

O/0080/22

TRADE MARKS ACT 1994

IN THE MATTER OF

TRADE MARK REGISTRATION NO. 3307327

IN THE NAME OF WIREX LIMITED

AND

APPLICATIONS FOR A DECLARATION OF INVALIDITY

NO. 504878 BY CRYPTOCARBON GLOBAL LIMITED

AND

NO. 504879 BY SUBASH GEORGE MANUEL

DECISION ON COSTS

Background

1. On 12 September 2022 I issued a decision (O/784/22) striking out the applications for invalidation filed by Cryptocarbon Global Ltd and by Subash Manuel. I directed that the parties file within 21 days any submissions on costs, after which I would issue a supplementary decision.

2. The proprietor filed submissions and a breakdown of its costs, which it seeks off the scale. Written submissions were filed in response by the applicants on 10 October 2022. The applicants' submissions were filed out of time and no request was made for an extension. I have, however, read them and will bear them in mind.

3. The applicants have, in the interim, also filed an appeal against my decision to strike out the applications for invalidation. As a consequence, I have considered whether it is appropriate for me to issue this decision before the outcome of the substantive appeal is determined. On the one hand, an appeal may have a bearing on whether it is appropriate to award costs to the proprietor. On the other hand, no appeal is possible against the quantum of costs until I have issued a decision on the matter. I have decided that the appropriate course is to issue a decision which can then be challenged through an appeal. However, in order to avoid the potential unfairness of requiring the applicants to pay these costs before the appeal against my first decision is determined, I will direct that the costs be paid within 21 days of the determination of the appeal already filed or, if the appeal is withdrawn, within 21 days of that event. If this decision on costs is appealed, the appellate court will, of course, have the power to set aside this decision and to make a different award.

4. The proprietor seeks its costs in the sum of £19,712.50. It says that the applicants' behaviour was unreasonable and argues that off scale costs are appropriate because:

- (i) The invalidity applications were improperly brought and/or meritless and should never have been brought;
- (ii) Untrue allegations were made that the proprietor had fabricated evidence;
- (iii) I indicated in my original decision that the applications were an improper use of the system.

5. The applicants make a number of points. They state that:

- (i) The CMC was a score draw because issues in the related opposition were considered, with the applicant's evidence in those proceedings being admitted;
- (ii) The issue regarding fabricated evidence is still live (presumably this means in the opposition);
- (iii) The opponent has refused to engage in Alternative Dispute Resolution;
- (iv) The costs claimed by the proprietor are not justifiable.

6. Section 68 of the Trade Marks Act 1994 and Rule 67 of the Trade Mark Rules 2008 give the registrar a wide discretion to award costs. As Anthony Watson Q.C. stated in *Rizla Ltd.'s Application* [1993] RPC 365 when considering a very similar provision under the Patents Act 1977:

“The wording of section 107 could not in my view be clearer and confers on the Comptroller a very wide discretion with no fetter other than the overriding one that he must act judicially.”

7. I am satisfied that the applicant's behaviour in attempting to invalidate the trade mark for the second time was unreasonable, particularly in respect of the grounds under ss. 3(6) and 5(4)(a), both of which were considered in the IPEC proceedings. However, off-scale costs are not automatic even when there is unreasonable behaviour. *Rizla's Application* underlines that the correct question for determining costs is whether the conduct is so exceptional that an award on the standard scale is unreasonable. I recognise that one of the instances identified in *Rizla's Application* as potentially giving rise to compensatory costs is where an action is brought without a bona fide belief that it is soundly based. I indicated in my previous decision that the applicant's behaviour is suggestive of “not a genuine belief that [the grounds] are well founded but an attempt to divest Wirex of its trade mark at any cost”. Those were poorly chosen words. I did not mean that the motivation for bringing the claims was purely to vex the proprietor. I am quite persuaded that the applicants hoped the invalidities would succeed. I meant that the applicants were grasping at straws, raising any and every possible ground available, despite those grounds not having occurred

to them during the previous proceedings. In particular, the applicants have latched on to comments in the IPEC judgment regarding the distinctiveness of the mark and filed s. 3(1) claims, without any justification for not bringing those grounds initially (and, it appears, blinkered to the consequences for Cryptocarbon’s own “CRYPTOBACK” trade mark application for at least some identical services, as has been admitted, in class 36).

8. The proprietor also argues that the applicants should have known it was likely that the invalidities would be struck out and that it was unreasonable for the applicants to pursue the matter to hearing, increasing costs. I do not think that a separate off-scale award is justified for the hearing. Although the hearing took place in the context of wider unreasonable behaviour, I do not think that it was so unreasonable for the applicants to exercise their right to be heard that off-scale costs are warranted.

9. Overall, my view is that although there has been unreasonable behaviour it is not of the order to attract costs off the scale. I will, however, award costs at the top of the scale.

10. There was some overlap in the grounds of invalidity but the claims were not identical and will have required separate consideration. Although the hearing was in the form of a case management conference, it will have required significant preparation. The proprietor was not obliged to file a skeleton argument but it was reasonable to do so, given the issues and that the applicants are not professionally represented: had the applicants not had notice of the proprietor’s intended application, I would have had concerns about fairness. The hearing itself took an hour and a half, which is longer than some substantive hearings. It is relevant that the hearing was appointed not only to deal with the invalidities but also with the related opposition. I take that into account but note that the majority of the hearing was taken up with the invalidities. I award costs to the proprietor as follows:

Considering the forms TM26(I) (£650 x2):	£1,300
Preparing for and attending the hearing:	£1,400
Total:	£2,700

11. I order Cryptocarbon Global Ltd and Subash George Manuel jointly and severally to pay Wirex Limited the sum of £2,700. This sum is to be paid within 21 days of the determination of the appeal already filed against decision number O/784/22 or, if the appeal is withdrawn, within 21 days of that event.

Dated this 25th day of January 2023

Heather Harrison

For the Registrar

The Comptroller-General