

O-378-11

TRADE MARKS ACT 1994

TRADE MARK APPLICATION No. 2524102

AND

TRADE MARK REGISTRATION No. 2458518

FOR THE TRADE MARK 'RED MANGO'

BY TALAT ISMAIL

AND

CONSOLIDATED INVALIDATION AND OPPOSITION PROCEEDINGS

UNDER Nos. 83448 & 99871

BY RELAY INTERNATIONAL CO LTD

DECISION ON COSTS

1. On behalf of the Registrar, I decided on 29 July 2011 that trade mark No.2524102 is refused and trade mark registration No. 2458518 is declared invalid. I have already given the reasons for my decision, but in essence they amounted to a finding that the applications in question were filed by Mr Talat Ismail in order to obtain an unfair benefit from Relay International Co Ltd of South Korea ("Relay").

2. Relay has since asked for an award of costs above and beyond the Registrar's usual scale of costs. Mr Ismail does not oppose an award of costs, but it is submitted on his behalf that costs should be awarded only on the usual scale.

3. There is no doubt that the Registrar has the power to award reasonable costs. Rule 67 of the Trade Mark Rules 2008 provides follows:

Costs of proceedings; section 68

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.

4. The Registrar normally awards costs on a contribution basis within the limits set out in the published scale. The latest version of the scale is included in Tribunal Practice Notice 4/2007. However, as this Notice indicates, the Registrar has the power to award reasonable costs on a different basis where the circumstances justify it. The courts have long recognised this: see *Rizla Ltd's Application* [1993] RPC 365. The Practice Notice recognises that unreasonable behaviour may justify costs on a compensatory basis. The Appointed Person follows a similar approach and sometimes awards costs on a compensatory basis: see, for example, *Ian Adams Trade Mark*, BL O-147-11.

5. Relay's case is essentially that Mr Ismail made the trade mark applications for RED MANGO in bad faith in order to obtain an unfair benefit from them, and that when challenged he persisted with his claims and fabricated a story to cover up the real purpose of his applications. Relay says that exposing the truth about Mr Ismail's trade marks in order to get them refused/cancelled has cost it a substantial sum of money and that Mr Ismail should be ordered to compensate it for most of the cost¹.

6. The cost is described in a letter dated 25 August 2011 from Relay's current UK trade mark attorneys, J.A.Kemp & Co. According to the schedule attached to this letter, Relay spent £65760.37 proving its ground for opposition/cancellation. This consists mainly of £15,500 for counsel's fee, £17,618 for J.A. Kemp's work (including 4 hours at the hearing), and £28,625 for Reynolds Porter Chamberlain LLP's work, who prepared Relay's evidence in chief (2 affidavits of 11 and 3 pages with 2 exhibits of 60 pages) and conducted internet archive and domain name searches

¹ Relay also claims that the cost of the opposition and invalidation actions before the Office have been "aggravated" by the effect of the trade marks, which has been to block it from entering the UK market. However, there is no evidence that the trade marks have actually delayed Relay's planned entry date into the UK market. I therefore regard this point as a "red herring".

which uncovered information that proved to be important to the outcome of the proceedings. There was also £1831 costs incurred by the firm of trade mark attorneys who preceded J.A.Kemp & Co. (Withers & Rogers) and over £2k spent on disbursements, including nearly £800 on fax charges and over £500 on photocopying and preparing bundles for the hearing.

7. It is submitted that Relay was justified in appointing an experienced firm of solicitors (Reynolds Porter Chamberlain), in addition to trade mark attorneys, in order to prepare the affidavit evidence because of the commercial importance of the matter to Relay and because of the difficulty of proving a bad faith allegation in the face of Mr Ismail's cover story.

8. It is submitted on behalf of Mr Ismail that:

- i) The fees for Relay's counsel are too high (Mr Ismail own counsel fees are £7500) even bearing in mind the additional work involved in the cross examination of Mr Ismail;
- ii) There was evidently much duplication in the work of Reynolds Porter Chamberlain and J.A.Kemp & Co.;
- iii) Although fee rates are provided, there is insufficient particularisation about who did what, and it appears that senior staff at rates of £365-450 per hour must have done work which should have been given to junior staff members at lower rates;
- iv) One of Relay's grounds was dropped, which it is estimated accounted for 5% of the costs;
- v) The exhibit to Mr Jo's evidence (56 pages) consisted in large part of internet materials or materials easily accessed over the internet (the supposed litigation expertise of Reynolds Porter Chamberlain therefore not being necessary);
- vi) Mr Ismail's evidence was relatively brief and self contained and did not justify numerous hours of evaluation;
- vii) There was no disclosure by Relay, and the limited disclosure provided by Mr Ismail of plans to open a stall in a shopping mall is not a sufficient reason to award the significant compensatory costs claimed by Relay;
- viii) The amount claimed for disbursements is too high given the limited amount of paper in the case.

9. The parties were asked whether they wished to be heard. Relay indicated that it was content for the matter to be decided on the basis of the written submissions. No response was forthcoming from those representing Mr Ismail.

10. Dealing firstly with whether costs should be awarded on a compensatory basis, it is submitted on behalf of Mr Ismail that this would not be appropriate because the tribunal did not find that Mr Ismail did not have a genuine belief in his own entitlement to file the trade mark applications. Whilst that is a relevant factor, I do not consider it to be decisive. Otherwise an applicant with a very low standard of behaviour would be better protected from the consequences of his or her action than one who had breached a higher standard of self behaviour. On the other hand, I do not think that the mere fact that, judged objectively, applications were made in bad faith should necessarily invoke a costs award on a compensatory basis. The key, as it seems to me, is how the applicant behaved when the behaviour was challenged. In this case Ms Ismail not only defended his applications, he denied knowing things he in fact knew, and invented or exaggerated his own legitimate plans for the trade mark in order to cover up the real purpose of his applications. In my view, the attempt to disguise the true facts and purpose of the applications amounts to unreasonable behaviour and therefore justifies Relay's claim for costs on a compensatory basis.

11. However, Relay's costs must have been reasonably incurred. I do not think that all of Relay's costs were. Bearing in mind that Mr Ismail's own counsel fees appears to be £7500, I do not consider that Relay should reasonably have incurred more than £9000 on counsel fees. The amount spent on preparation of Relay's evidence and consideration of Mr Ismail's evidence also appears excessive. I cannot see why over 70 hours of Reynolds Porter Chamberlain's time was spent preparing two relatively short affidavits. The cost of the internet and domain name researches required also appears to have been conducted at an excessively senior level and therefore at a cost of at least £355 per hour. And I accept the submission that there appears to have been significant duplication of cost because of the appointment of both solicitors and trade mark attorneys. I do not think that it was necessary or reasonable for more 40 hours of partner time (at £365 per hour) and 21 hours of junior assistant time (at £226 per hour) to have been devoted to bringing the actions and dealing with the evidence. That indicates a reasonable cost of £19346.

12. The fax charges and photocopying costs are also excessive, bearing in mind the amount of evidence in the case. A third of what is claimed would be a reasonable figure. That equates to £437. With other expenses and costs that amounts to £1312.

13. This amounts to £29,658 in total. Reduced by 5% to cover the work associated with the dropped "well known mark" claim, the figure reduces to £28,175.

14. I therefore order Mr Talat Ismail to pay Relay International Co. Limited the sum of £28,175. This sum to be paid within 28 days of the date of this decision.

Dated this 02 day of November 2011

**Allan James
For the Registrar**