O-620-16

TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK REGISTRATION NO 01550700 AND TRADE MARK NO 02183949B IN THE NAME OF FURNITURE VILLAGE LIMITED

AND IN THE MATTER OF CANCELLATION NUMBERS 00500653 AND 00500654 THERETO IN THE NAME OF FURNITURELAND.CO.UK LIMITED

DECISION AS TO COSTS

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1. This is a Decision as to Costs following a Decision issued on 28 October 2016 (O-507-16) (hereinafter "***the Decision***") in the above appeal which concerned two consolidated applications for revocation on the grounds of non-use. It was an appeal against an interim decision dated 3 November 2015 of Mrs Ann Corbett, acting for the Registrar and against her subsequent substantive decision, dated 20 January 2016, (O-032-16).

2. The appeal was brought by Furnitureland.co.uk Limited (hereinafter "***the Appellant***"). The Respondent to the appeal was Furniture Village Limited (hereinafter "***the Respondent***").

3. As noted in paragraph [92] of the Decision the findings on appeal were in summary:

    (1) The appeal against the Hearing Officer's interim decision dated the 3 November 2015 was dismissed;

    (2) The appeal against the Hearing Officer's findings in relation to the application for revocation against Trade Mark Registration No 1550700 was dismissed; and

    (3) The appeal against the Hearing Officer's findings in relation to the application for revocation against Trade Mark Registration No 2183949B was allowed and therefore an order was made directing that Trade Mark Registration No 2183949B be revoked with effect from 11 March 2011.

Trade Mark Registration No. 1550700 is, as in the Decision, hereinafter referred to as "***the 1993 Mark***" and Trade Mark Registration No 2183949B is, as in the Decision, hereinafter referred to as "***the Device Marks***".

4. Both parties had a measure of success on appeal. In relation to the application for costs of the appeal the Respondent had previously indicated that it would wish to make an application for the costs of the appeal be awarded off the scale. No such indication had been given by the Appellant. Neither side appealed the decision of the Hearing Officer to award costs on the standard scale.

5. At the end of the substantive hearing of the appeal it had been agreed between the parties that it was appropriate for a decision as to costs to be made on the basis of written submissions. In those circumstances directions were given in paragraph [94] of the Decision as follows:

   (1) On or before 4 pm on 11 November 2016 the parties must confirm in writing whether or not they are claiming costs other than on the standard scale in respect of both the application to adjourn the appeal and the costs of the appeal.

   (2) In the event that either party confirms that they intend to seek an order for off scale costs then on or before 4 pm on 18 November 2016 that party must: (a) provide a bill itemising the actual costs upon which they intend to rely for that purpose; and (b) provide a reasoned statement in support of their request for costs to be awarded on an off scale basis.

6. Pursuant to:

   (1) Paragraph 94(1) of the Decision the Respondent indicated in a letter that it was seeking a costs order off the usual scale in relation to certain costs of the appeal and the Appellant confirmed that it did not seek costs off the usual scale; and

   (2) Paragraph 94(2) of the Decision under cover of a letter dated 17 November 2016 the Respondent provided a schedule of costs together with written submission in support of its application for off scale costs.

7. Subsequently, by email dated 21 November 2016, further directions were issued as follows:

   (1) on or before 4 pm on Monday 5 December 2016 the Appellant shall provide its written submissions in response to the materials submitted on behalf of the Respondent in support

> of its application for costs under cover of a letter dated 17 November 2016 from Bracher Rawlins LLP; and
>
> (2) on or before 4pm on Wednesday 14 December 2016 the Respondent shall provide its written submissions, if any, strictly in reply to those served on behalf of the Appellant.

8. By email timed at 14:51 on Monday 5 December 2016 the following request was made on behalf of the Appellant:

> Further to your email of 21 November 2016, we confirm that the Appellant's submissions are close to being completed. However, we find that we are struggling to make the deadline in the timeable (sic) and so have to request from Ms Himsworth a very short extension of time to 10am tomorrow morning, 6 December 2016 to complete and file the submissions, with a consequential similar extension for those in reply. We apologise for this situation.

9. By a preliminary decision on extension of time issued on 5 December 2016 (O-581-16) the following directions were given:

> 6. However, the extension of time requested is very short i.e. until 10 am on 6 December 2016 therefore my preliminary view, subject to anything that the Respondent may wish to submit, is to direct that, pursuant to Rules 62(1)(a), 62(3) and 72(4) of the Trade Mark Rules 2008, unless the Appellant complies with the direction set out in the email of 21 November 2016 by 10 am (GMT) on Tuesday 6 December 2016 a decision as to costs will be made on the basis of the materials currently before me.
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> 7. In the event that the Appellant does comply on or before 10 am (GMT) on Tuesday 6 December 2016 with the direction set out in the email of 21 November 2016 the Respondent's time for complying with the directions set out in the email of 21 November 2016 will be extended until 10 am (GMT) on Thursday 15 December 2016.
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> 8. Should the Respondent wish to make any submissions on the above it should do so before 4pm (GMT) on Thursday 8 December 2016.

10. Just before 10 am (GMT) on Tuesday 6 December 2016 written submissions were submitted on behalf of the Appellant and on 14 December 2016 the Respondent filed written submissions in reply. The Respondent did not make any submissions pursuant to paragraph 8 of the preliminary decision on extension of time.

11. This Decision as to Costs is made on the basis of the written materials that are before me.

12. There are a number of discrete points that need to be dealt with:

   (1) The adjustment of the cost order made by the Hearing Officer below in respect of both the interim and substantive hearing for which there is no application for off scale costs by either side;

   (2) The costs of the application to adjourn the hearing of the appeal (hereinafter "***the Application***") which was refused in a decision dated 23 June 2016 (O-363-16) in respect of which there is a claim for off scale costs by the Respondent; and

   (3) The costs of the substantive appeal where both sides have had a measure of success and in respect of which the Appellant makes no application for off scale costs and the Respondent makes a claim for off scale costs in respect of some of the issues in respect of which the appeal was dismissed.

13. The Respondent had dealt with the costs under each of the headings in detail whether in support of its claims for off scale costs or otherwise. However, the Appellant has not broken down its submissions but taken a general approach. The Appellant has provided detailed submissions as to why it would not be appropriate for off scale costs to be awarded but has not made submissions directed to, for example, the costs of the hearing and attendance at the hearing before the Hearing Officer on 2 November 2015 or with regard to the Application. Nor has it made any specific as opposed to general comments with regard to the figures claimed on behalf of the Respondent.

14. Instead in summary the position of the Appellant is as stated in paragraphs 51 to 57 of the written submissions filed on its behalf as follows:

> 51. [The Appellant] is the winning party on balance in these consolidated actions.
>
> 52. It won the Device Marks (with the considerably more legal argument involved) absolutely.
>
> 53. It won a small concession (but a narrowing of the specifications never the less) of the 1993 Mark.
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> 54. If one looks at that as a whole, that is more than 50% of the fight. [The Appellant] should be awarded costs on the scale as the winning party.
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> 55. Alternatively, these were consolidated proceedings, and [the Appellant] claims any and all costs that would have been required for the Devices Marks claim in any event – e.g. attending hearings, preparing consolidated

documents etc. and a proportion of the other costs to reflect those parts in which it prevailed.

56. No order for costs off the scale should be granted. No unreasonable behaviour by [the Appellant] and also no extra costs properly and accurately identified by [the Respondent].

57. Alternatively, it is not possible to allow the costs order off the scale as claimed, since it is not revise [sic] enough to allow items claimed to be disputed and many of them appear to be (or at least may be) duplicate items for costs incurred where [the Respondent] was wholly unsuccessful.

15. It seems to me that it is both necessary and appropriate for me to consider the costs on the basis of the three categories outlined in paragraph 12 above.

The approach to the award of costs

16. A convenient summary of the approach to the award of costs can be found in the decision of Geoffrey Hobbs QC sitting at the Appointed Person in Edge Interactive (O-295-14) at paragraphs [9] to [13]:

9. I now turn to consider the third and fourth of the four points noted in paragraph 6 above in the context of section 68(1) of the Trade Marks Act 1994, which establishes that:

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.

Rule 67 of the Trade Marks Rules 2008 accordingly provides that

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.

10. The long established practice in Registry proceedings is to require payment of a contribution to the costs of a successful party, with the amount of the contribution being

determined by reference to published scale figures. The scale figures are treated as norms to be applied or departed from with greater or lesser willingness according to the nature and circumstances of the case. The Appointed Persons normally draw upon this approach when awarding costs in relation to appeals brought under section 76 of the 1994 Act.

11. The use of scale figures in this way makes it possible for the decision taker to assess costs without investigating whether or why there are: (a) disparities between the levels of costs incurred by the parties to the proceedings in hand; or (b) disparities between the levels of costs in those proceedings and the levels of costs incurred by the parties to other proceedings of the same or similar nature. This approach to the assessment of costs has been retained for the reasons identified in Tribunal Practice Notice TPN 2/2000, supplemented by Tribunal Practice Notices TPN 4/2007 and TPN 6/2008.

12. It is, as I have indicated, open to the decision taker to depart from the published scale figures in the exercise of the power to award such costs as (s)he may consider reasonable under rule 67. In that connection Tribunal Practice Note TPN 4/2007 provides the following guidance:

> **Off scale costs**
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> 5. TPN 2/2000 recognises that it is vital that the Comptroller has the ability to award costs off the scale, approaching full compensation, to deal proportionately with wider breaches of rules, delaying tactics or other unreasonable behaviour. Whilst TPN 2/2000 provides some examples of unreasonable behaviour, which could lead to an off scale award of costs, it acknowledges that it would be impossible to indicate all the circumstances in which a Hearing Officer could or should depart from the published scale of costs. The overriding factor was and remains that the Hearing Officer should act judicially in all the facts of a case. It is worth clarifying that just because a party has lost, this in itself is not indicative of unreasonable behaviour.
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> 6. TPN 2/2000 gives no guidance as to the basis on which the amount would be assessed to deal proportionately with unreasonable behaviour. In several cases since the publication of TPN 2/2000

> Hearing Officers have stated that the amount should be commensurate with the extra expenditure a party has incurred as the result of unreasonable behaviour on the part of the other side. This "extra costs" principle is one which Hearing Officers will take into account in assessing costs in the face of unreasonable behaviour.
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> 7. Any claim for cost approaching full compensation or for "extra costs" will need to be supported by a bill itemising the actual costs incurred.
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> 8. Depending on the circumstances the Comptroller may also award costs below the minimum indicated by the standard scale. For example, the Comptroller will not normally award costs which appear to him to exceed the reasonable costs incurred by a party.

> 13. It should at this point be emphasised that an award of costs must reflect the effort and expenditure to which it relates, without inflation for the purpose of imposing a financial penalty by way of punishment for misbehaviour on the part of the paying party. It is certainly not possible to award compensation to the receiving party for the general economic effects of the paying party's decision to pursue the proceedings in question: *Gregory v. Portsmouth City Council* [2000] 2 WLR 306 (HL); *Land Securities Plc v. Fladgate Fielder (A firm)* [2009] EWCA Civ. 1402; [2010] 2 WLR 1265 (CA).

17. The guidance in the form of TPNs has now been updated by TPN 2/2016. That TPN confirms the previous guidance as set out in the TPNs summarised in the Decision of Geoffrey Hobbs QC and provides for changes to the amount of scale costs in relation to proceedings commenced on or after 1 July 2016.

The costs before the Hearing Officer

18. The Hearing Officer dealt with the question of costs at paragraph 58 of her Decision as follows:

> 58. Taking all matters into account, I award costs on the following basis:
>
> For preparing a statement and considering the statement of the applicant: £300 x 2
> For preparing evidence and considering and commenting on that of the applicant: £1000

Preparing for and attendance at the hearing on 2 November: £1000
Considering and responding to the late filed correspondence: £500
Preparing for and attendance at the hearing on 15 December: £900

Total: £4000

19. With respect to these costs awarded by the Hearing Officer it is clear that the award of such costs took into account that both the registrations would be revoked insofar as they covered parts and fittings i.e. took into account the limited success of the Appellant below: see paragraph 53 of the Decision of the Hearing Officer. I must therefore take this factor into account when assessing the adjustment that it is necessary to the cost order below in the light of my findings on appeal.

20. The Respondent accepts that it is necessary for there to be an adjustment of the cost order made by the Hearing Officer to reflect the extent of the success of the Appellant on the appeal. The Respondent submits that it is appropriate for the total of £4000 to be reduced to £3,520.

21. As noted above the Appellant states that the effect of the outcome of the Appeal is that on balance the Appellant is the winning party and that it should be awarded its scale costs

22. It does not seem to me that the Appellant's position is correct. It is true that the Appellant succeeded on its appeal in relation to the Device Marks however it failed in its appeal in respect of the interim decision of the Hearing Officer; with respect to the 1993 Mark; and with respect to the specification point. To the extent that the specification of the 1993 Mark was narrowed at first instance this was taken into account by the Hearing Officer.

23. The evidence of use that was filed on behalf of the Respondent in response to the application for revocation on the grounds of non-use was the same for both the application in respect of the 1993 Mark and with respect to the Devices Mark. The Appellant did not file any evidence in the proceedings.

24. In the circumstances it seems to me that the following is appropriate with regard to the costs before the Hearing Officer that:

The Appellant should pay to the Respondent:

(1) The cost of preparing and considering the statement in respect of the 1993 Mark: £300;
(2) The costs of preparing evidence in respect of the 1993 Mark: £1000;
(3) The costs for preparing for and attendance at the hearing on 2 November £1000;
(4) Considering and responding to the late filed correspondence: £500; and

(5) Preparing for and attendance at the hearing on 15 December 2015 with respect to the 1993 Mark £450.

Total: £3,250.

The Respondent should pay to the Appellant:

(1) The £200 fee paid in respect of the application for revocation with respect to the Device Marks;
(2) For considering the statement and evidence of use relied upon in respect of the Device Marks: £500
(3) Preparing for and attendance at the hearing on 15 December 2015: £500 (the additional £50 for the hearing compared to that of the Respondent to reflect the narrowing of the specification of the 1993 Mark).

Total: £1,200.

25. Netting one figure off against the other the result is that the order made by the Hearing Officer below for the Appellant to pay the Respondent of £4000 in respect of the costs below should be reduced to an order for the Appellant to pay to the Respondent £2,050 in respect of the costs of the proceedings before the Hearing Officer.

The costs of the Application

26. The Application was dismissed for the reasons given in the decision delivered on the 23 June 2016 (O-363-16). Therefore the Respondent as the successful party on the Application is entitled to its costs.

27. The Respondent maintains that such costs should be awarded not on the basis of the standard scale but off scale. It does so on the basis of both the substance of the application and the conduct of the Appellant in respect of which I have been provided with detailed submissions. The Respondent has provided a breakdown of the costs attributable the Application being £4,857.60. In response to this application the Appellant simply makes a passing reference in paragraph 43 of its written submissions on costs which included that '*it was reasonable to seek an adjournment in the hope that some additional evidence would emerge*'.

28. On the basis of the submissions of the parties and having in mind the guidance as set out above and the findings made in decision O-363-16, it seems to me that the award of costs with respect to the Application should reflect the effort and expenditure by the Respondent which went into dealing with the Application. Further it would in my view be unjust to make an award of costs in relation to the Application that did not contribute substantially to the costs of what was on any view a very late application

for which there was no or no proper explanation in circumstances where in the course of the present proceedings the Appellant had on a number of occasions made last minute applications.

29. On weighing all the various considerations identified above and the papers before me I order that the Appellant do pay to the Respondent £3,000 as a contribution to the costs of the Application.

The costs of the substantive appeal

30. With regard to the substantive appeal the issues to be decided were identified in paragraph 34 of the Decision as follows:

    (1) An appeal against the 'procedural' or case management decisions namely: (a) the decision to refuse the application to file evidence; (b) the decision to refuse the application for cross-examination; and (c) the decision not to refer the case to the Court.

    (2) An appeal against the decision to treat the applications as 'normal' applications for revocation and not finding that: (a) the register had been defective, on or around 20 June 2011, in not showing the 1993 mark; (b) the state of the Registry files for the 1993 mark had been defective; and (c) Furnitureland.co.uk Limited had been adversely prejudiced as a result of (a) and (b).

    (3) An appeal against the finding of the Hearing Officer that the evidence of use was sufficient to satisfy the use requirements for the purposes of the Device Marks notwithstanding that the none of the Device Marks had been used.

    (4) An appeal against the finding that 'furniture' was a fair specification.

    (5) An appeal against the order as to costs made by the Hearing Officer.

31. The appeals against issues (1), (2) and (4) were dismissed. The appeal against (3) was allowed. As a result of the findings under issues (1) to (4) the costs order made by the Hearing Officer has been adjusted for the reasons given above but in so far as there was any free standing appeal against the Hearing Officer's Decision it was also dismissed.

32. The Respondent claims that the cost award under the issues identified in paragraph 30(1) and 30(2) above should be awarded off the scale. For that purpose I have been provided with a breakdown of costs in the sum of £12,595.50 for the appeal in respect of which it is submitted that 80% are attributable to the items set out in paragraphs 30(1) and 30(2) above. That is to say the Respondent maintains a claim for costs in

respect of those items of £10,076.40. The Respondent seeks scale costs in respect of the items identified in paragraphs 30(4) and 30(5) in the sum of £160.

33. As noted above the Appellant seeks scale costs of the appeal.

34. It seems to me taking into account all the materials before me that this is an appeal where an issue based approach to the apportionment of costs is appropriate. Both parties have had some success on the present appeal.

35. It would in my view, having regard to all the materials that are before me and in particular the unusual circumstances relating to the issue identified in paragraph 30(2) above, be unjust to make an award of costs which did not require the Appellant to contribute to the burden of costs which the unsuccessful appeal against the Hearing Officer's Decision on the issues identified in paragraphs 30(1) and 30(2) has inflicted on the Respondent. However, I am not satisfied that 80% of the costs properly reflects the fees that are attributable to such issues. As the Appellant has correctly submitted there was significant argument both written and oral that was directed to the issue identified in paragraph 30(3) above upon which the Appellant was entirely successful. I do not however accept the Appellant's submission that such argument amounted to over 50% of '*the fight*' on the appeal particularly bearing in mind the appeal against the interim decision made by the Hearing Officer i.e. the issue identified in paragraph 30(1) above.

36. Taking into account all the various considerations identified above and the written submissions on costs before me, my decision is that the Appellant should pay to the Respondent the sum of £5,000 as a contribution to the costs with respect to issues 30(1) and 30(2) above.

37. With respect to the issues identified in paragraphs 30(4) and 30(5) I consider that the Appellant should pay to the Respondent a contribution in the sum of £150.

38. Finally, I turn to the question of costs with regard to the issue identified in paragraph 30(3) above. This is the issue upon which the Appellant was entirely successful on this appeal and in respect of which the Appellant seeks scale costs. The result of the successful appeal is that the Device Marks is to be revoked. It seems to me that the appropriate cost order is for the Respondent to pay to the Appellant a contribution towards its costs of £1,750 being the £250 fee to file an appeal together with £1,500.

39. Netting one figure off against the other the result is that with respect to costs of the substantive appeal the Appellant is ordered to pay to the Respondent the sum of £3,400.

Conclusion on costs

40. In conclusion for the reasons set out above I order that Furnitureland.co.uk Limited pay to Furniture Village Limited the total sum of £8,450 within 21 days of the date of this Decision as to Costs.

EMMA HIMSWORTH Q.C,
Appointed Person
29 December 2016