

**TRADE MARKS ACT 1994**

**IN THE MATTER OF:**

**AN APPLICATION BY CANDY TEAM SÜSSWAREN GmbH**

**FOR AN AWARD OF COSTS AGAINST MARS UK LTD**

**CONSEQUENT UPON THE WITHDRAWAL OF**

**REVOCAION/INVALIDITY APPLICATION No. 10563**

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**DECISION**

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***Registered Trade Mark No.1,572,646***

1. Candy Team Süswaren GmbH (“**Candy**”) is the proprietor of the trade mark TEAM registered under number 1,572,646 as of 20th May 1994 for use in relation to “non-medicated chewing gum; fruit-flavoured bonbons; all included in Clause 30”. I shall refer to this as “***the existing registration***”.

***Trade Mark Application No.2,188,256***

2. On 10th February 1999 Mars UK Ltd (“**Mars**”) applied under number 2,188,256 to register the word TEAM as a trade mark for use in relation to all goods in Classes 5, 29, 30, 31 and 32. I shall refer to this as “***the subsequent application for registration***”.

***Revocation/Invalidity Application No.10563***

3. Also on 10th February 1999 Mars applied under Sections 46(1) and 47(1) of the Trade Marks Act 1994 for: (i) revocation of the existing registration; and (ii) a declaration that it was and remains invalidly registered. The application was made without prior warning to Candy.

4. The statement of case accompanying the Form TM26 was notably vague and inadequate:

- “1. The mark registered under No. 1572646 is liable to mislead the public in consequence of the use made of it by the proprietor or with his consent in relation to the goods or services for which it is registered.
2. The registration of the subject mark should be revoked under the provisions of Section 46(1)(c) of the Trade Marks Act 1994.
3. The registration of the subject mark should be revoked under the provisions of Section 46(1)(d) of the Trade Marks Act 1994.
4. The subject trade mark was registered in breach of Section 3(6) of the Trade Marks Act 1994.
5. Registration of the subject mark should be declared invalid under the provisions of Section 47(1).
6. The applicant asks that the subject registration is revoked.
7. The applicant asks that the subject registration is declared invalid.
8. The applicant requests that the Registrar exercises discretion in its favour.

9. The applicant requests an award of costs in relation to these proceedings.”

This pleading was subsequently re-filed with paragraph 2 omitted and paragraphs 3 to 9 re-numbered 2 to 8.

5. On 20th April 1999 Candy filed a brief counter-statement in the following terms:

- “1. We deny the allegations made in paragraphs 1, 2, 3, 4, 5, 6, 7, 8 and any other allegation of the Statement of Case and Grounds for Revocation and/or Invalidity.

2. The Registrant requests a full and complete award of costs for defending the subject Registration against this frivolous action for Revocation/Invalidity.

3. The Registrant requests that the Registrar exercises discretion in its favour.”

6. The counter-statement was sent to Mars on 23rd April 1999. Mars was allowed 3 months, until 23rd July 1999, within which to file evidence in support of its application. It sought and obtained two further extensions (of 3 months each) taking the extended deadline for the filing of evidence to 23rd January 2000.

7. No evidence was filed. Mars withdrew its application for revocation/invalidity of the existing registration in a letter sent to the Registry on 21st January 2000.

### *Negotiations*

8. I understand that there were communications between the parties to the following effect:

- (i) shortly before the filing of Candy's counter-statement, a letter was sent on behalf of Mars indicating that it would be prepared to withdraw its application for revocation/invalidity of the existing registration if Candy was willing to provide a letter of consent in relation to the subsequent application for registration;
- (ii) about one month later, a letter was sent on behalf of Candy indicating that it would be willing to provide a letter of consent in return for payment of its costs of the pending revocation/invalidity application;
- (iii) on 1st July 2000 (by which time the specification of the subsequent application for registration had apparently been limited so as to allow it to proceed without official objection) a letter was sent on behalf of Mars indicating that it would accept an award of costs in favour of Candy if Candy agreed not to oppose that application;
- (iv) on 28th July 2000 it was indicated that Candy had incurred costs of £1,400 in relation to the pending revocation/invalidity application; however Mars was only prepared to pay £1,000 in order to settle the matter on the basis noted in (iii) above.

No agreement was reached: Candy filed notice of opposition to the subsequent application for registration; Mars further restricted the specification of that application; Candy then withdrew its opposition.

### ***The Costs Application***

9. On 14th March 2000 Candy applied in writing for an award of costs consequent upon the withdrawal of the revocation/invalidity application that Mars had filed on 10th February 1999.

10. Mars responded in a letter of 2nd May 2000 maintaining that “*the maximum that should be awarded would be £135*”. That was the standard award for perusing an application and statement of case and preparing a counter-statement according to the scale applicable to the assessment of costs in Registry proceedings commenced after 1st July 1994 and before 22nd May 2000.

11. On 1st June 2000 the Registry wrote to the parties informing them of the Registrar’s preliminary view that an award of £135 in favour of Candy would be appropriate. Candy requested a hearing at which to argue for a higher award. The hearing took place before Mr. J.S. Parker acting on behalf of the Registrar of Trade Marks on 19th July 2000.

12. The hearing was conducted via a video conference link between the hearing officer in Newport and the parties’ representatives in London.

13. The trade mark attorney appearing for Candy made submissions directed to the scope and the quantum of the award he was seeking.

14. In relation to the scope of the award, he asked the hearing officer to provide not only for the costs of preparing the counter-statement filed on 20th April 1999, but also for the costs of preliminary investigations undertaken with a view to assessing whether the existing registration was vulnerable to attack on the grounds asserted by Mars in its pleadings. The investigations had, in part, been carried out by the German attorneys through whom his firm received instructions to act on behalf of Candy.

15. In relation to quantum he submitted that the sum awarded should be higher than might otherwise have been the case because the revocation/invalidity application: (i) was (and must have been known by Mars to be) baseless; and (ii) stood to be condemned as an abuse of process because it had been filed in a hollow attempt to give Mars a bargaining chip in negotiations with Candy over the fate of the subsequent application for registration.

16. The trade mark attorney appearing for Mars maintained that no basis had been shown for awarding Candy anything more than the scale fee of £135 and that nothing could or should be awarded in respect of anything done by the German attorneys even if it was considered appropriate to make an award in excess of the scale fee in the present case.

### ***The Rule 57 Request***

17. Candy's application for costs was unitemised and undocumented in relation to the preliminary investigations which it wanted the hearing officer to take into account.

However, the existence and availability of documents relating to the work that had been carried out was confirmed when the trade mark attorney appearing for Candy held them aloft at the hearing which took place on 19th July 2000 and indicated that he wished to rely on the contents of them.

18. The hearing officer asked for the documents in hand to be sent to him in Newport by midday the following day. The request for production was made under Rule 57 of the Trade Marks Rules 2000 which provides that:

At any stage of any proceedings before the registrar, she may direct that such documents, information or evidence as she may reasonably require shall be filed within such period as she may specify.

The documents were forwarded to the Trade Marks Registry by fax on 20th July. However, a long incoming fax at the offices of Candy's trade mark attorneys delayed transmission until about 12.40pm. It then took about 10 minutes for the documents to emerge from the fax machine on which they were received at the Registry.

19. Copies of the documents were sent to the trade mark attorneys acting for Mars. They made no comments in relation to the contents of the documents they had received and have never, so far as I am aware, objected to the hearing officer receiving the documents 50 minutes later than he had directed at the previous day's hearing.

### ***The Hearing Officer's Decision***

20. In a written decision issued on 28th February 2001 the hearing officer rejected the application for an award of costs in excess of £135.

21. He refused to take account of the documents that had been sent to the Registry by fax on the 20th July 2000 because they had not been received by midday as specified in the request he had made under Rule 57:

“Copies of the documents were not provided by the imposed deadline nor did I receive any explanation of this failure. I therefore issued my decision, making an award of costs of £135 to the registered proprietors, based on the official file as it stood at 12.00pm on 20th July 2000.”

22. In relation to the possibility of an award to cover the costs of the preliminary investigations undertaken on Candy’s behalf he observed:

“If I had been satisfied that the registered proprietors had in fact commenced the preparation of evidence then I would have been minded to reflect this point in the costs award, however as stated elsewhere in this decision, I was provided with no documentation to substantiate the claim. Therefore I took no account of that work in my award of costs to the registered proprietors.”

23. In relation to the possibility of an award of costs to cover work done by the German attorneys he observed:

“Neither the registrar’s scale of costs in force for these proceedings nor the recently published revised scale of costs ... make provision for a contribution to instructing principals based overseas. I think that this is correct. Is it right that the registrar operate in effect two scales of costs; the question of which scale to apply to a party to proceedings being dependent on the chain of communications being operated by that party? The answer must be no. Of course it may be argued that the costs of an overseas principal could be taken



into account where the registrar awards actual costs to a party. But as detailed earlier in this decision I did not consider that an abuse of process occurred in the instant proceedings and accordingly I took no account of the costs of the German principals when making my decision.”

24. Considering the matter in the round, his conclusion was that the steps taken by Mars to ease the passage of the subsequent application for registration “*through negotiation and proceedings*” did not amount to an abuse of process or otherwise justify “*an award of costs against them outwith the scale*”.

25. He determined that £135 was an appropriate sum to award for perusal of the revocation/invalidity application and for the filing of the brief counter-statement filed on 20th April 1999. He made no order for costs in relation to the hearing which had taken place before him.

### ***The Appeal***

26. Candy gave notice of appeal to an Appointed Person under Section 76 of the 1994 Act contending, in substance, that the hearing officer had erred: (i) by excluding allowable work from the scope of his award; and (ii) by regarding the levels of remuneration identified in the scale published in 1994 as fair and adequate in the circumstances of the present case. These contentions were maintained and developed in argument at the hearing before me.

27. The argument as to abuse of process summarised in paragraph 15 above was also pursued in the notice of appeal and at the hearing.

28. Mars chose not to be represented at the hearing of the appeal. In a letter confirming its intention not to attend, it was observed that Candy had rejected an offer of £1,000 and was “*now incurring further unnecessary costs presumably in excess of the difference between the offer of £1,000 and the higher amount demanded (£1,400). Costs are now escalating far beyond any conceivable value of the matter and directly against the spirit of conciliation recommended in the Woolf Report.*”

### ***Decision***

29. Candy was clearly entitled to an award in respect of its costs of the withdrawn application for revocation/invalidity. The matters to be considered in that connection were the scope and the quantum of the award.

30. In support of its request for an award in excess of the standard sum of £135, Candy ought to have provided an itemised summary of the work and expenditure it wished the Registrar to take into account. This would have assisted the Registrar to consider the adequacy of the standard award relative to the work done on behalf of Candy in getting to grips with the application that was subsequently withdrawn.

31. The itemised summary would have referred to work and expenditure in respect of the preliminary investigations undertaken with a view to assessing whether the existing registration was vulnerable to attack on the grounds asserted by Mars in its pleadings.

32. I am satisfied that such items could properly be included in the scope of the award that the Registrar had been asked to make. The early appraisal of claims accords with the approach endorsed by Lord Woolf LCJ when sitting in the Court of Appeal in Newcastle on 7th February 2001 in the case of Jefferson v. National Freight Carriers Plc (reported in the May 2001 issue of the Association of Law Costs Draftsmen's Journal):

“In modern litigation, with the emphasis on proportionality, it is necessary for parties to make an assessment at the outset of the likely value of the claim and its importance and the complexity and then to plan in advance the necessary work, the appropriate level of person to carry out the work, the overall time which would be necessary and appropriate to spend on the various stages in bringing the action to trial and the likely overall costs”.

33. The absence of an itemised summary placed the hearing officer in a dilemma. Should he reject the request for an award in excess of the standard sum on the basis that it was insufficiently substantiated or should he raise a request for supporting documents, information or evidence under Rule 57? In the event he raised a request under Rule 57. I think he was right to do so.

34. The request under Rule 57 combined: (i) a decision that the information to be provided by Candy's representative was reasonably required for the purposes of the determination that the Registrar had to make; with (ii) a direction to the effect that the information should be provided by midday on the 20th July 2000.

35. I can see that the provision of the information 50 minutes later than specified may have caused minor inconvenience and perhaps also irritation in the absence of any

explanation or apology. However, it did not detract from the correctness of the decision that the information was reasonably required for the purposes of the determination that had to be made.

36. I think it was a disproportionate response on the part of the Registrar to ignore the late-filed information and proceed to a determination on the tantalising basis noted in paragraph 22 above. In my view the hearing officer should have taken account of the information provided to him (albeit 50 minutes late) in response to the Rule 57 request. If Mars had objected to him receiving the information 50 minutes later than specified, I would have expected the objection to be overruled in accordance with the logic of the decision requiring the information to be provided in the first place.

37. It seems from the observations noted in paragraph 23 above that the hearing officer was in any event unreceptive to the claim for an award of costs in respect of anything done by Candy's German attorneys.

38. I readily accept that costs should not be awarded on a basis that might encourage unnecessary duplication of effort. It none the less appears to me that United Kingdom trade mark attorneys are not the only persons whose efforts on behalf of a party may properly be taken into account when awarding costs in respect of Registry proceedings. As I see it, the question to be asked and answered is whether any (and if so, what) sum should be allowed in respect of the particular work to which a claim for costs relates. Discrimination between claims for costs on the basis of the national or social origin or personal status of the person(s) by or for whom the work was undertaken is apt to be

arbitrary in its operation and effect. I think it is for that reason open to objection under Articles 6 and 14 of the European Convention on Human Rights.

39. In the present case it appears from the documents forwarded to the hearing officer by fax on 20th July 2000 that Candy's United Kingdom trade mark attorneys spent time trying to work out what the statement of case in support of the application for revocation/invalidity could have been driving at and whether the existing registration might be vulnerable to attack on any such basis. They enlisted the help of Candy's German attorneys to look into and report back on the way in which and the extent to which the trade mark protected by the existing registration had been used.

40. I do not think it was open to Mars to characterise this as an unnecessary or disproportionate response to the vague and inadequate statement of case it had put forward in support of its application for revocation/invalidity of the existing registration. That application continued to be a live threat to the existing registration until 21st January 2000 (and none the less so because Mars was apparently willing to use it as a bargaining chip in negotiations over the fate of the subsequent application for registration).

41. The attack on the existing registration seems to have been largely strategic with a view to easing the passage of the subsequent application for registration. The statement of case in support of the application for revocation/invalidity was perfunctory. I can understand why it is suggested on behalf of Candy that there was no substance in any of the grounds raised in it. However, I am not able to decide that aspect of the matter on the basis of the limited information available to me. It follows that I am not prepared to say

that the application for revocation/invalidity was (or must have been known by Mars to be) baseless. In the result, I do not accept the argument as to abuse of process noted in paragraph 15 above.

42. There is force in Candy's contentions that the hearing officer erred in the respects identified in paragraph 26 above. I think that the sum of £135 was far too low to be an adequate award in relation to the costs reasonably incurred by Candy in response to the unsatisfactory statement of case that Mars had filed in support of its application for revocation/invalidity of the existing registration. I accept that Mars should be required to pay a larger sum in respect of the costs occasioned and thrown away by the initiation and withdrawal of its application. The sum to be awarded should none the less be compensatory, not punitive.

43. What would be a proportionate sum to award? I am here directing myself to a situation in which:

- (i) the work to be covered by the award reasonably exceeded the preparation of the brief counter-statement filed on 20th April 1999 and went some way towards a substantive defence of the proceedings; and
- (ii) did so in circumstances where the task of assessing whether the existing registration was vulnerable to attack had been made unduly onerous by the obscurity of the statement of case in which the attack had been pleaded.

My concern is to make due allowance for these factors consistently with the long-established practice in Registry proceedings of using published scale figures as norms to be applied or departed from with greater or lesser willingness according to the nature and circumstances of the given case.

44. Approaching the matter in that way and doing the best I can on the materials before me, I think that the costs awarded to Candy should be increased from £135 to £600.

#### ***The Costs of the Application for Costs***

45. As I understand it, the stance adopted on behalf of Mars was: (a) that Candy could reasonably have been paid £1,000 in respect of its costs of the application for revocation/invalidity of the existing registration; if (b) it had agreed not to oppose the subsequent application for registration; but (c) could not properly ask for the Registrar to award more than £135 in respect of its costs of the application for revocation/invalidity in the absence of such agreement.

46. I see no reason why the costs of the application for revocation/invalidity should be affected positively, negatively or at all by the separate opposition that Candy saw fit to file in respect of the subsequent application for registration. I am also unimpressed by the suggestion that the initiation and withdrawal of the application for revocation/invalidity should cost Mars no more than £135 whatever it may have cost Candy to evaluate the merits of the application in the way that it did.

47. It does not appear to me to be reasonable in the circumstances of the present case to require Candy to pay the entirety of the costs it has incurred in arguing (unsuccessfully before the hearing officer, but successfully before me) against the objections raised on behalf of Mars in relation to the claim for an award in excess of £135.

48. I recognise and accept that Candy's application for an award of costs in excess of £135 ought to have been formulated with greater precision and not left to unfold in the less than satisfactory way that it did during and after the hearing on the 19th July 2000. The costs of these shortcomings should not be paid by Mars.

49. I also bear in mind that the £600 I have awarded to Candy is less than half of the sum it was seeking to recover on the strength of an argument as to abuse of process which I have not accepted (see paragraphs 15, 27 and 41 above).

50. Weighing these aspects of the matter in the balance against Candy, I think that Mars should be required to pay a total of £400 towards the costs occasioned by the objections raised on its behalf which I have rejected in my decision as to the merits of the appeal.

### ***Conclusion***

51. The appeal is allowed. The sum awarded to Candy by way of costs is increased from £135 to £600. Mars is further required to pay Candy £400 as a contribution towards its costs of this appeal and of the antecedent request to the Registrar. So much of the total



of £1,000 as currently remains unpaid is to be paid by Mars to Candy within 14 days after the date of this decision.

Geoffrey Hobbs Q.C.

4th February 2002

Edward Levey instructed by Messrs Sanderson & Co appeared as Counsel on behalf of Candy.

Mars was not represented.

Mike Knight, Principal Hearing Officer, appeared on behalf of the Registrar.