TRADE MARKS ACT 1994

IN THE MATTER OF:

THREE APPLICATIONS FOR REVOCATION (RESPECTIVELY NUMBERED 8938, 8939 AND 8940) BY SOLDAN HOLDING AND BONBONSPEZIALITÄTEN GMBH

FOR REMOVAL FROM THE REGISTER OF TRADE MARKS OF THREE REGISTERED TRADE MARKS (RESPECTIVELY NUMBERED 362431, 362434 AND 362435) IN THE NAME OF MACARTHYS LABORATORIES LTD

DECISION

This is an appeal from a decision of the Registrar of Trade Marks refusing to make an award of costs in favour of a successful applicant for revocation in proceedings where the orders for revocation were ultimately made without objection from the proprietor of the relevant registrations. I indicated at the conclusion of the hearing before me that the appeal would be allowed. I now give my reasons in writing for so deciding.

On 25th March 1996 Soldan Holding and Bonbonspezialitäten GmbH ("Soldan") applied for revocation of three registered trade marks standing in the name of Macarthys Laboratories Ltd ("Macarthys"). The registrations in question were numbered 362431, 362434 and 362435. They covered the mark UCAL for use in relation to goods and services in Classes 2, 40 and 42. In each case the application for revocation was made under Section 46(1) of the Trade Marks Act 1994 on the basis that the registered mark had not been used by or with the consent of Macarthys during the preceding period of five years and three months and there were no proper reasons for such non-use.

On 2nd April 1996 the Registrar sent copies of the applications for revocation to Macarthys' agents (Messrs Mewburn Ellis) in accordance with the requirements of Rule 31(2) of the Trade Marks Rules 1994. In a letter of the 14th June 1996 Messrs Mewburn Ellis informed the Registrar that they were instructed by Macarthys to file no response under Rule 31(3). This left the Registrar with no alternative but to revoke the registrations in suit in accordance with the provisions of Rule 31(4). An official decision was duly issued on 14th

August 1996 revoking the relevant registrations with effect from the date of the applications for revocation. The Registrar's order for revocation was necessarily made upon the premise that Macarthys had (by not attempting to discharge the burden cast upon them by Section 100 of the 1994 Act and Rule 31(3) of the 1994 Rules) conceded that their registrations were invalid for non-use.

Against that background Soldan's agents (Messrs Boult Wade Tennant) applied to the Registrar for an award of costs. The application was made in accordance with the Registrar's published practice:

> "On the determination of a case (otherwise than by a Decision after Hearing) any party claiming costs may make an application for an award. Detailed bills should not be sent, but particulars of any special expenses claimed may be supplied. As a general rule costs will follow the event, but in deciding upon an award the Hearing Officer will consider the extent to which costs to be awarded to one party following successes on one or more grounds raised, should be offset by costs to be awarded to the other party, on any grounds on which that other party was successful. Costs will not be awarded against any party until he has had an opportunity of submitting to the Comptroller any relevant considerations"

Macarthys resisted the application. They contended that there should be no order for costs because Soldan could have purchased the invalidly registered marks for less than the cost of having the registrations revoked.

It was true that Soldan had refused to purchase the invalid registrations. It was equally true that Macarthys had refused to surrender the registrations when asked to do so. On the 8th March 1996 Messrs Boult Wade Tennant had written to Messrs Mewburn Ellis giving Macarthys the opportunity to surrender the invalid registrations (by voluntary cancellation if they wished or by voluntary transfer to Soldan if they preferred) and warning them that applications for revocation would be filed if the registrations were not surrendered as requested. Soldan's refusal to pay for a transfer of the registrations was linked to a suggestion that they were or ought to have been included at no extra cost in an agreement by which Macarthys had already agreed to sell two (or possibly three) other UCAL registrations to Soldan. Macarthys rejected the proposals for voluntary surrender and required payment for a transfer of the invalid registrations to Soldan "individually at ?250 each or all three together at a total consideration of ?750" (letter of 22nd March 1996 from Messrs Mewburn Ellis to Messrs Boult Wade Tennant). That led to the commencement of the proceedings for revocation on 25th March 1996. It was not until 14th June 1996 (more than two and a half months after they were notified by Messrs Boult Wade Tennant of the filing of the applications for revocation) that Macarthys abandoned their requirement for payment and conceded that the relevant registrations should be cancelled for non-use.

It thus appears that the question for consideration by the Registrar was whether an

award of costs should be refused having regard to Soldan's refusal to place any value on the invalid registrations and Macarthys refusal to treat them as worthless. A hearing was appointed to resolve that question. The hearing took place before Mr. Knight (Principal Hearing Officer) on 10th February 1997. He declined to make an award. His reasons for rejecting the application for costs are set out in a written decision issued on 3rd April 1997. Having considered the course of events leading up to the filing of the applications for revocation he concluded that:

> "The applicant for revocation has been successful in that the three registrations have now been revoked but I do not believe that the registered proprietor failed to co-operate, hindered negotiations or indeed sought consideration beyond what might be termed acceptable. I also take particular note of the fact that it was the Agent for the registered proprietor who drew the attention of the Agent for the applicant to these registrations
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> Despite the language used in the correspondence and the setting of deadlines there was still room for a negotiated settlement in my view, bearing in mind that the cost of filing an application for revocation was likely to cost the applicant, taken together with his Agent's fees, no more than it might have cost to acquire the registrations by assignment."

With reference to the point in time at which the revocation proceedings were commenced he said:

> "I am not satisfied that negotiations had reached the point that revocation proceedings were the only alternative. In those circumstances I [do] not consider that the registered proprietor declined to co-operate."

He therefore decided that the application for an award of costs should be refused.

It is clear from the passages I have quoted that the Hearing Officer regarded the negotiations between the parties as incomplete at the date of the applications for revocation and treated the existence of room for movement between the parties as sufficient to justify the refusal of an award. I am satisfied that he misdirected himself and fell into error by dealing with the matter in that way.

At the date of the applications for revocation the parties had reached an impasse: Soldan was not prepared to pay for a transfer of the invalid registrations and Macarthys were not prepared to surrender them voluntarily as requested. This was recognised and accepted by Mr. Rickard (who appeared on behalf of Soldan) and Ms Christensen (who appeared on behalf of Macarthys) at the hearing before me. There is no reason to suppose that Macarthys would have given way to Soldan if the applications for revocation had not been filed. It is precisely

because Macarthys were refusing to give way to Soldan that the applications were necessary in order to achieve the result they achieved. Bearing in mind:

(i) that orders for revocation are made because "it is a public mischief that there should remain upon the Register a Mark which ought not to be there": In re Powell's Trade Mark (1894) 11 RPC 4 at p.7 per Lord Herschell LC;

(ii) that the eighth recital to Council Directive 89/104/EEC of 21st December 1988 to approximate the laws of the Member States relating to trade marks confirms (with emphasis added) that "in order to reduce the total number of trade marks registered and protected in the Community and, consequently, the number of conflicts which arise between them, ***it is essential to require that registered trade marks must actually be used or, if not used, be subject to revocation"***;

(iii) that Soldan was unquestionably entitled under Section 46(4) of the 1994 Act to apply for revocation on the ground of non-use; and

(iv) that Macarthys were bound by the outcome of the proceedings to accept that the applications for revocation were well-founded;

Soldan cannot be criticised for treating the invalid registrations as worthless and preferring revocation to the only alternative that Macarthys were willing to offer prior to the filing of the applications for revocation. The applications for revocation were neither precipitous nor premature (c.f. The Trade Marks Registry Work Manual Chapter 15 para. 10.7). In short there was nothing in the circumstances of the applications for revocation to justify a departure from the general rule in Registry proceedings that costs follow the event.

In the result the appeal succeeds. It was agreed at the hearing before me that Soldan would have been awarded costs in accordance with the Registrar's published scale at the rate of ?300 per application if an award of costs had been made in its favour. I therefore direct Macarthys to pay ?900 to Soldan in respect of its costs of the successful applications for revocation. Having heard submissions with regard to the costs of the appeal I direct (as indicated at the hearing) the payment of ?200 by Macarthys to Soldan in respect of those costs. After the hearing I received submissions in writing from all parties concerning the fee of ?100 paid by Soldan for the purpose of obtaining a statement in writing of the reasons for the Hearing Officer's decision. Having considered those submissions and the general run of costs awards in Registry proceedings I remain of the view that a total of ?1,100 is a fair sum to award in respect of the costs of the present proceedings (which have largely been treated as a single set of proceedings). I therefore decline to make any further award in respect of the ?100 fee incurred in obtaining a statement of reasons under Rule 56(2) of the 1994 Rules.

Geoffrey Hobbs Q.C.
28th January 1998

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