

O/0029/23

TRADE MARKS ACT 1994

SUPPLEMENTARY DECISION ON COSTS

**IN THE MATTER OF TRADE MARK APPLICATIONS NOS. 3540567 &
3540562
BY D&R EXPORTS (PVT) LTD**

AND

**IN THE MATTER OF THE OPPOSITIONS THERETO
UNDER NOS. 423254 & 423255 BY UNIVERSAL SUPPLIERS LTD**

AND

**IN THE MATTER OF TRADE MARK APPLICATIONS NOS. 3555544 &
3555570 BY UNIVERSAL SUPPLIERS LTD**

AND

**IN THE MATTER OF THE OPPOSITIONS THERETO
UNDER NOS. 424372 & 424768 BY D&R EXPORTS (PVT) LTD**

1. On 15 November 2022, I issued a decision in these consolidated proceedings.¹ The oppositions to Trade Mark Applications Nos. 3540567 and 3540562 succeeded and the oppositions to Trade Mark Applications Nos. 3555544 and 3555570 failed.

2. In my earlier decision, I noted that Universal Suppliers Ltd (“USL”) had been wholly successful and was therefore entitled to a contribution towards the cost of these proceedings. At the hearing, Professor Mark Engelman, representing USL, had requested that the parties be given the opportunity to make submissions on costs following the outcome of the substantive matters. I agreed. I therefore gave USL 14 days from the date of this decision to file written submissions on costs. These were received on 24 November 2022. D&R Exports (Pvt) Ltd (“D&R”) had been given 14 days from receipt of USL’s submissions to respond, but they did not do so.

3. Rule 67 of the Trade Marks Rules 2008, SI 2008 No. 1797, 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.”

4. Costs are normally awarded based on a published scale and are intended to be contributory, rather than compensatory.² USL seeks its costs on an off-scale basis and supplied copies of the actual costs incurred. If my calculations are correct, these amount to €5,600 for the services of Tierney IP and £61,887.09 for the services of Professor Engelman.

5. In his submissions on costs, Professor Engelman reminds me that the Trade Marks Manual states that:

“It is vital that the Tribunal 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 ... Thus, if the

¹ BL O/998/22.

² Section 5.3 of the Trade Marks Manual.

Tribunal felt that a case had been brought without any bona fide belief that it was soundly based or, if, in any other way, its jurisdiction was being used for anything other than resolving genuine disputes, it has the power to award compensatory costs.”³

6. He submits that compensatory costs are justified for the following reasons:

- i) D&R pursued its opposition proceedings and its defence in USL’s opposition proceedings in the full knowledge that it possessed no prior use of the ARALIYA mark in the UK;
- ii) D&R refused wholly reasonable offers from USL to settle the dispute; and
- iii) D&R progressed two conflicting arguments during the course of the proceedings.

7. I will deal with each of these points in turn, but before doing so I want to highlight the relevant case law. In *Rizla Ltd’s Application* [1993] RPC 365, Mr A. Watson QC, sitting as a Deputy Judge of the High Court, said at [374]:

“I deal first with the question of jurisdiction. 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.

As a matter of jurisdiction, I entertain no doubt that if the Comptroller were of the view that a case had been brought without any *bona fide* belief that it was soundly based or if in any other way he were satisfied that his jurisdiction was being used other than for the purpose of resolving genuine disputes, he has the power to order compensatory costs.”

³ Section 5.6 of the Manual. The omission is Professor Engelman’s.

8. This case concerned a patent application, but the principles set out are applicable to trade mark cases.

D&R pursued its opposition proceedings and its defence in the full knowledge that it had no prior use of the ARALIYA mark in the UK.

9. Professor Engelman refers to correspondence between the parties in which D&R listed the countries to which it exports. This list did not include the United Kingdom. He submits that:

“It follows that each of its claims pursuant to ss.5 had been brought without any bona-fide belief that they were soundly based from the very outset because they would be defeated by either USL’s 2 prior 2017 registrations, ‘919 or ‘373, or USL’s rights in passing off. As stated, its s.3(6) ground failed at the very first hurdle.”⁴

10. However, it was not certain that D&R’s applications would be defeated by USL’s earlier trade marks or claimed rights in passing off. The goods in respect of which the earlier trade marks were registered were not identical to those in D&R’s applications, so I had to carry out the usual global assessment under section 5(2) of the Trade Marks Act 1994. Turning to the section 5(4)(a) claim, I recall that the burden is on the opponent (in this case, USL) to prove that it enjoyed a protectable goodwill at the relevant date, and that it is not unknown for cases to fall at this hurdle. D&R was entitled to put USL to proof of its claimed goodwill, and did so. In addition, there is no requirement that an applicant must have made prior use of a mark before filing and then defending an application. D&R’s oppositions were based on what would have been earlier marks (if USL’s oppositions had failed) and a claim under section 3(6) that USL had no intention to use the mark for the goods it had applied for. Such a claim under section 3(6) can be raised by any party. The fact that D&R lost under section 5, and also under section 3, is not in itself a reason for awarding off-scale costs.

⁴ Paragraph 9.

D&R refused wholly reasonable offers to settle the dispute.

11. Professor Engelman submitted that D&R had refused reasonable offers to settle the dispute, and had itself made unreasonable offers. He referred me to the decision of the High Court in *De Sena & Anor v Notaro & Ors* [2020] EWHC 1366 (Ch) in which the judge cited the following passage from the decision of the Court of Appeal in *Lejonvarn v Burgess* [2020] 4 WLR 43:

“In short, therefore, taking the CPR and these authorities together, the position is that, in contrast to the position of a claimant, a defendant (such as the appellant in the present case) who beats his own Part 36 offer, is not automatically entitled to indemnity costs. But a defendant can seek an order for indemnity costs if he or she can show that, in all the circumstances of the case, the claimant’s refusal to accept that offer was unreasonable so as to be ‘out of the norm’. Moreover, if the claimant’s refusal to accept the offer comes against the background of a speculative, weak, opportunistic or thin claim, then an order for indemnity costs may very well be made.”⁵

12. These proceedings were part of a series of disputes in a number of different jurisdictions. The existence of these disputes was mentioned in the notices of opposition against D&R’s applications and in the first witness statement of Mr Chinthaka Pradeep Perera, Managing Director of USL. Paragraphs 11 and 12 of the costs submissions contain a timeline summarising the discussions between the parties and a summary of the agreement made at a meeting on 25 January 2021. Correspondence relating to these discussions is attached in what is described as the “costs bundle”. These have not been filed in admissible form, i.e. under cover of a witness statement.

13. Professor Engelman submits that the offer by USL during these discussions (that D&R should withdraw its Class 30 application) was beaten by the outcome of these proceedings because both Class 29 and Class 30 applications were successfully opposed by USL. However, D&R’s applications only covered Class 30, so this point

⁵ Paragraph 43.

does not help USL. Even if I were to take account of the facts set out in the costs submissions and the documents attached to it as evidence of USL's offer, it is clear that this is a multi-jurisdictional dispute and in that context the refusal to accept an offer in one jurisdiction does not appear to me to be exceptional or out of the norm.

D&R progressed two conflicting arguments during the course of the proceedings

14. As a final point, Professor Engelman submits that:

“23. ... D&R took conflicting positions. By its TM7 of 07.04.21 it alleges both identity/similarity in both marks and goods but by its TM8 & CS's of 04.05.21 it denies any such identity/similarity of marks and goods to effectively the same '562 mark.

24. Such conduct demonstrates s.5 claims which because they both admit and deny identity/similarity of marks and goods/services must as a matter of logic demonstrate the 'speculative, weak, opportunistic or thin' claim D&R sought to pursue/defend whilst taking a high risk and can, as De Sena predicts, expect to pay indemnity costs if it fails.”

15. I have carefully reviewed the forms referred to above. I agree that in the TM7s against USL's applications, D&R claims that the marks are identical or similar and that the Class 30 goods that USL has applied for are identical or similar to the Class 30 goods that it has applied for. Turning now to the TM8s, I note that D&R does not deny that its '567 application is identical to USL's earlier trade mark and that while it denies that the '562 application is identical to the earlier mark, it does not deny that they are similar. The goods that USL relies on its oppositions are different from the ones in the specifications of its applications. Therefore, I cannot see that D&R has taken conflicting positions across the different proceedings.

Has a case been made that off-scale costs are warranted?

16. Having considered the submissions, and bearing in mind the case law cited above, I do not believe that D&R's behaviour has been unreasonable and so offscale costs

are not in my view warranted. I will therefore award costs based on the scale published in Tribunal Practice Notice 2/2016.

The cost award

Preparing a statement and considering the other side's statement

17. I acknowledge that these proceedings involved four separate actions and multiple grounds. However, it is also the case that the statement of grounds in USL's two oppositions to D&R's applications were for the most part similar. The difference was a larger number of grounds in the opposition to Application No. 3540567. I consider that a fair award is **£650**. This is at the top of the scale and reflects both the complexity of the statement and the fact that the statement of grounds in the opposition to Application No. 3540562 was the same except for the removal of paragraphs relating to grounds not pleaded.

18. The same consideration applies with regard to D&R's oppositions to USL's applications. D&R's pleadings were based on fewer grounds and so in my view **£450** is a fair award.

Preparing evidence and considering and commenting on the other side's evidence

19. USL filed evidence in chief and evidence in reply to D&R's evidence. D&R did not file any evidence in reply.

20. The guidance given in the Trade Marks Manual is as follows:

"From £500 if the evidence is light to £2200 if the evidence is substantial. The award could go above this range in exceptionally large cases but will be cut down if the successful party had filed a significant amount of unnecessary evidence."⁶

⁶ Section 5.3.

21. I do not consider that this is an exceptionally large case. The volume of evidence filed was within the guideline limits set by the Registry. In addition, USL's evidence in chief contained two witness statements which I take the view are expert evidence and permission for these was not sought.⁷ These witness statements are from Mr Viraj Navindra and Mr Aruna Weerasinghe, both of whom have experience in the food industry. They gave evidence on the purchasing process, the similarity of the parties' goods, and the likelihood of confusion. In *eSure Insurance Ltd v Direct Line Insurance Plc* [2008] EWCA Civ 824, LJ Arden stated that:

"Firstly, given that the critical issue of confusion of any kind is to be assessed from the viewpoint of the average consumer, it is difficult to see what is gained from the evidence of an expert as to his own opinion where the tribunal is in a position to form its own view. That is not to say that there may not be a role for an expert where the markets in question are ones with which judges are unfamiliar: see, for example, *Taittinger SA v Allbev Ltd* [1993] FSR 641."⁸

22. The goods in question were food items and this is a market with which Hearing Officers are familiar. Consequently, I shall not take into account this evidence when awarding costs.

23. Permission was sought to file expert evidence from a Sri Lankan corporate and insolvency lawyer. USL submitted that such evidence was relevant to the assessment of D&R's alleged ownership of the ARALIYA brand. This evidence was not material to my decision.⁹ However, there was a significant amount of evidence going towards the claims that USL enjoyed goodwill associated with the ARALIYA signs. I will therefore award a sum of **£1500** for preparing evidence and considering and commenting on the other side's evidence.

⁷ See Tribunal Practice Notice 2/2012.

⁸ Paragraph 62.

⁹ See paragraph 77 of my original decision.

Preparing for and attending a hearing

24. The hearing was scheduled for half a day and completed within this time. I award a sum of **£800** for preparing for and attending a hearing

Costs award

25. The total costs award is as follows:

Preparing a statement and considering the other side's statement: £1100

Preparing evidence and commenting on the other side's evidence: £1500

Preparing for and attending a hearing: £800

Official fees x 2: £400

TOTAL: £3800

26. I therefore order D&R Exports (Pvt) Ltd to pay Universal Suppliers Ltd the sum of £3800. This sum is to be paid within 21 days of the end of the period allowed for appeal or, if there is an appeal, within 21 days of the conclusion of the appeal proceedings. The period allowed for appeal for both the substantive and the costs decisions begins on the date of this decision.

Dated this 12th day of January 2023

Clare Boucher

For the Registrar,

Comptroller-General