

O-1131-22

TRADE MARKS ACT 1994

SUPPLEMENTARY DECISION ON COSTS

**IN THE MATTER OF TRADE MARK APPLICATION NOS. 3517466 AND 3531106
BY KINETIQUE LIMITED IN RESPECT OF THE FOLLOWING TWO TRADE
MARKS**



AND

Ethica Diamond

IN CLASS 14

**AND IN THE MATTER OF OPPOSITIONS THERETO UNDER NO. 422367 AND
423279 BY DIOTIMA & COMPANY LIMITED**

AND

**IN THE MATTER OF REGISTRATION NO. 3514123 AND TRADE MARK
APPLICATION NO. 3539736
IN THE NAME OF DIOTIMA & COMPANY LIMITED
IN RESPECT OF THE TRADE MARKS**

Ethica Diamond

AND

Ethica

IN CLASS 14

AND

**IN THE MATTER OF AN APPLICATION FOR INVALIDATION THERETO
UNDER NO. 503510 AND OPPOSITION THERETO UNDER NO. 424031
BY KINETIQUE LIMITED**

1. On 30 September 2022, my decision (BL O/849/22) was issued regarding the above-mentioned proceedings. In that decision, Kinetique Limited were identified as Party B and Diotima & Company Limited as Party A. On the issue of costs, I stated:

“88. Party B has been successful in defending its applications from Party A’s oppositions and it has also been successful in its invalidation to Party A’s registration. Further, Party A withdrew its mark that was subject to opposition 424031 by Party B. Therefore, Party B is entitled to a contribution towards its costs in respect of all these consolidated proceedings. At the hearing, Mr Stobbs requested that the parties have an opportunity to file written substantive submissions on costs after the outcome of the decision. He stated that:

- Above scale costs were appropriate;
- There was an issue regarding the standard of behaviour of Party A;
- The whole premise of Party B’s case is based upon unreasonable behaviour on the part of Party A with the whole purpose of Party A’s mark being to disrupt Party B’s business;
- Party A withdrew its 3539736 application very late in the day and after most costs had already been accrued;
- Party A “fought to the death” on everything and much of its evidence was irrelevant;
- A case management conference was required at the time of the original hearing date where Party A attempted to change the direction of the case.

89. Ms Collett submitted that Party B had no basis for bringing the case and that fundamentally it was trying to disrupt Party A’s activities. My substantive finding do not concur with these submissions. I agree with Mr Stobbs that above scale costs are appropriate and I invite written submissions before issuing a supplementary decision on costs. Party B is permitted fourteen days from the date of this decision to provide such written submissions and Party A must provide any submissions it may wish to make within a further fourteen days.”

2. Party B filed submissions on costs on 14 October 2022 and Party A filed its submissions on 28 October 2022.

3. Section 68 of the Trade Marks Act 1994 (“the Act”) states:

“68. - (1) 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.”

4. Rule 67 of the Trade Marks Rules 2008 enacts this:

“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.”

5. Tribunal Practice Notices (“TPN”) 2/2000 and 4/2007 are also relevant. Having referred to the leading case, *Rizla Ltd’s Application* [1993] RPC 365, TPN 2/2000 goes on to state:

“5. In the light of *Rizla*, the Office considers that the existing legislation provides the power to operate a nominal cost regime or a full cost recovery regime - or anything in between - and that no legislative change is necessary to put in hand any revision of that sort.”

6. Party B requests off-scale costs amounting to £75,000. It is submitted that £55,500 ex VAT was spent by Party B with their previous representative and £19,500 ex VAT with their current representatives. A schedule relating to the latter amount is provided but no further information is provided regarding the former

amount. Tribunal Practice Notice (“TPN”) 4/2007 includes the following regarding off-scale costs:

“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

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.

7. Any claim for cost approaching full compensation or for "extra costs" will need to be supported by a bill itemizing the actual costs incurred.

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.”

7. Party B is claiming a total of £75,000 of which £55,500 was not particularised in any way other than to say it was spent by Party B with their previous representatives and that it related to these disputes. The TPN states “[a]ny claim for cost approaching full compensation or for "extra costs" will need to be supported by a bill

itemising the actual costs incurred". Itemised actions are only provided from July 2021 when Stobbs IP were appointed as Party B's representatives. The submissions did include an offer to "... provide more details in respect of these costs if necessary" but this is not compliant with the requirements set out in the TPN. Consequently, I will only consider scale costs prior to July 2021.

8. In its submissions, Party B reiterated claims made at the substantive hearing, namely, that:

- Above scale costs are appropriate;
- There was an issue regarding the standard of behaviour of Party A;
- The whole premise of Party B's case is based upon unreasonable behaviour on the part of Party A with the whole purpose of Party A's mark being to disrupt Party B's business;
- Party A "fought to the death" on everything and much of its evidence was irrelevant;
- A case management conference was required at the time of the original hearing where Party A attempted to change the direction of the case.

9. Party B's case is summed up in its submissions when it states that "the overarching abusive behaviour of Party A in these proceedings means Party B is entitled to their actual costs incurred." It also points out that it was successful "on all its positive cases – the invalidation and the opposition – and in the two opposition cases it had to defend". These consolidated proceedings involve four cases, two of which (CA503510 and O-424031) are brought by Party B against a registration and an application both in the name of Party A. The bad faith case brought by Party B is limited to these last two cases and, insofar as the opposition is concerned, it became without object from the date the contested application was withdrawn. In my decision, I stated the following in respect of the bad faith claim in the invalidation:

“Conclusion on the claim of bad faith

58. The evidence, whilst it could have been more complete, clearly illustrates that Mr Foreman knew that Party B was trading as Ethica Diamonds and it is just not credible that he did not know. Consequently, contrary to Ms Collett’s submission, the pre-emptive action of Party A applying for its contested mark does amount to an act of bad faith. It appears that its sole purpose was to cause difficulty to Party B and to provide a tool that could be used to extract monies from Party B.

59. It is also highly relevant that Party A withdrew all its evidence that was originally provided to counter Party B’s bad faith claim, therefore removing the need for the previously agreed cross-examination of Mr and Avila Foreman. I cannot ignore the negative inferences created by this action. It was in the gift of Party A to provide evidence, both in writing and aurally, in response to the claims of bad faith. The withdrawal left nothing more than a bare denial of the case put forward by Party B. Party B needed to satisfy me that there is a prima facie case of bad faith. Their evidence clearly satisfies that threshold. Having done so, the onus was on Party A to furnish evidence to rebut that prima facie case which they have opted not to do.”

10. It does not follow that simply because there has been a finding of bad faith that off-scale costs are appropriate. However, in these two cases, in light of my finding that the sole purpose of the marks was to disrupt Party B’s activities and to provide leverage to obtain monies from Party B, it is appropriate to consider off-scale costs. Such a finding does not extend to cover the other grounds in Party B’s two cases, nor does it extend to the costs related to the two proceedings brought by Party A. I do not agree that the bad faith is “overarching”. It is a discreet issue limited to the section 3(6) grounds pursued by Party B in its two cases. The section 3(1) and section 3(3) grounds pursued by Party A may have been misguided, being based upon a belief that the ASA finding regarding the language used on Party B’s website would extend to its trade marks when being assessed under trade mark law, but it was not clearly done with any ulterior motive.

11. In summary, I will consider off-scale costs in respect of Party B's bad faith claims but all other aspects of the four consolidated cases will be considered within the published scale of costs.

12. I begin by stating that the purpose of this decision is to consider the level of costs payable to Party B as a result of my findings and comments in the substantial decision. The issues decided in that decision cannot be re-opened. Party A, in its submissions on costs provides detailed information to explain its actions, particularly those actions from May 2022 onwards following its first meeting with counsel when for "*...the first time [it was] told [it] did not have legitimate rights to the contested marks above that of Party B. [It was] told, the best [it] could anticipate was a 'whitewash'.*" Later in its submissions, Party A also states "*[w]hilst we appreciate it is not the fault of the UKIPO, the Hearing Officer, nor Party B that we received such poor counsel, we trust that the sequence of events as they unfolded in May are now appreciated for what they truly were, a series of actions taken in an attempt to preserve a modicum of what we thought was right, in the face of a new reality in which we found that our belief in our rights to the marks was flawed, we did not have rights that would, or could, supersede Party B's.*"

13. This realisation prompted Party A to immediately make several offers to Party B to settle the proceedings. These offers were rejected by Party B but Party A withdrew its contested pending mark and surrendered its contested registration. Party A requests that I carefully consider the without prejudice save as to costs correspondence that it claims, clearly shows its legitimate interest in the contested marks. Whether or not Party A had a legitimate interest in the contested marks fell to be decided in my substantive decision on bad faith. My conclusions are reproduced at paragraph 9 above and pre-supposed that Party A had not illustrated that it had legitimate interest in the marks. In order for me to now find that the costs award should take account of a claimed legitimate interest would, in effect, require that I change my substantive finding. In respect of the substantive decision, I am *functus officio* and it is not open to me now to reach a different conclusion on this issue. Further, and as I have already stated numerous times, Party A had an opportunity to provide evidence rebutting the bad faith claim (and this could have included evidence of a claimed legitimate interest) but chose not to. It cannot now claim that it

was, in fact, acting in good faith as a reason for impacting on costs because I have already found that it was not.

14. Further, Party A claims that the real reason the section 3(6) ground was pursued by Party B was to damage Party A and to punish and hurt Mr Foreman. Once again, no such submission or supporting evidence was put before me during the substantive proceedings. I reiterate that Party A had an opportunity to do so at that stage. I repeat that my role when considering this decision on costs must be made in the context of my findings and comments in the substantive decision and the parties submissions insofar as they relate to costs. Therefore, the allegation regarding the motives of Party B (that were not put before me at the appropriate time) cannot be taken into account now. I must consider the issue of costs that flow from my substantive decision.

15. Party A's characterisation of my approach at the case management conference ("cmc") is that I "... *strongly agreed ... that the commercial result of a cancelled [I understand this to be a reference to the withdrawal of the contested pending mark] and surrendered mark is one and the same*". Party A had withdrawn its pending mark 3539736 and surrendered its contested registered mark 3514123. I agree that Party B's opposition in respect of Party A's 3539736 mark was, consequently, without object. However, I recognise the difference between the effect of the withdrawal of a pending mark and the surrender of a registered mark. At the cmc, it was disclosed that, following the Registry's letter of 26 May 2022 (where the parties were informed that the surrender did not dispose of the invalidation because the contested registration remained valid at the relevant date in the proceedings), Party A had also offered an undertaking to not enforce its mark against Party B. This created a situation that I encouraged Party B to accept (because it would limit any further costs to the parties), but I remained alert to the fact that absolute legal certainty would only be achieved if the contested mark was invalidated. To that end, I recognised it was a choice for Party B as to whether to accept the undertaking. Party B declined to accept Party A's offer (that apparently included an amended undertaking). Further, Party A's submissions on costs expose, for the first time, that the original offer to surrender its mark was conditional (upon Party B withdrawing its 3531106 mark). This sheds further light on why Party B may have initially wished to

decline Party A's offer. In respect of the issue of costs before me now, Party B's decision to decline Party A's offer was something that was open to it, and I conclude that it provides no mitigation to an award of costs in favour of Party B.

16. Party A provides a narrative that suggests that it did not appreciate the unsustainable nature of its case until it and its representative met with counsel for the first time on 12 May 2022. Following that meeting, it put in train its withdrawal of its 3539736 application and the surrender of its 3514123 registration and withdrew its evidence supporting its defence to the bad faith claim. What is significant for my assessment of costs is that this was less than one month before the scheduled hearing on the substantive issues. Linked to this narrative, Party A's submissions also contain criticism of Party A's representative and the advice provided but this is an issue between Party A and the representative and not for the tribunal. I recognise that Party A's actions from 12 May 2022 onwards were targeted at trying to rectify the situation, but Party B had already accrued the majority of its costs in respect of running its bad faith case against these two marks. Whether or not Party A would have acted earlier if it had "received better counsel" does not change that fact that Party B accrued significant costs in pursuing the bad faith claim. Further, and as already noted, Party A's actions in respect of its 3514123 mark failed to bring an end to the bad faith case against it. Consequently, this submission does not provide a defence to the claim for off-scale costs.

17. Party A suggests that I reached a conclusion on bad faith based only on statements and evidence provided by Party B claiming that it was "silenced" and that it "had to withdraw all evidence and statements" in its defence. This goes to the substantive decision I have already made, and I cannot comment further. This issue can now only be considered on appeal. It can have no bearing on my consideration of costs.

18. Much of Party A's submissions consists of criticisms of Party B's motives for continuing with its bad faith case after Party A surrendered its 3514123 mark and of submissions in respect of its own withdrawal of its evidence. As I have already said, countering the substantive decision is, in effect, an attempt to re-open an issue I have already decided. There was nothing before me regarding Party B's motives. I

cannot comment further on the substantive issues. I have also commented earlier upon Party B's decision to continue with its bad faith claim after the surrender of the 3514123 mark. What is relevant to my considerations here is that (a) the majority of Party B's costs had already been accrued, (b) and that the decision to continue was one that was open to Party B, and (c) Party B was entitled to continue with its bad faith claim after that and Party A could still have relied upon an active defence but chose not to. Further, as I have already noted although the surrender of Party A's 3514123 registration was ultimately unconditional it was initially conditional upon Party B withdrawing its 3531106 mark.

19. Party A provides very detailed submissions countering the premise put forward by Party B that it would be impossible for Party A to not have been aware of the potential consequences of its case. Party A submits that, devastatingly for it, this is untrue and refers to the advice it received and how this significantly changed in May 2022. I note this, and as I have commented earlier, this is an issue between Party A and its representatives. It would not be fair or just for Party B to bear its costs associated with the bad faith case merely because Party A did not understand the defence it was running or the consequences of it until very late in the day.

20. Party A attempted to settle their dispute with Party B during May 2022 and it refers to "WPSAC" (I assume this is a reference to correspondence that is "without prejudice save as to costs"). The submissions detail Party A's offer (that included Party B agreeing to withdraw its 3531106 mark) and was based on Party A's mistaken belief that the term ETHICA DIAMOND was descriptive. This offer was refused by Party B. This was followed up by an offer by Party A to withdraw its application and surrender its registration and requested that Party B relinquish its 3531106 ETHICA DIAMOND mark. This offer was also refused but Party A proceeded to withdraw/surrender its marks. I note these attempts but consider that they have no bearing on the issue of costs in respect of the bad faith claim in the invalidation action against Party A's 3514123 mark. The withdrawal of Party A's 3539736 mark resulted in no further costs being accrued in respect of Party B's opposition to it and I keep that in mind. As I have already noted, the Party A's offer initially included a requirement that Party B relinquish its rights in its 3531106 mark.

This was possibly sub-optimal from Party B's perspective, and I place no weight on its decision not to respond to the offer.

21. Party A also states that at the cmc "*it was known by Party B and the Hearing Officer that Party A could no longer defend itself in any way against [Party B's invalidity claim].*" I agree that it was known by the date of the cmc. However, Party B informed the Registry that it wished to proceed with the invalidation claim and cross examination on 27 May 2022, despite Party A's surrender of the contested mark. Party A submits that this was done knowing it was unable to offer a defence. However, its defence remained live at that date and it chose to withdraw evidence only on the 31 May 2022 in full knowledge that Party B intended to still pursue the bad faith claims. It was Party A's own actions in withdrawing its evidence provided as a defence to Party B's bad faith case and created a situation that was of Party A's own doing. Following the withdrawal of its evidence (and therefore also removing the need to cross examine its two witnesses regarding their motives for filing the contested marks), Party A was left with no more than a bare denial of the bad faith case. I stress that any perceived "unfairness" was created by its own actions and not the actions of myself or the other side. The relevance of this to the issue before me is that Party B, as it was entitled to do, pursued the bad faith case and continued to accrue costs at the hearing. Even if I am wrong and Party A's efforts to correct its position from May 2022 should work against Party B's claim for off-scale costs, it would only impact actual costs in respect of the preparation and attendance at the substantive hearing and not in respect of any costs incurred up to May 2022.

22. Party A has made numerous submissions regarding its perception of my comments and of the behaviour of Party B's representative at the cmc. I have dealt with the perception of my comments at paragraph 15, above, and I say no more. In respect of the allegations directed at the behaviour of Party B's representative, I do not agree with Party A's categorisation but, even if I am wrong, it does not have any bearing on the issue of costs and, in particular, the issue of costs in respect of the bad faith claim. I also reiterate that most of Party B's costs had already been accrued by that very late stage in the proceedings.

23. Party A expresses surprise *“that its absence [from the substantive hearing] would be viewed so negatively”* and *“[i]f we had any idea our absence would be viewed so negatively, we would have been at the hearing, if only to represent ourselves”*. These comments appear to suggest a misunderstanding on the part of Party A. It was not its absence at the hearing that impacted negatively on its defence of the bad faith claim. It was its withdrawal of its evidence on the point. I had to consider the impact of doing so and I concluded that I had to take a negative inference from the late withdrawal of this evidence (and its impact on the requirement for cross-examination). In other respects, as detailed submissions were provided by counsel in support of its case, I do not consider Party A’s absence or otherwise at the hearing would have any material impact upon my consideration of costs.

24. Party A develops its submission by claiming that *“there was a woeful imbalance between the parties that overwhelmingly disadvantaged [it], and the effect of this imbalance deserves serious and emphatic consideration.”* This argument presupposes that it had no choice but to withdraw its evidence and any submissions it would have wished to rely upon. It had a choice to continue to rely upon this evidence but it chose not to. It cannot now claim the resultant imbalance in the information before me is a reason for me to be sympathetic to it in a costs award.

25. Party A makes reference to Party B’s representative bolstering the bad faith claim before **and after** the hearing. Activity after the hearing has no relevance to the issue of costs and I say no more on this point. In respect of the claim that the bad faith case was bolstered before the hearing, once again I stress that Party A had ample opportunity to counter this. It chose not to when withdrawing its evidence. I need say no more on this other than to confirm that this submission does not rebut the need for a costs award in any way.

26. Party A submits the following:

“The Hearing Officer must appreciate, in view of the timeline [of its actions in May and June 2022 after it first met its counsel], that there was no nefarious purpose nor intent on the part of Party A in not engaging in the cross examination. However, Party A contends that there was a questionable and

punitive objective on the part of Party B to push for a considering that we could no longer respond”

27. Party A goes on to state following the surrender/withdrawal of its marks that it *“could not rely on prior rights to the marks. [Its] withdrawals from the contested marks unequivocally removed the rational of a cross examination ...”* These comments appear to reveal a misunderstanding. Party A appears to equate the surrender of its registration with the removal of its right to a defence against the bad faith case. This was not the case and, as explained in the Registry’s letter of 27 May 2022, the surrendered mark remained validly registered at the relevant date in the proceedings. The purpose of the cross-examination would have been to test Party A’s defence to the bad faith claim that remained a live issue and, as I have already commented, Party B chose to remove its evidence provided in defence to the bad faith claim.

28. In summary, none of the above submissions made on behalf of Party A have a material impact on the issue of costs.

29. On the specific issue of an award of costs, Party A categorises the bad faith ruling as being *“unfairly foisted upon the Hearing Officer”* and describes the circumstances as *“an effective self-induced gag order”* upon Party A (a reference to it withdrawing all but a bare denial of the bad faith case against it). It concludes that because of *“the emotionally charged and undependable nature of the evidence provided by Party B [it submits] the fundamental imbalance between the parties meant there was no true way to assess the bad faith claim at all.”* It concludes that it is appropriate to make no award of costs *“given the extraordinary unbalanced circumstances of the hearing and the case as it unfolded in the end”*. I reject these submissions for a number of reasons. Firstly, as previously stated, the unbalanced circumstances that are complained of were as the result of party A’s own decisions and actions. It chose to withdraw its evidence on the issue of bad faith. Having done that, it cannot then complain that its version of events was not taken into account. Secondly, I did not find Party B’s evidence to be undependable and to characterise it as such at this stage would require a change to the substantive decision. Even if I now agreed that Party B’s evidence was undependable, I have no power to change

my decision being *functus officio*. Thirdly, I note that from the parties' perspectives, this was an "emotionally charged" case, but I made my decision based upon an objective consideration of the information before me and the costs award must be an extension of those objective considerations. The fact that the proceedings were "emotionally charged" does not change my analysis.

30. Party A also make specific comments on the amount of a costs award. I discuss these later, at paragraphs 48 and 49.

31. Party B provides a table of actions and associated costs since July 2021. I comment on each of the eight items listed as follows:

Item 1

32. July 2021. £200 is claimed in respect of fees for advising, drafting and filing Party B's defence in opposition 422367 originally based upon section 3(1), section 3(3) and section 5(2). The issue of bad faith was not involved, and this is outside the scope of my consideration relating to actual costs.

Item 2

33. July 2021. £200 is claimed in respect of the same but in respect of Party A's opposition 423279. For the same reason as for Item 1, this is outside my considerations relating to actual costs.

Item 3

34. Sept 2021. £5,750 is claimed in respect of fees for the preparation and submission of evidence, for a request to amend pleadings and in respect of an extension of time request relating to the filing of evidence. This evidence was eventually filed on 1 November 2021 and consisted of:

- (i) Ms Foreman's witness statement of 14 October 2021 and Exhibits EF1 – EF7;

- (ii) Mr Weller's witness statement of 29 September 2021 and Exhibits GW3 – GW4;
- (iii) Ms Reffell's witness statement of 11 October 2021 and Exhibits ER1 – ER36.

35. Mr Weller's evidence was not addressing the bad faith claim and forms no part of considerations of actual costs.

36. Ms Foreman's witness statement addresses the bad faith claim. It consists of eighteen paragraphs and seven exhibits. No specific breakdown is provided in respect of this witness statement, but I award £1000 in respect of this evidence.

37. Ms Reffell's witness statement consists of eighty seven paragraphs and thirty six exhibits and provides evidence in respect of the bad faith as well as evidence of the use made of Party B's marks. Approximately two thirds of this witness statement is targeted at supporting the bad faith claim and I award £2000 in respect of that part of the evidence.

38. Regarding the work relating to the extension of time request, this was predicated upon maintaining of procedural fairness in the filing of evidence and was not specifically related to the bad faith claim and consequently is outside my consideration of actual costs.

39. In respect of the amended pleadings, I note that there were four amendments, only one of which relates to the bad faith claim. This amendment was explained in a single paragraph and the Form TM7 and Form 26(I) were amended to reflect the change. I award £300 to reflect the drafting in respect of the bad faith issue and the amendment to the Form TM7.

Item 4

40. January 2022. £3000 is claimed in respect of reporting on the amended counterstatements from Party A; reviewing, reporting and advice on the other side's evidence submissions; reporting on the Registry's letter requesting the other side

amend its evidence; reviewing, reporting and discussing the amended evidence and the new deadline; preparing, drafting and reviewing the second witness statement and exhibits.

41. The evidence of Avila Foreman, received in November 2021, set out the ASA Ruling and Party A's interpretation of this. The focus of the witness statement was this and generally it was used to support Party A's section 3(1) and section 3(3) grounds and its belief that Party B should change the way it promoted its goods. The first of these related to parts of the proceedings before me outside that of the bad faith case and the second to issues not relevant to these proceedings. Consequently, the work undertaken on behalf of Party B in January 2022 appears to be substantially outside of the bad faith issue and, therefore, not subject to actual costs. This impression is confirmed by Ms Reffell's witness statement of January 2022 which only addresses how it was believed that Party B was not misleading its customers.

42. In summary, the work detailed above and done in January 2022 did not relate to Party B's bad faith claim and the costs associated with the work fall within the scale costs and not the actual costs associated with the bad faith claim.

Item 5

43. April 2022. £2500 is claimed in respect of filing further evidence-in-reply and cross examination and follow up. The evidence in question is the witness statement of Emily Foreman. This was split into three parts. The first two parts dealt with the actions of Party A and the bad faith actions and the settlement discussion that shed light on Party A's view of Party B's motives in filing its Ethica Diamond marks. It is appropriate that this is contained within the actual costs award. The third part dealt with the claim for use of lab grown diamonds under the Ethica mark and is not relevant to the bad faith finding. Consequently, I award £2000 as part of the actual costs award.

Item 6

44. June 2022. £2500 is claimed in respect of the location of the hearing, the process of cross examination, advice in relation to the two settlement offers and reporting and advising on further correspondence including pre-cmc correspondence, and advice on preparation for, and attendance at the cmc and reporting on its outcome. I agree that this all relates to the bad faith issue and the impact of Party A's actions upon this ground of invalidation. I accept that the £2500 is appropriate actual costs for these activities.

Item 7

45. July 2022. £5000 is claimed in respect of a letter to the Registry regarding continuing with the proceedings despite the undertaking, preparing for, and attending the hearing and related advice and correspondence. Some of this would have been preparing Party B's defence to the section 3(1) and 3(3) grounds against its marks but would relate substantially to the bad faith issue. I adjust the claimed amount to take account that not all of this preparation related to the bad faith and award £3500.

Item 8

46. October 2021. £350 is claimed regarding activity after the substantive decision was issued and, as such occurred after the period for considering costs. The issuing of the decision marked the end of this period. Therefore, I make no award in respect of these activities.

Party A's Response on Quantum

47. The main thrust of Party A's submissions is that, in this dispute, it has spent more than Party B and a claim that it was put to unnecessary costs by the actions of Party B and that it should not be put to the costs that Party B incurred in April 2022 in respect to further evidence. In respect to the claim regarding the amount spent is, in itself, not relevant to my considerations. I dealt with the latter point at "Item 5" above

and found that costs were appropriate and that the additional evidence was relevant to the bad faith case. I need to say no more on this point.

48. Finally, Party A claims that it was put to unnecessary costs. I consider whether these merit a reduction in the award of costs in favour of Party B. Many of the actions identified in the table provided by Party A relate to actions that are part of the normal progress of a case through the evidence rounds and are not “unnecessary” costs. I need say no more about these. Party A makes further specific criticisms of Party B’s actions and I comment briefly on each point:

- February/March 2021: A claim of £2582 that included the work associated with Party B incorrectly submitting without prejudice correspondence with its Form TM26(I). The Registry instructed Party B to remove this prior to requesting Party A to file its Form TM8 and defence and, accordingly, there was no reason to consider these documents.
- April 2021: A claim of £2711 that included work associated with of Party B providing confidential documents in its submissions. Party B was informed that these documents were not admissible and, therefore, did not form part of the proceedings. Consequently, it is not appropriate for such costs to be used to offset the costs award in favour of Party B;
- June/July 2021: A claim of £3167 including time spent reviewing the alterations made by Party B to its statement of cases. I consider these activities to be included within the normal range of activities involved in a case before the Registry and even if the party is found to be entitled to its costs in respect of reviewing amendments made by the other side, such costs would easily be included into scale costs considerations. I conclude that it is not appropriate for such costs to be used to offset the costs award in favour of Party B;
- October 2021: A claim of £3132 including extra costs associated with reviewing and amending Party A’s statements in response to Party B’s amended statements and extra costs amending its witness statement and evidence. I have reviewed Party B’s amendments that include adding a claim of goodwill in respect of the words ETHICA DIAMONDS (in addition to the

originally claimed goodwill in a logo incorporating the same), a restriction to the list of goods in respect of which goodwill is claimed (and consequential amendments) and to add an additional limb to the bad faith claim to explicitly claim that Party A had no intention to use the ETHICA DIAMOND mark. Only the last of these introduced an expansion of the grounds and I accept that this led to additional costs related to the need to amend the counterstatements and evidence and I discount Party B's award by £500 to reflect this;

- February 2022 – April 2022: A claim of £6255 in respect of “*significant extra costs seeking counsel*” following the Registry’s agreement to Party B filing additional evidence. Whilst the Registry originally resisted the request to file evidence, in its letter of 4 March 2022, it recognised that there had been a procedural oversight in not setting an evidence timetable that included an opportunity for Party B to file evidence in reply in respect of its invalidation and its opposition. Allowing it to file the evidence corrected this oversight. Consequently, allowing the evidence was procedurally normal and correct. In light of this, I conclude that it is not appropriate for costs incurred by Party A to be used to offset Party B’s costs award.

49. Taking all of the above into account, the actual costs that will form part of the costs award in favour of Party B will consist of the following:

Item 3:	£3300
Item 5:	£2000
Item 6:	£2500
Item 7:	£3500
Offset for Party A’s unnecessary costs:	(£500)
TOTAL OF SCALE COSTS:	£10800

50. In addition, Party B, as the successful party is also entitled to scale costs, as follows:

Official fees (503510, 424031)	£400
Preparing and filing statements of case (x2) and counterstatements (x2) and considering Party A's statements	£1200
Preparing evidence and considering other party's evidence:	£1200
Preparing for, and attending hearing:	£800
Total:	£3600

51. Total costs are, therefore, £10800 + £3600, being a total of **£14400**. I therefore order Diotima & Company Limited to pay Kinetique Limited the sum of **£14400**. The above sum should be paid within twenty-one days of the expiry of the appeal period or, if there is an appeal, within twenty-one days of the conclusion of the appeal proceedings.

Dated this 20th day of December 2022

**Mark Bryant
For the Registrar**