

**TRADE MARKS ACT 1994**

**IN THE MATTER OF:**

**OPPOSITION No. 96672**

**IN THE NAMES OF ANNETTE CAMPBELL AND BENTE ZABER**

**TO TRADE MARK APPLICATION No. 2463230**

**IN THE NAME OF CATHERINE HUGHES**

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**DECISION ON COSTS**

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1. Bente Zaber's appeal against the rejection of Opposition No. 96672 (Decision BL O-006-10, 14 January 2010) succeeded in relation to all services other than sporting activities specified in Trade Mark Application No. 2463230 for the reasons given in my Decision of 7 March 2011 (BL O-094-11). In that Decision at paragraph [44] I gave directions for the filing of written representations in relation to the costs of the proceedings at first instance and on appeal.

2. The Opponents filed written representations on 21 March 2011 contending:

- (1) that they should be awarded costs without any reduction for the fact that the opposed application for registration was allowed to proceed in respect of sporting activities;

- (2) that costs should be awarded to them on the normal scale for the period down to the point at which the Applicant's witness statement of 19 March 2009 was filed;
- (3) that costs should be awarded to them on a full compensatory basis for expenditure thereafter incurred in connection with the proceedings in the Registry;
- (4) that costs should be awarded to Bente Zaber on a full compensatory basis in relation to the proceedings on appeal.

Costs on a full compensatory basis were said to be appropriate with regard to items (2) and (3) by reason of unreasonable behaviour on the part of the Applicant (including the filing of untruthful evidence) in defending the opposition. The costs were quantified at £4,260.10 in relation to item (2) and £10,878.70 in relation to item (3).

3. The Applicant filed written representations on 1 April 2011 contending:

- (1) that there was no proper justification for awarding costs at anything other than the lower end of the scale;
- (2) that the Opponents had not been totally successful in the proceedings either at first instance or on appeal and should not be awarded costs on a basis that was not commensurate with the level of success actually achieved;
- (3) that there should be an allowance in favour of the Applicant for the extra burden of costs imposed upon her by the filing of a large body of repetitive and irrelevant statements and exhibits which she had unnecessarily been required to deal with;

- (4) that there should also be an allowance in favour of the Applicant for the extra burden of costs imposed upon her by loose formulation of the Opponents' case at first instance for saying that she had filed the application in suit without having a rightful proprietary claim to take advantage of the reputation of Ian Adam;
- (5) that although it had been found that the Applicant's evidence relating to her appointment as Ian Adam's 'next-of-kin' was contrived for the purpose of providing her with an excuse for acting as she did in relation to his assets after he had died *'this does little more than to cast doubt over the statement and the intention behind its inclusion. The statement in question ... has not at any point been found to be an untruth. It is what it was intended to be namely the inclusion of evidence which was later relied upon to support the Applicant's claim that a close relationship existed between the Applicant and Ian Adam'*.

4. The Opponents joined issue with the Applicant in written representations in reply filed on 6 April 2011. Neither side asked to be heard in relation to the claims for costs which remain to be determined. This Decision deals with those claims, taking account of the written representations I have received.

5. Section 68(1) of the Trade Marks Act 1994 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.”

6. 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.

7. 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 (Kerly’s Law of Trade Marks and Trade Names 14<sup>th</sup> Edn. 2005 pp. 919 et seq).

8. 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**

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 itemising 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.”

9. 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 (18 December 2009).

10. I think it is clear that the present opposition proceedings were conducted on both sides in a manner that was not as efficient as it should have been. In particular, I refer to the following shortcomings of approach:

- (1) the Opponents' objection under Section 5(4)(a) was maintained, by reference to a large body of repetitive and irrelevant evidence, until it was removed from the pleadings in November 2008;
- (2) the Opponents' objection under Section 3(3)(b) was pursued unsuccessfully at first instance and raised on appeal, but ultimately not proceeded with;
- (3) in relation to the Opponents' objection under Section 3(6), the evidence and argument on both sides was impaired by loose use of the expression 'next-of-kin' and a basic failure to appreciate that nobody on either side of the case had ever been entitled to any legal or beneficial interest in any assets of Ian Adam's estate under the Administration of Estates Act 1925 (as amended);

- (4) the Applicant's Counterstatement was deficient for failing to foreshadow the case on entitlement she subsequently put forward in her witness statement of 19 March 2009 and the Opponents were forced to deal with the substance of her case (including her contrived excuse for acting as she did in relation to Ian Adam's assets after he had died) in their evidence in reply;
- (5) neither side applied for the reliability of the other side's evidence to be tested by cross-examination or disclosure of documents, with the result that the contested allegation of bad faith was pursued and defended without recourse to the most effective procedures available for its determination;
- (6) the question whether there was a business asset in the form of a surviving goodwill and reputation attaching to the name **IAN ADAM** which the Applicant was seeking to exclude from his estate for her own benefit was in dispute, but not examined in any real depth before the Hearing Officer as a result of undue reliance on a paragraph in the Trade Marks Registry Work Manual which provided only slender guidance as to the scope and effect of Section 3(6);
- (7) the Opponents proceeded as if it was self-evident that their objection under Section 3(6) should succeed in relation to all of the services including sporting activities specified in Trade Mark Application No. 2463230, even though the Work Manual guidance on which they were relying related only to the coverage of '*services with which the famous individual is associated*'.

11. On weighing these factors in context, I consider that the costs incurred by the Opponents should be disallowed to the extent that they were surplus to the reasonable and proper presentation of the objection which succeeded under Section 3(6) and that the costs awarded to them should in addition be reduced by an amount proportionate to the Applicant's costs of the discontinued objections under Sections 5(4) and 3(3)(b). Within those parameters it is right that the Opponents should be fairly compensated for their costs of negating the misleading evidence put forward in paragraph 6 of the Applicant's witness statement dated 19 March 2009. However, the costs of negating that evidence cannot reasonably include the costs of the evidence in which the Opponents erroneously maintained the position that Annette Campbell was entitled to rights by virtue of kinship and succession in relation to the assets of Ian Adam's estate. A significant matter for the purposes of the assessment I am required to make is that time and money would probably have been saved if the Opponents' objection under Section 3(6) had been subjected to tighter reasoning and closer analysis for the purposes of the proceedings at first instance. My assessment follows the approach I have identified in paragraphs [5] to [9], but without endeavouring to provide for the payment of costs on a full compensatory basis because to do so would, in my view, attribute a greater degree of efficiency to the overall presentation of the successful objection than was actually achieved.

12. I consider that the objection which succeeded under Section 3(6) should carry an award of costs in favour of the Opponents in the sum of £8,000 to cover the work reasonably and properly undertaken in the presentation of that objection at first instance and on appeal. The balance between the preparation of the relevant evidence and the



preparation of the relevant arguments appears to me to lead to the conclusion that the figure of £8,000 should be apportioned as to 45% (£3,600) in relation to the proceedings at first instance and 55% (£4,400) in relation to the proceedings on appeal.

13. I consider that the proportionate amount by which the figure of £8,000 should be reduced to reflect the Applicant's costs of the discontinued objections under Sections 5(4) and 3(3)(b) is £750. The costs burden imposed by the discontinued objections appears to me to be realistically divisible as to 70% (£525) in relation to the proceedings at first instance and 30% (£225) in relation to the proceedings on appeal.

14. For the reasons I have given above, I direct the Applicant to pay (£3,600 minus £525 =) £3,075 to the Opponents as a contribution towards their costs of the proceedings in the Registry and (£4,400 minus £225 =) £4,175 to Bente Zaber as a contribution towards her costs of the proceedings on appeal. Both sums are to be paid within 14 days of the date of this Decision.

Geoffrey Hobbs Q.C.

18 April 2011

Written representations were made on behalf of the Opponents by Kate Széll of Venner Shipley LLP

Written representations were made on behalf of the Applicant by Andrew Marsden of Saunders & Dolleymore LLP.