O-118-18

SUPPLEMENTARY DECISION ON COSTS

TRADE MARKS ACT 1994

IN THE MATTER OF REGISTRATION NO 2654977 IN THE NAME OF HUNTER LAING & COMPANY LIMITED IN RESPECT OF THE TRADE MARK

DOUGLAS OF DRUMLANRIG

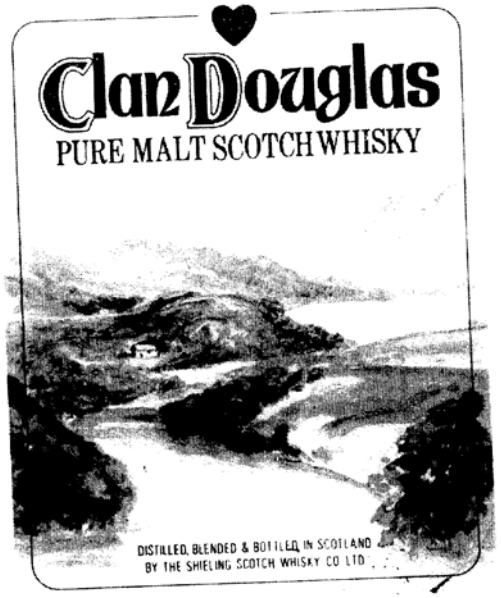
IN CLASS 33

AND AN APPLICATION FOR A DECLARATION OF INVALIDITY THERETO UNDER NO 500952 BY ANDREW CROMBIE

AND

IN THE MATTER OF REGISTRATION NOS 566867 AND 1308406 FOR THE TRADE MARKS

AND



IN THE NAME OF ANDREW CROMBIE AND THE APPLICATION FOR REVOCATION THERETO UNDER NOS 500971 AND 500972 BY HUNTER LAING & COMPANY LIMITED

1) In my decision issued on 22 November 2017 under the BL number O-586-17, my comments on costs were as follows:

> "104) Party B [Hunter Laing & Company Limited] has been successful and is entitled to a contribution towards its costs, according to the published scale in Tribunal Practice Notice 4/2007. At the hearing, Mr Aikens submitted that costs off the published scale are appropriate in this case because of the way the proceedings have been conducted on behalf of Party A [Andrew Crombie] and because this has led to Party B incurring "very substantial sums in costs".
>
> 105) I, therefore, informed the parties that I would invite them to provide written submissions on the issue of costs. Party B are allowed 14 days from the date of this decision to provide its submissions. Party A are allowed a further 14 days from receipt of Party A's submissions to provide its submissions. I will then issue a supplementary decision on costs. This is a final decision on the substance of the cases."

2) Party B's representative, Murgitroyd, responded on 6 December 2017, providing submissions and a Schedule of Costs. Party A's representative, Cloch Solicitors provided its submissions on 20 December 2017.

3) Party B's Schedule of costs provided a breakdown of costs amounting to over £57,000 ex VAT.

4) Party B's submissions can be summarised as follows:

- The manner in which the proceedings have been conducted on behalf of Party A has caused Party B to incur very substantial sums in costs;
- Party B relies upon the following guidance from Mr Allan James in decision O-182-17, paragraph 17:

> > "Litigants who approach opposition proceedings before the Office without showing the required sense of focus and proportionality, and

who are unwilling or unable to respond positively to case management directions intended to address these matters, should not expect to recover or pay costs on the usual basis"

- It relies on the "extra costs" principle in seeking compensation for the extra expenditure incurred as a result of unreasonable behaviour by Party A and his representative;
- Party B does not seek to cover all costs, but seeks costs of £40,000 being, what it claims, is a reasonable estimate of the additional costs incurred;
- It draws attention to the following six aspects of Party A's conduct:
    i. Party A was directed to file two amended Form TM26(I)s, the first with a clearer representation of the mark relied upon and to withdraw a ground. It also attempted to add grounds that were subsequently stuck out by the Registry. Each amendment required separate consideration by Party B;
    ii. Party A made an unparticularised and unsubstantiated request for disclosure that was subsequently withdrawn at the case management conference ("CMC") held on 1 December 2015;
    iii. That Party A unnecessarily filed multiple rounds of evidence and some of this was contradictory or not admitted by the Registry;
    iv. Generally, too much evidence was filed by or on behalf of Party A. Party A's evidence consisted of 9 witness statements and 103 exhibits from four different witnesses. It further points out that evidence purported to show genuine use did not show use of either earlier mark within the relevant period (as I noted at paragraph 70 of my decision) and should never have been filed;
    v. Two further CMCs held on 15 November 2016 and 8 December 2016 respectively. The first of these was to consider Party A's re-made broad disclosure request and purported to be a summons for 14 witnesses. Party B claim that the breadth of this was unnecessary and if it had been focused it would have had no difficulty agreeing it and the CMC could have been avoided altogether. The second of these CMCs was held to consider Party A request to admit further evidence. The

CMC could have been avoided if the evidence was filed, as it should have been, with his evidence-in-chief;

vi. Party A's case based upon bad faith shifted during the course of the proceedings. At the CMC held on 15 November 2016, Mr Hannay for Party A sought to introduce an additional limb, but I declined to allow it. Further (and as I noted in paragraphs 96 to 100 of my decision), Party A's bad faith case did, nevertheless, expand to unpleaded limbs. Whilst I rejected these, Party B claims it still had to deal with these by way of additional written submissions after the hearing. Such costs would not have been incurred if Party A had stuck to its original case.

5) In its submissions, Party A presented what it described as "submissions in mitigation". In summary, the nine points identified by Mr Hannay are briefly:

i. Party B's costs claim appears to be "artificially engineered solely for the purpose of seeking off scale costs and it should not be awarded off-scale costs. It is pointed out that:
   - The proceedings were consolidated before any evidence was filed and any cost award should take this into account;
   - Party A was defending his *prima facie* registered rights, and;
   - Party B's request for off-scale costs was not made sufficiently in advance making no effort to negotiate or monitor costs to ensure they could be appropriately managed or for security to be sought

ii. In any event Party B's schedule of costs is contested. None of Party B's claim to costs is vouched for, it is inaccurate and may relate to costs contingent upon success. Further, they appear excessive when the burden of proof lay with Party A and it is therefore, disingenuous to claim that enhanced costs are appropriate because Party A filed more evidence than Party B. In reality, the greater cost burden fell upon Party A. It is also claimed that Party A was put to unreasonable costs when trying to resolve the matters extra-judicially;

iii. Party A's case was reasonable and within the bounds of convention and did not behave unreasonably. An award of off-scale costs is not usual. Further, there is a counterclaim that it is Party B that has acted unreasonably, for example by putting Party A to proof of use in respect of the first five year

period, something that was impractical for Party A to prove and by utilising the maximum timescales;

iv. The claim is for compensatory and not contributory costs and is tantamount to damages. Proportionality needs to be borne in mind with Party A being a sole trader and Party B an international company;

v. Party B acted as a stumbling block with a lack of candour in pleadings, withholding access to material evidence, commencing multiple oppositions against Party A before withdrawing in a claimed attempt to exhaust Party A's resources. Further, Party B did not raise the issue of enhanced costs until the hearing and made no objection to the volume of evidence during the proceedings;

vi. If I am minded to make an award of costs, it should be below the minimum indicated on the standard scale with Party A apparently offering mediation and sought settlement discussions and incurred costs in doing so. Further, Party A sought a joint statement of admissions in order to focus the issues between the parties and save costs and points out that this was rejected by the other side;

vii. Party B failed to notify Party A that it was launching revocation actions. It is submitted that this is a special circumstance whereby I should reduce the costs award or deem one to be inappropriate in the circumstances;

viii. Mr Hannay cites an "inequality of arms" with Party A having to deal with a number of personnel within Party B's representative, its counsel and should "not shoulder the duplication that inter-advisor, inter-representative, and inter-firm dialogue produces". There is also a criticism that Party B's representative had sufficient resources in Glasgow without recourse to staff in London or why London based counsel rather than Scottish counsel was used, further increasing costs;

ix. It is pointed out that the representatives for Party B did not raise the issue of off-scale costs prior to the hearing and that Party A was led to assume that the parties were bearing their own costs.

6) Mr Hannay concludes that each party should bear its own costs. Many of Mr Hannay's submissions are unpersuasive, such as the other side's use of London based staff and English counsel. Party B's representative was totally free to resource

its client's case as it saw fit, including appointing a specialist trade mark counsel regardless of where in the UK they were based.

7) In respect of Party A being led to believe the parties would bear their own costs, I reject this. Mr Hannay does not explain how Party A was led to believe this but, nonetheless, the tribunal has a well-established practice for awarding costs as set out in the Registry's Manual of Trade Mark Practice (https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/678666/tm-manual.pdf, page 355 onwards) and in Tribunal Practice Notice ("TPN") 4/2007 (since updated by TPN 2/2016 that does not apply to these proceedings). There is an onus upon a party commencing proceedings before the tribunal to familiarise itself with the processes of the tribunal or to employ a representative to do so, or that is already familiar with the processes.

8) However, I accept Mr Hannay's submission that Party B's costs appear excessive in light of the evidential burden being mainly with Party A (but I recognise that Party B had to defend itself against a claim of bad faith). That said, some of Party B's submissions also have some merit, such as a lack of focus in Party A's evidence leading to a certain amount of repetition and a focus away from the key issues that needed to be addressed. However, its claim to costs of £40,000 are not warranted. I observe that actual costs are claimed in respect of activities that would have formed activities undertaken regardless of how the proceedings were conducted such as the work undertaken to prepare and consider statutory forms, or processes that formed the normal conduct of the case such as preparing evidence and attendance at the hearing. Neither do I consider that any enhanced costs should be awarded for the fact that the hearing was held in Scotland. This was offered by the tribunal on the basis that it would be beneficial to both parties. It is appropriate to make an award of costs associated with the hearing on the normal scale.

9) Mr Hannay provides a fall-back position where, if his submission that the parties bear their own costs is rejected, he suggests an award of £4,100. I have considered this and parts that I consider appropriate are reflected in the award. However, there are additional cost elements that I also take into account, namely:

- That the case involved 3 consolidated proceedings that required Party B to file two TM26(N) forms (together with the official fee of £200 each) and to prepare a counterstatement to Party A's challenge to its registration. These all required individual attention before the cases were consolidated;
- That three CMCs were held, the first to consider a very broad disclosure request from Party A that was withdrawn at the CMC. I award Party B £200 towards its costs in respect of this. At the second CMC, Party A's reintroduction of the disclosure request was discussed, as was an attempt to broaden the scope of Party A's bad faith pleading. Whilst I granted a very narrow element of the disclosure request, it was largely rejected, as was the bad faith issue, and I take account the preparation on behalf of Party B and award £200. The third CMC resulted directly from Party A's attempt to introduce new evidence in his evidence-in-reply and once again, I award £200 towards Party B's costs in attending;
- Party B was also required to provide written submissions after the hearing, for which I award an additional £150.

10) Party B criticises Party A's practice of filing his evidence in "multiple rounds". I note this, but the issue is not one of multiple rounds, but rather multiple filings within a given evidence round. For example, following a short suspension of proceedings, Party A filed evidence-in-reply on four separate dates (all within the deadline). Whilst this may not be desirable, in the absence of a direction otherwise, it was something Party A was entitled to do. I find that whilst this may have increased costs for Party B, this can be reflected within the normal scale.

11) Party B also identify the fact that there was a change of direction in Party A's bad faith case as the proceedings progressed. I note this, but I am of the view that this approach was rejected at the second CMC and I have already described how I believe an award reflecting a contribution to Party B's costs of the CMC is appropriate. Mr Hannay's attempt to broaden the scope of the bad faith claim at the hearing necessitated post-hearing submissions, but once again, I have already taken this into account.

12) In summary, the award of costs can be made mainly within the published scale, but with additional contributions in respect of the three CMCs and post-hearing submissions. I award costs as follows:

Preparing	(1) statement of case (inc. official fee) x 2;	
	(2) counterstatement x 1;	
And considering	(3) other side's statement of case x 1;	
	(4) other side's counterstatement x 2	£1000
Preparing evidence and considering other side's evidence		£2000
Case Management Conference x 3		£600
Preparing for and attending hearing		£1500
Post-hearing submissions		£150
Total:		**£5250**

13) I order Andrew Crombie to pay Hunter Laing & Company Limited the sum of £5250. I note that the case has already been appealed to the Appointed Person. Therefore, award must be paid within seven days of the final determination of this case, if the appeal against it is unsuccessful.

Dated this 22nd day of February 2018

Mark Bryant
For the Registrar
The Comptroller-General