

O-377-10

TRADE MARKS ACT 1994

SUPPLEMENTARY DECISION ON COSTS

CONSOLIDATED PROCEEDINGS IN THE MATTER OF:

- 1) GRADED QUALIFICATIONS ALLIANCE'S OPPOSITION (NO 98671)
TO A TRADE MARK APPLICATION (NO 2498139)
BY GLASS QUALIFICATIONS AUTHORITY LIMITED
TO REGISTER THE TRADE MARK:**



AND

- 2) GLASS QUALIFICATIONS AUTHORITY LIMITED'S APPLICATIONS TO
INVALIDATE (NOS 83445 & 83446) TWO TRADE MARK
REGISTRATIONS (2453167A & 2453167B)
IN THE NAME OF GRADED QUALIFICATIONS ALLIANCE
FOR THE MARKS:**

QQAL/GQal (A SERIES REGISTRATION)

And



The background and the pleadings

1) On the 11 August 2010 I issued a decision in relation to these consolidated proceedings. In summary, the decision in relation to Glass Qualifications Authority Limited's ("Glass") applications to invalidate two trade mark registrations (2453167A & 2453167B) in the name of Graded Qualifications Alliance ("Graded") was as follows:

In relation to the claims under section 3(6), the application for invalidation was refused.

In relation to the claims under section 5(4)(a), the applications succeeded in respect of goods and services relating to the awarding of educational qualifications in the field of engineering, but failed in relation to goods and services relating to the awarding of educational qualifications in the fields of the arts, entertainment, hospitality, catering, business management, law, financial studies, science and social sciences, philosophical studies and religious subjects, medicine, health related subjects, nutrition, travel and tourism, photography, environmental subjects, languages, computer studies, agriculture, horticulture, outdoor recreational activities and child care services.

2) As noted in the decision, the limitation of Graded's goods and services to the awarding of education qualifications in the fields specified above was only undertaken after the hearing had taken place. Prior to that, the goods and services related to the awarding of educational qualifications at large.

3) In relation to Graded's opposition to Glass' trade mark application, this was based on Graded's registrations which had, at least partially, survived Glass' attack for invalidation (as detailed above) and the decision was, in summary:

Under section 5(2)(b) – as some of the goods and services were not similar there was no likelihood of confusion. Some of the goods and services were similar and there was a likelihood of confusion. However, Glass had provided a "fall-back" limitation in which it identified the fields relevant to the qualifications it offered. This limitation meant there was no likelihood of confusion. Glass was, therefore, left with a range of goods and services, some limited, others not.

4) In relation to costs, I stated:

"105) As can be seen from the preceding paragraph, the overall outcome is something of a score draw. Ordinarily in these circumstances I would not have favoured either party with an award of costs. However, I agree with Glass' further written submissions that the filing of such a late partial surrender by Graded should have an impact on this analysis. Glass asked

for an opportunity to make further submissions on costs having had the chance to see the impact of the partial surrender on these proceedings. I agree that such an opportunity should be provided. Graded may, of course, avail itself of the same opportunity. That being said, the submissions should be carefully marshalled to reflect what additional costs were incurred by the late partial surrender (relevant bills showing the time spent and cost incurred should also be provided). I say this because even if the partial surrender had been put in as a fall-back specification at (or shortly before) the hearing this would have had little impact on the proceedings prior to this point and may not have even disposed of the need for a hearing. It is the post surrender costs which are more relevant.”

106) I will allow a period of 28 days from the date of this decision in order for written submissions on costs to be made. I will then issue a supplementary decision dealing with the costs issue. The appeal period for this substantive decision will run concurrently with the appeal period for my decision on costs.”

5) Graded filed written submissions in which it argued that the parties should bear their own costs and that there was no need to depart from the registrar’s published scale. It also highlighted that a proprietor may surrender or partially surrender its registration at any time and, having done so, the decision on costs should not exceed the normal scale.

6) Glass filed written submissions in which it provided a breakdown of its costs for: i) the period between the date of it offering its own fall-back specification in relation to its trade mark application and the date of Graded’s partial surrender and ii) the period subsequent to Graded’s partial surrender. Its “summary submissions” were:

“i) That although the learned hearing officer indicated that the overall result was “something of a score draw” our primary submission is that the behaviour of Graded in particular in

a. Failing to accept the open proposals for compromise and re-wording of the scope of the marks in question made long prior to the hearing (and referred to in the evidence and our initial skeleton of argument), and

b. Filing so late their partial surrender.

should reflect in a simple order that Glass be awarded their costs of this matter. Such a simple order and award would follow the usual precedent that costs tend to follow the event, such that where one party can be said to have been “more successful” than the other party, then it is both fair and reasonable that they receive an

appropriate costs award. Such a costs award would be made in accordance with the scale issued by the IPO and therefore would avoid the need for the learned hearing officer to undertake detailed analysis of the actual spent costs or incurred fees and charges.

- ii) Further and in the alternative, if there is no costs award on the general costs of the action, save that each party bear its own costs, there should nevertheless be a special costs award made to Glass, which reflects the costs incurred as a result of the unreasonable behaviour of Graded. Such an award is justified by the application of the “but for” test i.e. such costs would **not have been incurred, or not at such a high rate, but for the actions, omissions or other behaviour by or attributable to Graded.** In order to analyse such costs it will be necessary for the learned hearing officer to consider the skeleton bill of costs appended hereto as **Annex One**, which shows the nature and quantum of costs (and fees and expenses) incurred at the relevant times and in respect of the relevant stages of the action.
 - iii) Yet further and in the alternative, insofar as an order is made in accordance with (ii) above, then we submit that the behaviour of Graded is such as to justify costs being awarded at the higher scale.
- 7) I also note the following from Glass’ submissions:
- a) It refers to its own fall back specification which, had it been accepted, would have materially and significantly limited costs.
 - b) It provides a copy of TPN 2/2000 relating to the awarding of costs in proceedings before the tribunal and highlights, in particular, the circumstances in which hearing officers will be prepared to exceed the scale, in particular, but not exclusively, to deal proportionately with breeches of rules, delaying tactics and other unreasonable behavior. Further reference to this TPN highlights that an award approaching full compensation can be considered.
 - c) It highlights its bill of costs of just over £19,000 which it asks me to award or such other close sum as I consider reasonable.
 - d) It submits that Glass has been more successful in the eventual outcome and that costs should follow the event (a reference is made to CPR Part 44.3(2) which I note¹). In particular, it submits that had Graded not chosen

¹ I also note, of course, that the CPR is not binding on me: *St Trudo Trade Mark* [1995] FSR 345, *Rhone-Poulenc Rorer International Holdings Inc v Yeda Research and Development Co Ltd* [2006] RPC 24 and [2007] RPC 9.

- to submit a late partial surrender then it is clear from my decision that such a result would have followed.
- e) It refers to *Rizla Ltd's Application* [1993] RPC 365 to the extent that I have a broad discretion, subject to the overriding requirement to act judicially. It is submitted that *Rizla* is analogous in circumstances to the present matter as it related to a particular action being withdrawn one week before the appointed day of the hearing; Graded choose to wait until after the hearing to surrender a large part of its specification.
 - f) It refers to the decision in *Statoil ASA* (BL O/268/05) where a hearing officer stated that it is permissible to depart from the scale if a party unreasonably caused the other side to incur costs. It refers to Graded's "delayed (late) tactics" and that it had opportunities to re-plead or seek limitations prior to the hearing but choose not to do so. It states that Graded did unreasonably cause Glass to incur costs and refers to the first part of its costs breakdown in the sum of £13,281.
 - g) It refers to the costs in compiling these submissions and annexes as well as the other post-hearing submissions (a total of £5,779.97 for this period) which is directly attributable to the actions of Graded
 - h) That Graded have been in receipt of proper and professional advice and so its actions have not been a result of ignorance of the law or procedures.
 - i) That its bill of costs is clear and contains the most useful information, bearing in mind practice direction (PD) CPR 44 pd.7.5 and Form N260. Also that its costs have been proportionate as to, for example, the use of Counsel and more senior fee earners and that no meetings etc have taken significant time.
 - j) It refers to the decision of Mr Hobbs QC (sitting as the Appointed Person) in *General Traders Ltd v MFI* (BL O/315/09) who stated that "an award of costs should reflect the effort and expenditure to which it relates".
 - k) That any order is clear as to the timescale for compliance.
- 8) Glass has made submissions on the basis of Graded's refusal to accept its "fall-back" specification which, it says, would have limited costs. However, there is no obligation on Graded to accept such an offer and, so, I struggle to see how this should effect the matter of costs. It is clear that Graded did not consider that the "fall-back" specification overcame its opposition. When I wrote to the parties after the hearing (due to Graded filing its partial surrender) I specifically asked Graded what impact Glass' fall-back specification had on its opposition. Its response was brief, but it is clear in that its opposition was pursued despite the scenario of its now partially surrendered registrations against an application with

a fall-back limitation. Graded wished to have its opposition decided on its merits and I do not consider its decision to do so to be unreasonable in the overall context of this case.

9) The above rationale also follows through to Glass' response to Graded's partial surrender. Glass wished its applications for invalidation to be decided on their merits. It made written submissions on why the the limitation of the education fields of Graded did not overcome its applications for invalidation. Indeed, I was persuaded on the basis of its submissions to uphold its objection to one of the education fields to which the goods/services were limited. In terms of costs, even if the partial surrender had been filed earlier, from the positions on record, this would not have avoided the respective claims from proceeding to a determination. In terms of whether the proceedings will have been dealt with in a different manner (with less cost), there is simply no way of telling, but the fact remains that both parties, despite the partially surrendered registrations and the fall-back limitation already in play for the trade mark application, still maintained their positions.

10) There is also a submission from Glass that it has been the more successful party because had the partial surrender not been undertaken then it would have been successful. Whilst this may be true, the fact remains that the registrations were partially surrendered and both parties achieved a measure of success in the actual outcome. If Graded had partially surrendered its registration earlier then such an outcome would have been the same. In my view, the only real issue in relation to costs stems from the timing of the partial surrender, whether this constitutes unreasonable behavior, and what impact this has had on costs.

11) In view of my comments in the preceding three paragraphs, Glass' request for costs (scale or otherwise) for the whole or substantially whole of the proceedings is refused.

12) In relation to the post-hearing partial surrender, Graded submit that a proprietor may surrender or partially surrender a registration at any time. This, of course, is correct, but the partial surrender had an impact on my decision and I have no doubt that the partial surrender was requested by Graded as a direct result of the proceedings with the intention of it having an impact on the outcome. No other explanation has been put forward nor has any explanation been put forward as to why the partial surrender was requested at such a late stage. Given all this, I am of the view that the partial surrender could and should have been requested at an earlier stage, at the very least in the days before the hearing, so that the other side could reflect on this in its submissions at the hearing. I consider that the failure to do so does constitute a form of unreasonable behaviour, particularly, as I noted in my earlier decision, that the letter from the Intellectual Property Office notifying the parties of the hearing date indicated that the respective marks would be considered for their specifications as they stand unless fall-back/limited specifications are filed for consideration. This should have

sent a clear message to Graded that if it wished to rely on a limited specification then this should be done prior to the hearing. Whilst I have already found (in my earlier decision) that the limitation must be actioned and that its reduced scope must be taken into account in the proceedings, the lateness of its request is something that should be compensated for in costs subject, of course, to additional costs being incurred.

13) In relation to costs, Glass' statement of costs identifies solicitor's fees for "advising Apps, all correspondence with various parties, telephone attendances, reviewing, drafting and preparing submissions, official forms and other documentation" as being a pre VAT total of £3,624. The bulk of this represents the work (11.24 hours) of Mr Dennis Lee (a partner in Silverman Sherliker). There are also the costs of Counsel (Ms Denise McFarland) of £460 for advising and preparing submissions in response to the partial surrender and £750 for preparing submissions on costs. VAT² on all the above is also claimed totaling £845.97 and, also, £100 as the official fee for seeking an extension of time in which to file its submissions, so making a total claim of £5,779.97.

14) In relation to the above costs, whilst I am prepared to make an award to compensate Glass for having to undertaken, separately (and after the hearing), tasks which it could have undertaken during the normal scheme of things, I am conscious that its written submissions on the impact of the partial surrender were a little overreaching and could have been undertaken in a more economical fashion. The same applies to the submissions on costs particularly given that I indicated that such submissions "...should be carefully marshalled to reflect what additional costs were incurred by the late partial surrender". I award nothing for the official fee of £100 for requesting an extension of time as the 28 day period allowed should have been sufficient for the task to be undertaken. The claim, including VAT, was for £5,779.97. Taking into account what I have said in this paragraph I consider that a sum of £3750 is a reasonable sum to award.

15) I hereby order Graded Qualifications Alliance to pay Glass Qualifications Authority Limited the sum of £3750. Such a sum should be paid within seven days of the expiry of the appeal period (which commences this day in relation to both the substantive decision and this supplementary decision) or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 28 day of October 2010

**Oliver Morris
For the Registrar
The Comptroller-General**

² Glass confirmed in a further letter that it was not a VAT registered company and, thus, cannot recover the VAT it will have to pay.