus failed on one of the grounds of opposition. However, I should in my view also take into account my finding that, on the evidence before me, the applicants' defence of *ex turpi* failed. The applicants were entitled to raise that defence, but having failed, this should in my view be taken into account in costs. That said, I am not minded to make a distinct award for the work done on this defence and so will not make a separate award as requested by the opponents.

23. Thus, it seems to me, that having regard to all the facts, the opponents' request for an award of costs from the scale, but towards the upper end of that scale, is entirely justified. In making this award, I have reduced the award to take account of the fact that the passing off ground failed but balanced against that, I have increased the award to take into account the failure of the applicants' defence. As such, in the main proceedings, I will award costs of £1600-00 to the opponents.

#### Conclusion

24. Therefore, having regard to my decision on costs set out above, I order that the applicants pay the opponents the sum of £2129-00 as a contribution towards their costs. Such costs to be paid within one month of the expiry of the appeal period from this decision.

**Dated this 30<sup>TH</sup> day of June 2003**

**S P Rowan  
For the Registrar  
the Comptroller General**