O-436-16

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION NO. 501016

BY GEORG GREUTTER

FOR A DECLARATION OF INVALIDITY OF REGISTRATION NO. 3081452

IN THE NAME OF CAR LOAN ORIGINATIONS LIMITED

DECISION ON COSTS

Background

1. I am required to deal with the cost consequences of the withdrawal of an application to invalidate trade mark number 3081452 in the name of Car Loan Originations Limited (the proprietor). The chronology of the case is as follows:

- UK trade mark number 3081452 was filed on 13 November 2014, published on 12 December 2014 and registered on 27 February 2015 in classes 35 and 36. Georg Greutter, of Spiegelgasse 4/10, A-1010, Wien, filed a Form TM26I, application for invalidity, on 15 October 2015. It was based on an earlier European Union Trade Mark (EUTM) under sections 47(2)(a) and 5(2)(b) of the Trade Mark Act 1994 (the Act);

- The proprietor filed a late defence, Form TM8 and counterstatement, on 19 January 2016. Following a hearing on 10 March 2016, I issued an interim decision in which I admitted the late-filed defence under the provisions of Rules 74 and 77(5) of the Trade Marks Rules 2008 ("the Rules"), on the basis that there had been an irregularity in procedure which was attributable, wholly or in part, to a default, omission or other error by the Registrar/Office;

- An amended TM8 was served on Mr Greutter on 18 April 2016. Mr Greutter was asked to provide proof of use and was given until 20 June 2016 to file evidence;

- On 27 June 2016 the Tribunal informed Mr Greutter that, as no evidence had been filed, it was minded to deem the application withdrawn under the provisions of Rule 42(4) of the Rules. In response, Mr Greutter filed a witness statement and requested a hearing, which was held before me on 12 August 2016. This was attended by Mr Greutter in person and by Mr Thomas Jones of Counsel instructed by Berry Smith LLP (on behalf of the proprietor). Mr Greutter withdrew his application at the hearing;

- Following the hearing, I invited the parties to make submissions on costs. Both parties have now filed their submissions, which I have reviewed in arriving at this decision.

Preliminary remarks

2. In his written submissions, Mr Greutter made a number of preliminary remarks, although he did not rely upon them to change his position. For the sake of completeness, I will deal with these remarks briefly.

3. Mr Greutter submitted that (i) when he decided to file the invalidity application, he was not aware that invalidation proceedings before the Tribunal *"are conducted under a reimbursement of costs obligation*"; (ii) the UK Intellectual Property Office's ("IPO") online guidance provides no information about liability for costs; (iii) the Tribunal's letter of 18 April 2016 contained the following text: *"the Registry will disregard the services referred to at Box 7 of the TM8"*, and it was not clear that proof of use was required; (iv) Rule 67 of the Rules states that *"the registrar may […] award to any party such costs as the registrar may consider reasonable"*, therefore, award of costs is optional rather than mandatory.

4. As to points (i) and (ii), the UK IPO's online guidance[1] clearly sets out the principle that the successful party may request an award of costs in its favour and, at the hearing, I repeatedly warned Mr Greutter about the consequences of his withdrawal. In relation to point (iii) the letter of 18 April 2016 clearly stated: *"as the registered proprietor has requested that you provide proof of use, this evidence of use must also be filed within the period set above"*. The reference to Box 7, which seems to have caused confusion, should have been read in conjunction with the Tribunal's correspondence of 17 March 2016, in which it was clarified that the proprietor had requested proof of use for services that were not covered by Mr Greutter's registration (these were listed in Box 7 of the TM8) and consequently an amended

[1] https://www.gov.uk/government/publications/trade-marks-invalidation/trade-marks-invalidation see paragraph 5 "Costs in invalidation proceedings" which states "Will I be able to recover all of my costs before the Tribunal or the Appointed Person? At the conclusion of any proceedings before the Tribunal the successful party may request that an award of costs be made in its favour."

TM8 had to be filed. Insofar as point (iv) is concerned, in the context of the Rules, the word 'may' empowers the Tribunal to award costs and, in the absence of any reasons why each party should bear their own costs, costs are normally awarded to the successful party.

Submissions on costs

5. The proprietor is seeking costs as follows:

Task	Costs incurred	Costs sought
Preparing a statement and considering the other side's statement	£ 2,435 + VAT.	£ 600
Preparing evidence and considering and commenting on the other side's evidence	£ 2,511.50 +VAT	£ 2,000
Preparing for and attending a hearing	£ 1,899 +VAT (first hearing) £ 2473.50 +VAT (second hearing)	£ 1,500 £ 1,500
TOTAL		£ 5,600

6. Mr Greutter submits:

(i) *Preparing a statement and considering the other side's statement*: the TM26I was not complex and the TM8 filed by the proprietor was a standard defence. Any compensation under this head should not exceed £200.

(ii) *Preparing evidence and considering and commenting on the other side's evidence:* the only evidence filed by the proprietor was a witness statement aimed at explaining the circumstances that led to the late filing of its defence; as these costs stem from the other party's failure or from a procedural irregularity attributable to the Tribunal, Mr Greutter should not be liable. In respect of the costs for considering the evidence of use, there

was no such evidence to be considered. In any event, if costs are granted, the amount should not exceed £500.

(iii) *Preparing for and attending a hearing*: As the first hearing was held to discuss the proprietor's late filing of its defence, and as neither Mr Greutter nor his representative attended, these costs should be borne by the proprietor alone. Insofar as the costs relating to the second hearing are concerned, the proprietor's skeleton arguments reiterated its previous submissions and no additional preparation for the hearing was necessary. The costs for the second hearing should not exceed £150.

7. Mr Jones's submissions in reply were that: (i) the matters to be considered required consideration and careful drafting, (ii) the proprietor had to consider Mr Greutter's witness statement to determine whether it constituted evidence of use, (iii) the costs for both hearings arose directly from Mr Greutter *"making its misconceived application, failing to provide the clearly required evidence of use, and then contesting the same before voluntarily withdrawing the application all altogether".*

Decision

8. The Tribunal normally awards costs on a contribution basis within the limit set out in the published scale. The version of the scale applicable to this case is included in Tribunal Practice Notice ("TPN") 4/2007. TPN 2/2000 is also relevant and states:

> "6. It is the long-established practice that costs in proceedings before the Comptroller are awarded after consideration of guidance given by a standard published scale and are not intended to compensate parties for the expense to which they may have been put. Rather, an award of costs is intended to represent only a contribution to that expense.
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> 8. Users' comments taken as a whole supported the general thrust of the present policy based upon fixed reasonable costs, provided that there is the flexibility to award costs off the scale where the circumstances warrant it. The Office also believes this is the way to proceed, since it provides a low cost

> tribunal for all litigants, but especially unrepresented ones and SMEs, and builds in a degree of predictability as to how much proceedings before the Comptroller, if conscientiously handled by the party, may cost them. The present policy of generally awarding costs informed by guidance drawn from a scale will therefore be retained. However, the Office envisages the necessary flexibility as going beyond the criterion of "without a genuine belief that there is an issue to be tried" developed in the *Rizla* case. 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."

9. Mr Greutter has abandoned his case and, in such circumstances, the other side is normally entitled to an award of costs. The scale set out in TPN 4/2007 indicates that costs must be determined by reference to criteria such as the nature of the statements (for example their complexity and relevance), the amount of the evidence filed and the substance of the submissions. These are the criteria I must adopt. However, Mr Jones asked me to increase the award to the top end of the scale on the basis of considerations that are normally taken into account in determining compensatory (off the scale) cost awards. In particular, he submits that the application was misconceived and that Mr Greutter's withdrawal is evidence of this; further, he refers to Mr Greutter's failure to provide evidence of use and to the withdrawal of his application, although he did not contend that these circumstances amount to unreasonable behaviour.

10. To begin with the issue of the withdrawal, an application cannot be taken to be misconceived simply because the applicant later withdraws it. At the hearing, Mr Greutter said that he wished to withdraw because the *"system was too bureaucratic"* and it seems to me that the unfortunate handling of his case, which eventually led to the application being abandoned, was the result of lack of familiarity with the applicable rules. Mr Greutter confirmed at the hearing that he had filed the application because his customers had brought to his attention instances of confusion. This, in my view, indicates that Mr Greutter had a genuine reason to pursue the application at the outset. Further, there is no evidence that the application was misconceived or filed in the belief that it had no real prospect of success. Insofar

as Mr Greutter's failure to file evidence and consequent behaviour is concerned, both Mr Greutter and his representative explained that they had misread the Tribunal's correspondence which notified them of the requirements for such evidence to be filed, thus, the choice to challenge the consequence of such a failure must be seen in this context. Whilst this is not ideal conduct of a case, it does not seem to me to warrant an award of costs to the top end of the scale.

11. The proprietor had to consider the Form TM26I and draft a defence. The case was a straightforward one, based on only one ground and did not involve any particularly complex or abnormal issues. Further, at the hearing Mr Jones accepted that *"there was nothing to take the case out of the ordinary"* in term of complexity. Accordingly, I award **£200** as a contribution for these costs.

12. Whilst I accept that proprietor has incurred costs for the work done in relation to the admission of its late TM8, which included the costs of preparing evidence and attending the hearing of 10 March 2016, this was not through action or omission of the applicant. I do not consider there is any justification to support an award to recompense for costs resulting from a fault which was not that of the applicant. Accordingly, I decline to include the cost of the first hearing and the proprietor's evidence.

13. In making an award of costs in respect to the second hearing, I bear in mind that the proprietor withdrew his application at the hearing. Consequently, the costs of the hearing and resulting unnecessary preparation could have been avoided had the application been withdrawn sooner. I also consider that, whilst it was up to the proprietor to appoint a counsel to attend on his behalf, in terms of these costs being proportionate and reasonable, the hearing was an interlocutory one, it was not lengthy and there was no need for Mr Jones to attend. Further, Mr Jones's skeleton arguments merely reiterated previous submissions. In making an award for costs, I also factor in the costs associated with the review of the evidence filed by the applicant and with Mr Jones's submissions on costs. I award **£400** as a contribution for these costs.

Conclusions

14. Mr Greutter has withdrawn his application and the proceedings will be now closed.

15. I therefore order Georg Greutter to pay Car Loan Originations Limited the sum of **£600** as a contribution towards its costs. This sum is to be paid within fourteen days of the expiry of the appeal period or within fourteen days of the final determination of this case, if any appeal against this decision is unsuccessful.

Dated this 15th day of September 2016

Teresa Perks
For the Registrar
The Comptroller – General