TRADE MARKS ACT 1994

TRADE MARKS (INTERNATIONAL REGISTRATION) ORDER 2008

IN THE MATTER OF:

OPPOSITION No. 72101

IN THE NAME OF QUALCOMM INCORPORATED

TO THE REQUEST FOR PROTECTION IN THE UNITED KINGDOM

OF INTERNATIONAL REGISTRATION NO. 1015854

IN THE NAME OF SMARTBOOK AG

DECISION ON COSTS

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1. Smartbook AG's request for International Registration No. 1015854 of the word **SMARTBOOK** to be protected in the United Kingdom as a trade mark for use in relation to a wide range of goods in Class 9 was opposed by Qualcomm Incorporated on absolute grounds under Sections 3(1)(b), (c) and (d) of the Trade Marks Act 1994.

2. The opposition succeeded under Section 3(1)(c), alone and in tandem with Section 3(1)(b). The request for protection was rejected in its entirety for the reasons given in a fully reasoned written decision issued under reference BL O-297-11 by Mr. David Landau on behalf of the Registrar of Trade Marks on 18 August 2011. The Hearing

Officer ordered the Applicant to pay £2,700 to the Opponent as a contribution towards its costs of the proceedings in the Registry.

3. The Applicant appealed to an Appointed Person under Section 76 of the 1994 Act contending, in substance, that the Hearing Officer had applied the law relating to refusal of registration for descriptiveness and lack of distinctiveness too stringently in relation to the opposed request for protection.

4. The Opponent did not file a Respondent's Notice under Rules 71(4) to (6) of the Trade Marks Rules 2008 and thereby opted to proceed on the basis that the Hearing Officer's decision was correct and should be upheld for the reasons he had given.

5. On 29 August 2012 the parties were notified that the Appeal had been listed for hearing on 14 September 2012. The Opponent asked for the hearing to be deferred to a later date. That request was refused. On 7 September 2012 the Applicant unilaterally withdrew its Appeal.

6. On 2 October 2012 the Opponent applied by letter for an award of costs consequent upon the withdrawal of the Appeal. It sought a total of €11,467.86 upon the following basis:

> The Opponent has incurred a total cost of 11,467.86 EUR in these proceedings (approximately £9,161.46) which can be supported by narratives which relate to Instructing Solicitors' fees in dealing with the appeal by the Applicant (reviewing the appeal, advising the Opponent on the appeal, preparing Instructions to Counsel to appear at the hearing and consulting with Counsel regarding the appeal). In this regard, because this is a multi-jurisdictional dispute between

the parties, multiple offices of Instructing Solicitors were involved, thereby increasing costs. Instructing Solicitors have spent a total of 30.5 hours in preparation for the appeal, which can be broken down as follows:

- Andreas Renck, Partner (Alicante) – 144.00 EUR
- David Latham, Partner (London) – 182.33 EUR
- Sahira Khwaja, Partner (London) – 1,803.99 EUR
- Anat Paz, Senior Associate (London) – 5,433.18 EUR
- Iza Junkar, Associate (Alicante) – 112.50 EUR
- Camilla Shires, Associate (London) – 2,877.60 EUR
- Phyllis Chan, Paralegal (London) – 823,06 EUR
- Marketa Bendova, Paralegal (Alicante) – 91,20 EUR

Total: €11,467.86 (£9,161.456)

The Opponent therefore requests that the Appointed Person order the Applicant to pay the Opponent a total costs award of **£9,161.456** (11,467.86 EUR).

7. In a letter in response dated 5 October 2012 the Applicant maintained that there should be no order for costs or (failing that) nothing more than an award in line within the published scale for costs in Registry proceedings. Nothing was said about the amount of time (30.5 hours) for which costs were being claimed or the number of individuals (8) whose involvement had contributed to the level of the amount claimed or the average hourly rate of remuneration (virtually €376 per hour) implied by the request for €11,467.86 in respect of 30.5 hours work.

8. 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 –
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> (a) to award any party such costs as he may consider reasonable, and
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> (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.

9. 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.

10. 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.

11. 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 publishes 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.

12. 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).

13. I consider that the Opponent in the present case is, in principle, entitled to an award of costs in an amount sufficient to reflect the effort and expenditure which went into its defence of the Appeal. I also think it would be reasonable to recognise that the Opponent was forced to defend itself against an appeal which appears on the face of it to have had no real prospect of success on any of the bases put forward in the Notice and Grounds of Appeal. The practical effect of that is to induce in me a greater degree of receptiveness to above – scale figures than would otherwise have been the case. However, it does not avoid the need for the nature and extent of the effort and expenditure which went into the Opponent's defence of the Appeal to be assessable on the basis of an itemised statement as envisaged by paragraph 7 of Tribunal Practice Notice TPN 4/2007 (see paragraph [11] above).

14. As to that, the letter of 2 October 2012 setting out the Opponent's claim for costs is opaque. I cannot see what any of the 8 individuals named in the letter actually did or how long it took them to do whatever they did within the overall total of 30.5 hours for

which costs are claimed. I am therefore unable to assess the time and cost attributed to any particular task or the utility of undertaking it, either when it was undertaken or at all.

15. In addition, it is entirely unclear to me how the involvement of 8 individuals over 30.5 hours could have been needed to consider and advise in relation to the Applicant's Notice and Grounds of Appeal and the defence of the Appeal in circumstances where: (1) no Respondent's Notice was filed; (2) any instructions to or discussion with Counsel would therefore have centred on the proposition that the Hearing Officer's decision was correct for the reasons he had given; (3) no Skeleton Argument was ever filed in connection with the Appeal; (4) no claim for costs has been itemised with reference to the preparation of any such Skeleton Argument; and (5) no claim for costs has been raised with respect to any Counsel's fees.

16. I am therefore faced on the one hand with the absence of any direct challenge by the Applicant to the figure of 30.5 hours put forward by the Opponent and on the other hand with the absence of any objectively assessable itemisation from the Opponent to substantiate the allowability of that figure. In my view, the Opponent's letter of 2 October 2012 does not substantiate the allowability of the figure of 30.5 hours and the absence of any direct challenge to it in the Applicant's letter of 5 October 2012 is not sufficient to transmute it into an allowable figure for the purposes of the assessment I am called upon to make under Rules 67 and 73(4) of the 2008 Rules.

17. Doing the best I can on the basis of the materials before me, I think that 7 hours can and should be regarded as the amount of time relevantly and proportionately required to consider and advise in relation to the Applicant's Notice and Grounds of Appeal and

conduct the defence to the Appeal in an efficient manner down to the point at which the appeal was withdrawn. From the perspective identified in paragraph [13] above, I think it would be reasonable to apply an average rate of remuneration of £300 per hour to the figure of 7 hours, thus resulting in an award of £2,100 to the Opponent.

18. The Applicant is directed to pay £2,100 to the Opponent as a contribution towards its costs of the withdrawn Appeal. That sum is to be paid within 21 days of the date of this Decision. It is payable in addition to the sum of £2,700 awarded by the Hearing Officer in respect of the proceedings in the Registry.

Geoffrey Hobbs QC

2 November 2012

Written representations were filed by Hogan Lovells International LLP on behalf of the Opponent.

Written representations were filed by Clifford Chance LLP on behalf of the Applicant.