

**O-557-19**

**TRADE MARKS ACT 1994**

**IN THE MATTER OF**  
**THE INTERLOCUTORY HEARING ON COSTS**  
**IN THE CONSOLIDATED PROCEEDINGS IN**  
**OPPOSITION No. 412803 AND CANCELLATION No. 502162**

**BETWEEN**

**THREAD RETAIL UK LIMITED (THE APPLICANT)**

**AND**

**DITTA INDIVIDUALE ANDREA CELLI (THE OPPONENT / REGISTERED HOLDER)**

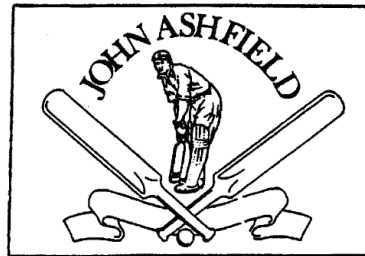
## **Introduction**

1. This decision deals with a request by Thread Retail UK Limited for off-scale costs following the withdrawal by Andrea Celli (the opponent and registered holder) from the consolidated opposition and cancellation proceedings (Nos. 412803 and 502162). In this decision, Andrea Celli is referred to as **Party A**; Thread Retail UK Limited (the applicant both for registration and cancellation) is referred to as **Party B**.
2. A hearing of the matter took place before me on 11 September 2019 by telephone conference. Rebecca Dobson, a trade mark attorney with Murgitroyd and Company attended as representative for Party A; Daniel Sullivan, an attorney at Reddie and Grose LLP attended as representative for Party B. Both sides filed skeleton arguments in advance of the hearing.

## **Background chronology**

3. On 29 January 2018 Party B filed UK trade mark application no. 3285965 for FAR AFIELD in respect of a long list of clothing, headgear and footwear goods in Class 25. It was published for opposition purposes on 16 March 2018, and on that date the registry informed Party B that the date of the end of the opposition period would be 16 May 2018, but that the period may be extended to 3 months if a third party were to file an electronic form TM7A 'notice of threatened opposition' before that date.
4. On 4 May 2018 Party A wrote to Party B stating that Party A had been selling products in the UK under the trade mark JOHN ASHFIELD in the UK since 1982 to "great success" from, among other locations, a "flagship store" in the UK. As a result of this, Party A considered that it had "accrued significant goodwill and reputation in the marks JOHN ASHFIELD and their various logos", in the UK. Party A's letter requested withdrawal of Party B's UK application, under threat of opposition.
5. On 11 May 2018 Party B responded to Party A's letter. Party B argued that no explanation for the allegations made by Party A had been provided and that the marks at issue were clearly dissimilar on all points of comparison and suggested that the parties agree to let the matter drop at that juncture.

6. On 15 May 2018 Party A filed a Form TM7A, extending the opposition period. This was followed by a Form TM7 notice of opposition, which the registry served on Party B on 21 June 2018 and setting a deadline of 21 August 2018 for Party B to file a defence. The Form TM7 (which contains a statement of truth) repeated some of the claims made in the 4 May 2018 letter, including that Party A's JOHN ASHFIELD mark had been used in the United Kingdom from as early as 1982 and that it had acquired a reputation in the UK as a result of longstanding and extensive use. The opposition was based on grounds under sections 5(2)(b) and 5(3) of the Trade Marks Act 1994 ("the Act") relying on UK designation of



international registration (IR) 556092, namely: . That earlier IR had been protected in the UK since 3 February 2008, and the opposition relied on its registered goods in Class 25, namely: *Clothing, overcoats, shirts, neckties, stockings, belts, blousons, jackets, raincoats, denim clothing, plush jerseys, scarves, trousers, knitwear, hosiery, footwear, sashes for wear, bathing suits, bath robes, body linen, hats.* The opposition was also based on grounds under section 5(4)(a) of the Act, relying on the word sign JOHN ASHFIELD.

7. On 21 June 2018 Party B wrote to Party A expressing surprise that Party A had elected to file opposition and that by its own investigations, Party B had not been able to locate any use of the mark JOHN ASHFIELD in the UK, at any point. Party B therefore requested to be provided with evidence of the alleged use in the UK.
8. Party B received no response or acknowledgement of its correspondence of 21 June 2018 and on 16 July 2018 Party B filed an application for revocation for non-use in relation to Party A's JOHN ASHFIELD UK designation of its IR. Following amendments, Party B's Form TM26(N) received on 14 August 2018 was served on Party A on 21 August 2018 and a deadline of 22 October 2018 set for Party A to file a Form TM8(N) and counterstatement.
9. On 15 August 2018, Party B filed its Form TM8 and counterstatement in defence of the opposition by Party A.

10. On 30 August 2018, the UKIPO notified both parties of the suspension of the Opposition proceedings, pending Party A's defence and counterstatement against the cancellation proceedings.
11. On 13 September 2018, Party B wrote to Party A noting that it had been approximately three months since it had made its request for evidence of Party A's use in the UK, and that nothing had been received. However, with a view to resolving the matter, Party B would be willing to settle the matter on the basis that each party withdrew their corresponding actions, agreed to co-exist worldwide, and that Party A made a reasonable contribution to the legal costs incurred by Party B.
12. On 9 October 2018, Party A wrote to Party B stating that it was "going to considerable lengths to search an extensive archive of orders and use of its marks for the necessary evidence and therefore has experienced a significant delay in providing any response". Party A also made a counter-offer to Party B's offer of 13 September, namely that both sides withdraw their respective actions, both sides meet their own costs, and that any agreement would relate to the position in the UK only.
13. On 12 October 2018, Party B wrote to Party A confirming that it did not wish to accept the counter-offer. Following this, a without prejudice telephone call took place between the parties' representatives, in which it was explained that the reason for Party B's rejection of Party A's offer was that Party B did not wish to settle the matter in the UK, only to have to contest again in other jurisdictions. Therefore, if the parties were able to come to an agreement on the settlement of the matter extending worldwide, this could be a basis to conclude the UK proceedings. (Party B commented that its concerns in relation to further proceedings were justifiable because Party A has also filed opposition to Party B's corresponding applications at the EUIPO.)
14. On 19 October 2018, Party A filed a defence and counterstatement in relation to Party B's application for revocation.
15. On 26 October 2018, the UKIPO notified both parties that the matters had been consolidated and Party A was due to file its evidence on or by 27 December 2018.

16. On 21 December 2018, Party A's representatives wrote to the UKIPO stating that they had been instructed by their client that he had no evidence, submissions or arguments to present and accordingly wished to withdraw from both sets of proceedings.
17. On 31 December 2018, Party B wrote to the UKIPO requesting an award of off-scale costs, explaining at some length the basis for that off-scale request.
18. On 18 January 2018 the registry confirmed that the opposition was withdrawn and that the application would shortly proceed to registration. It also confirmed that, in relation to Party A's IR designating the UK, as no evidence had been filed by the deadline a decision would be issued in due course.<sup>1</sup> The registry invited comments on the costs request.
19. On 1 February 2019, Party A filed a response to Party B's request for an award of costs off the scale, and in turn, on 4 February 2019, Party B filed observations in reply. The parties' correspondence sets out much of the chronology of events and the parties' respective positions on the matters as subsequently reiterated and amplified in their skeleton arguments.
20. On 2 July 2019, having reviewed the correspondence and other relevant materials on the matter from both parties, the registry issued a preliminary view on award of costs, whereby it considered an appropriate award to be **£800** payable by Andrea Celli (Party A) to Thread Retail UK Limited (Party B), the figure calculated as follows:

Consideration of the filed Form TM7 notice of opposition	£200
Filing of Form TM8 notice of defence and counterstatement	£100
Filing of the TM26(N) application to revoke Party A's UK designation of its IR on the basis of non-use	£200
Statutory fee for the TM26(N)	£200
Consideration of Party A's Form TM8(N) notice of defence and counterstatement	£100
<b>TOTAL</b>	<b>£800</b>

<sup>1</sup> I note that on 24 July 2019 the registry issued its decision in the CA502162 proceedings, revoking Party A's UK designation as from 4 February 2013.

21. The registry informed the parties that if either party disagreed with the preliminary view they should request a hearing, and on 4 July 2019 the representatives for Party B requested a hearing to discuss the costs award.

### **The parties' submissions on off-scale costs**

22. The principal points of submission were as follows:

#### **Party B's submissions**

23. In its skeleton argument, Party B requested off-scale costs or else costs high on the scale. Its various submissions in support of those requests included the following points.

24. While Party B recognised that awards of off-scale costs represent an exception to the normal practice on costs, Party B's position has always been that the proceedings under Opposition 412803 should never have been brought before the Office, still less to have progressed to the evidence rounds. Party B's contention that there was no genuine case to be brought is based on two aspects of the matter:

- a. That the marks at issue are dissimilar enough that any reasonable observer would conclude that Party B had no case to answer; and
- b. In view of the fact that Party A's opposition was based upon a registration that was more than five years old at the relevant date for assessment in these proceedings, as well as on alleged business goodwill in the United Kingdom, Party A must have known that to genuinely contest these proceedings would require that it filed evidence relating to the use of its mark in the United Kingdom. Party B argues that as events have transpired, it has become clear that Party A was never going to be in a position to substantiate its opposition and that as such, Party A's case was brought without any bona fide belief that it was soundly based.

25. Party B argued that Party A had numerous opportunities to re-consider its position during the course of the proceedings but elected to proceed up to the point where its inability to provide anything by way of evidence would become material. Party B argued that Party A had from effectively 15 May 2018 (when Party B wrote to Party A confirming that it would not be withdrawing its application) to 27 December 2018 to collate and adduce its evidence (with the possibility of additional time upon request if genuine attempts to collate the

evidence were underway). Party B argued that it is not credible to suggest that in more than seven months of exercising its “very best efforts”, Party A was not able to locate any evidence that could attest to its “greatly successful” trading in the UK over the previous 37 years. Party B submits that a far more credible explanation is that Party A was unable to locate any evidence of its UK trading because it has never traded in the UK in any meaningful way (if at all). The fact that there is not even a single example of any UK stockists online that have either carried, or are presently carrying, Party A’s product, despite Party A alleging that it has been trading in the UK for nearly 4 decades, bears this out.

26. Party B initiated attempts to reach a settlement of this matter, the first of which was not even acknowledged and Party B argued that Party A’s counter-offer was “derisory” and therefore it is disingenuous for Party A to suggest that it made, “genuine and reasonable attempts to settle the matter amicably”.
27. Party B argued that the most plausible explanation for Party A’s conduct is that the opposition was filed for the effect it was likely to have on Party B’s commercial activity, submitting in this regard as follows:

*“Party B is a clothing retailer. It operates, as very many clothing retailers do, by selling some of its products via its own outlets, but selling the vast majority of its products via concession in larger retail outlets (for example, Selfridges in London). Attempting to secure outlet space in larger stores such as Selfridges requires in almost every instance confirmation that the concession brand has the right to sell its products. This is most commonly addressed by evidence that the brand holder has a registered trade mark in the UK. As such, even though Party B’s position has always been that Party A’s case is untenable, having to disclose that it is involved in a dispute relating to its brand in discussions with retail outlets has had a direct impact on its ability to extend its offering. This is the ‘real life’ impact of Party A’s spurious opposition proceedings and have understandably caused Party B to re-address its commercial activity. Party A, as a clothing retailer itself, would (or at least, should) have been aware of this method of doing business and therefore the effect that lodging these proceedings would have on Party B. Given that there appears to be no objectively credible reason for Party B initiating an opposition when the marks at issue are completely distinct, nor prosecuting to the extent that it did when the*

*rights relied upon were plainly unsupportable, Party B considers that the proceedings have been used other than for the purpose of resolving a genuine dispute.”*

28. Party B also referred to the legal provisions and principles governing off-scale costs and to particular case law examples. I shall refer to those points to the extent I consider necessary later in this decision.

### **Party A’s submissions**

29. Party A submits that an award of off-scale costs is not appropriate, that the award of costs issued by the UKIPO on 2 July 2019 was correct and, further, that it should be reduced in light of the additional requirement placed on Party A to prepare and attend this hearing on costs. It notes Party B’s view that: (i) the marks are clearly distinct; (ii) Party A needlessly continued proceedings; (iii) Party A presented false statements in relation to their use of their mark in the UK; and (iv) this led to distress and loss of business and to Party B. It denies those allegations and denies that its conduct has been unreasonable. It too supported its position by reference to established practices and case law, to which I shall refer below where necessary.

30. The following points were made in relation to the conduct of Party A:

- i. Party A was genuinely concerned by Party B’s Application, thus the correct route to resolve this was through UKIPO opposition proceedings;<sup>2</sup>
- ii. Party B rejected “genuine and reasonable attempts to resolve the matter amicably”;
- iii. Party A responded as necessary and within the specified deadlines under the Rules;
- iv. Party A made genuine attempts to find the evidence required, but was unable to do so. It was stated that ‘ditta individuale’ refers to a company owned and managed by one person. At the hearing Ms Dobson referred to the existence of communications between her client and his representatives which were covered by client privilege and confidential; however, Ms Dobson stated firstly that to search records from over three decades of multi-national trading was, for a sole individual, a significant task and secondly, that Andrea Celli had had an imperfect understanding of what would be required to demonstrate the necessary use requirements in the UK;

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<sup>2</sup> It is noted that Party A maintained its opposition proceedings between the parties before the EUIPO.



- v. No request for an extension of time was filed to submit evidence as Party A did not wish to delay or protract proceedings unnecessarily;
- vi. Party A withdrew from proceedings, avoiding costs that could have been incurred by parties during the evidence rounds.

31. Party A maintains that: *“Party B has simply not demonstrated that Party A has behaved unreasonably or in any way sufficiently inappropriately to justify an award of costs off the scale. The fact that they merely disagree with Party A’s assessment of the comparison of marks and that the decision was taken by Party A not to file any evidence in these proceedings is woefully insufficient to justify an award of costs off the scale. Neither of these reasons are unreasonable behaviour: the comparison of the marks is for the UKIPO to adjudicate on as part of the proceedings, and Party A’s decision was taken in light of the impending deadline at the UKIPO and pending oppositions B003071399 and B003071421 filed at the EUIPO against Party B’s EU trade mark applications. Further, it is submitted that Party A has been sufficiently penalised through the loss of their UK designation of their International Registration, the award of costs in the sum of £800 granted Party B and their own legal expenses, which have been greatly increased by Party B’s incessant pursuit of an award of costs off the scale.”*

### **Law on costs**

32. Rule 67 of the Trade Mark Rules 2008, pursuant to section 68 of the Act, provides the legal basis for the registrar to order a party to another party in proceedings any such costs as he may consider reasonable. As various Tribunal Practice Notices (“TPN”) issued over the years have made clear, the tribunal normally awards costs by reference to a published scale as a contribution towards any costs incurred. The most recent version of the scale is set out in TPN 2/2016 and the award given by preliminary view as presented in the table at paragraph 20 above reflects that scale. The Rule affords a discretion which can be used to depart from scale costs and award costs on a compensatory basis where justified. It is for a party to justify a different approach to costs. The registrar will usually only depart from scale costs because of unreasonable behaviour where *“...the conduct of the [party about which the complaint is made] constituted such exceptional circumstances that a standard*

award of costs would be unreasonable.”<sup>3</sup> The general circumstances in which the registrar might award higher costs is set out in paragraph 5 of TPN 5/2007 as follows:

*“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.”*

33. As noted by Daniel Alexander QC, sitting as the Appointed Person in ALLORO<sup>4</sup>, a hearing officer, as the decision maker, “is therefore entitled to take into account a wide range of factors in considering the costs to be awarded and whether they should be off-scale. These include the conduct of the parties, the nature of the case and whether it is self-evidently without merit, whether there have been abuses of procedure, the extent to which offers made to settle the case were unreasonably rejected and could have resulted in costs being avoided. There is no rigid formula, although the paradigm case for off- scale costs will involve breaches of rules, delaying tactics or unreasonable behaviour. Reasonable people can differ as to how unreasonable behavior must be before it is appropriate to depart from the usual scale of costs.”

## **Decision**

34. Each case must necessarily be decided according to its particular set of facts and, on behalf of Party A, Mr Sullivan argued that viewed in its totality, the behaviour of Party A has been sufficiently unreasonable so as to give rise to elevated costs. In this case, I find it is easy to have sympathy for Party B; it is understandably frustrating to have had to spend money, time and effort to defend an application in circumstances where the opposition is abandoned and where Party B had made clear its position as regards disputing the claims. I also acknowledge the submissions as to the real-world impact of delays arising from the

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<sup>3</sup> Rizla Ltd's Application [1993] RPC 365 at 377.

<sup>4</sup> BL O-116-13, at paragraphs 16 and 17.

challenge to the Party B's application to register its trade mark, which is said to have required Party B to temper its commercial ambitions for the duration of two retail seasons.

35. However, the concerns of Party A as to a likelihood of confusion are said to have been genuine and there is no evidence that Party A brought its opposition with questionable intentions or without a genuine belief that there was an issue to be tried. While I note Party B's points contesting the degree of any aural or visual similarity and denying any conceptual similarity, there is self-evidently at least some commonality between 'ashfield' and 'afield' and (at least some) identity in the goods at issue. It seems to me therefore that it was not self-evidently unreasonable for Party A to have filed its opposition as it did. Determination of the merits of any claim would be a matter for a tribunal hearing officer. It is clear from TPN 5/2007 that merely to lose on an argued point would not justify off-scale costs.<sup>5</sup> I do not accept that Party A's conduct in opposing the application was so obviously wrong as to merit off-scale costs. I also note in this context the reported maintenance of similar proceedings before the EUIPO, and that international holder Ditta Individuale Andrea Celli may very well not have English as his native language and his perceptions of similarity may likely be at variance with the notional average consumer in the UK.
36. I also note Party A's reference to the decision of Geoffrey Hobbs QC, sitting as the Appointed Person in *Solispost*, which characterised an element of the conduct at issue as "obtuse".<sup>6</sup> There the Appointed Person reminded himself of the need to ensure that an award of costs reflects the effort and expenditure to which it relates and does so without inflation for the purpose of imposing a financial penalty by way of punishment on the paying party.<sup>7</sup>
37. In the present case, reference was made to various earlier decisions where tribunal hearing officers had considered the facts before them as warranting off-scale costs. Decisions by fellow hearing officers will of course be determined on their own facts and are anyway not binding or strong precedent for other cases before the tribunal. Nonetheless, the cases referenced in the present proceedings may readily be distinguished on their facts.

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<sup>5</sup> See too UKIPO's Trade Mark Manual, Tribunal Section paragraph 5.6.

<sup>6</sup> BL O-192-17.

<sup>7</sup> At paragraphs 6 and 14 of that decision.

38. For example, in *Target Brands v Music Choice*<sup>8</sup> the hearing officer stated that “when a party pleads a ground which from the outset has no foundation, or where in the light of the available evidence it becomes clear that the ground is untenable, yet it pursues the ground up to and/or including the hearing, such behaviour can be regarded as unreasonable.” That case involved the filing of extensive evidence by both parties, and cross-examination of declarants had taken place; the proceedings based on sections 5(3), 5(4)(a) and Article 6bis were dropped only just prior to the main hearing but were found to have been so poorly founded as to make the running of those grounds vexatious; and grounds under section 3(6) had been pursued to a main hearing despite being poorly supported by the losing party’s own evidence and/or in the face of cogent and relevant evidence.
39. In another case cited, *HUQQA*, the tribunal awarded off-scale in circumstances where the losing party was found to have made false statements to “cover up its bad faith with denials and stories concocted in order to give credence to its denials and shift any blame onto third parties”, and had maintained a stance that had caused considerable additional work for the claimant by filing three witness statements.<sup>9</sup>
40. In *TV21 CAFÉ BAR* (also cited) the claim for costs involved allegations of unreasonable conduct by the relevant party in commencing and maintaining a case without genuine belief there is an issue to be tried.<sup>10</sup> In that case the party ordered to pay off-scale costs had requested additional time to file its evidence but in the event had filed no evidence; nor did it make submissions prior to the hearing or comment on the opponent’s request for costs above the normal scale costs. As the opponent’s submissions were uncontested the hearing officer accepted that the application in suit had been filed as a “spoiling tactic” and to cause the opponent unnecessary expense in filing the opposition proceedings.
41. The timeframe for the running of the opposition and cancellation proceedings is determined by the Rules and under the direction of the registry. In the present case, Party A followed the process without error or deviation; it stuck to the applicable timescales and requested no extensions of time. The application was published on 16 March 2018, with an opposition period to end 16 May 2018. Party A was under no legal obligation to have engaged in any correspondence in advance of filing a notice of opposition and while I note Party A did not

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<sup>8</sup> BL O-281-07, at paragraphs 102-103

<sup>9</sup> BL O-189-16

<sup>10</sup> *TV21 CAFÉ BAR v J.M.R.* BL O-251-08 e.g. §19

respond to all of Party B's correspondence, such as the letter of 11 May 2018, its response was implicit in its not dropping the matter at that juncture and commencing a process of opposition as it was entitled to do. Party A duly set out its claims in its statement of grounds, and Party B had a two-month period to file its defence and counterstatement. Party A met the deadline for defending the cancellation proceedings.

42. The consolidated evidence rounds represented the first occasion in the proceedings where it was required to substantiate its claims by the filing of submissions and evidence. Party A withdrew at that stage and did not protract matters with a request for an extension of time. I do note the seemingly emphatic strength of specific claims made in the letter before action relating to use and reputation in the UK of the mark relied on by Party A, and the slightly less specific claims as set out in the statement of case under a statement of truth. I note too that Party B denies any trace of UK trading by Party A having in reality. It was submitted on behalf of Party A that simply because the evidence was not available and collated by the deadline is not to say that the evidence does not exist. I am not privy to information about the extent to which Party A received or accepted guidance on his claims from his legal representatives, nor privy to evidence as to any relevant UK trading. I am not satisfied that it has been shown that Party A's claims as to use, reputation and goodwill were falsehoods knowingly made.
43. TPN 2/2000 states that costs may be affected if a losing party unreasonably rejected efforts to settle a dispute before an action was launched or a hearing held. In this instance, noting that Party A withdrew at a stage of proceedings well in advance of a hearing, and noting the parties' proceedings at an EU level, I do not find that the correspondence between the parties indicates that Party A adopted a negotiating position that could be considered so strongly unreasonable as to attract off-scale costs.
44. In the circumstances I conclude that the facts of this case do not justify an exceptional approach of deviating from the standard practice of awarding costs based on the published scale. The scale is for particular tasks in the process of challenging or defending registration; as noted by in the appeal decision in *Solispost* an award of costs reflects the effort and expenditure to which it relates and does so without inflation for the purpose of imposing a financial penalty by way of punishment on the paying party.<sup>11</sup> I therefore

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<sup>11</sup> Mr Geoffrey Hobbs QC; see paragraph 36 above

consider the sum as calculated by the registry (restated in the table below) to be reasonable and proportionate.

Consideration of the filed Form TM7 notice of opposition	£200
Filing of Form TM8 notice of defence and counterstatement	£100
Filing of the TM26(N) application to revoke Party A's UK designation of its IR on the basis of non-use	£200
Statutory fee for the TM26(N)	£200
Consideration of Party A's Form TM8(N) notice of defence and counterstatement	£100
<b>TOTAL</b>	<b>£800</b>

45. As a separate matter, I turn to consider the request by Ms Dobson that the costs award should be reduced to take account of the costs incurred by Party A in preparing for and attending this interlocutory hearing held at the request of Party B. On the one hand, Party B was entitled to request a hearing to challenge the preliminary view on a costs award and it did so based on reasonable argument. On the other hand, it was also legitimate for Party A to choose to attend the hearing in order to argue its position in relation to the sum awarded. In the event, I have not altered the costs award given by the registry's preliminary view. Not only did Ms Dobson attend the hearing on behalf of Party A, but, as required, a skeleton argument had been prepared and filed in advance the hearing, which addressed points of case law in the context of the facts in these proceedings. Having regard to the sums indicated for tasks in the scale of costs under TPN2/2016, I consider the sum of **£300** to be a reasonable **contribution to Party A's costs in relation to this hearing**.

46. Taking the matters together, and reducing the award accordingly, **I therefore order Ditta Individuale Andrea Celli to pay Thread Retail UK Limited the sum of £500** (five hundred pounds). This sum should be paid within 21 days of the expiry of the appeal period or, if there is an appeal, within 21 days of the conclusion of the appeal proceedings.

**23 September 2019**

**Matthew Williams  
For the Registrar**