

TRADE MARKS ACT 1938 (AS AMENDED)
AND TRADE MARKS ACT 1994

IN THE MATTER of a request by General Cigar Company Inc. (the applicants)
for costs above the normal Registry scale in opposition proceedings number 41996 and
objection raised thereto by Partagas Y Cia SA (the opponents).

1) At a main hearing on 21 February 2001, the applicants requested that they be awarded costs above the normal Registry scale. Subsequently, the applicants provided a bill of costs. The opponents opposed any award of costs outside the normal scale.

2) The Hearing Officer has a wide discretion when awarding costs, although traditionally when exercising this discretion he will be guided by the published scale. Paragraph 44 of the Trade Marks Act 1938 states:

“44) In all proceedings before the Registrar under this Act, the Registrar shall have power to award to any party such costs as he may consider reasonable, and to direct how and by what parties they are to be paid and any such order may, by leave of the Court or a judge thereof, be enforced in the same manner as a judgement or order of the Court to the same effect.”

3) I look to the case of *Rizla Ltd.’s Application* [1993] RPC 365 where the question of costs under Section 107 of the Patents Act 1977 was considered. Section 107 reads as follows:

“The comptroller may, in proceedings before him under this Act, by order awarded to any party such costs or, in Scotland, such expenses as he may consider reasonable and direct how and by what parties they are to be paid.”

4) In the *Rizla* case, Mr A Watson QC sitting as a Deputy Judge of the High Court found:

“ The wording of Section 107 could not in my view be clearer and confers on the controller a very wide discretion with no fetter other than the overriding one that he must act judicially. I see no reason why the previously adopted practice could not be altered by the Comptroller in the same way as from time to time an important decision leads the Courts to adopt a different attitude to what had previously been accepted practice. Thus, if the Comptroller felt it was appropriate, a form of compensatory costs could become the norm.”

5) The Tribunal Practice Note TPN 2/2000, issued on 19 April 2000 set out the Registrar’s practice on costs. It states that:

“Hearing Officers will be prepared to exceed the scale when circumstances warrant it, in particular but not exclusively to deal proportionately with breaches of rules, delaying tactics and other unreasonable behaviour.”

6) In the instant case, I found that the opponent had behaved unreasonably in two areas. Firstly, the opponents’ trade mark attorney swore a declaration that the applicants had made

royalty payments in relation to use of the opponents' mark in the UK. This claim was said to be confirmed in an unsworn declaration by the Managing Director of the opponent company. This declaration was attached by way of an exhibit. However, in the English translation the Managing Director made no reference to any geographical area. A second declaration was submitted by the agent admitting that the first declaration had been in error in claiming that the royalty payments referred to use in the UK when in fact they related to use in the USA. However, this declaration was only filed following evidence filed by the applicant which showed that the payments were part of an assignment agreement relating to the USA.

7) Secondly, the original grounds of opposition nominated Sections 9,10,11 17 & 68 of the 1938 Act and also Section 56 of the 1994 Act. The outline arguments provided by the opponents' agent in a letter dated 16 February 2001, referred to Sections 10,11 17(1) and 68. At the hearing all grounds of opposition were withdrawn other than Section 17(1) & (2).

8) The opponents' agent contested at the hearing and subsequently in writing that the declaration regarding the payment of royalties was "simply a mistake". The deponent, Ms Simpson, is a Trade Mark Attorney. As she was making a sworn statement, it would be expected that she had satisfied herself as to the veracity of the statements made.

9) The Agent also claimed that:

"The skeleton arguments do not maintain all grounds of the opposition; they start from the premise that the opponents have an international reputation in the Cifuentes trade mark and that the applicants have no genuine claim to proprietorship of that mark outside the United States. They then conclude that it follows from the premises that the application should be refused under Sections 17(1) and 68 and 10 and 11 of the Act. The skeleton arguments did not therefore refer to 'all of the grounds of opposition outlined in the original notice of opposition'; they narrowed those grounds significantly. At the hearing, no grounds referred to in the skeleton arguments were abandoned (cf paragraph 27 of the decision); what was abandoned was the broader scope of the grounds set out in the notice of opposition. The fact that the broader and narrower grounds relate to the same sections of the Act is immaterial."

10) At page five of the transcript of the hearing the following is recorded:

Mr Salthouse: So other than 17.1 and 17.2 effectively you are dropping all grounds of opposition?

Mr Porteous: Yes

Mr Salthouse: Just for the record, everything else is withdrawn?

Mr Porteous: Yes

11) As a result of these actions the applicant had to review and file additional evidence to refute the untrue evidence of the opponents' trade mark attorney. The applicant's Counsel also prepared skeleton arguments that turned out to be, in large parts, either irrelevant to the single ground pursued or at least went much further than necessary.

12) The applicant has submitted the following detailed costs for their Counsel:

Item	Date	Description of work	Amount £ (excl VAT)
1	18 July 1999	Advice on evidence	1,650
2	5 August 1999	Settling draft Statutory declaration of J Rano	350
3	20 February 2001	Skeleton argument	3,250
4	21 February 2001	Brief for applicant	1,250

13) In addition the agent has stated that their costs in the matter were £4060.

14) The opponents filed their initial evidence in 1996 to which the applicant responded in 1997. The opponents' filed additional on 28 April 1999. Letters from the applicants' agent show clearly that they sought the opinion of Counsel on the admissibility of this additional evidence and also assistance in drafting a declaration in response. This declaration was subsequently made by Mr Woollen as Mr Rano had by then left the company.

15) I therefore consider that the amount shown under items 2 should be paid in full and a similar sum allowed for the agents costs. As to item 3 part of the skeleton referred to Sections 17(1) & (2) which were contested at the hearing. Therefore only £2000 of item 3 should be paid. The additional work that these sums cover are a direct result of the unreasonable behaviour of the opponents.

16) Regarding all the other actions in this case I believe that the normal scale of costs should apply. These amount to £1,200.

17) I order the opponent to pay the applicant the sum of £3,900. This sum to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 6th Day of June 2001

**George W Salthouse
For the Registrar
The Comptroller General**