O-287-06

**TRADE MARKS ACT 1994**

**IN THE MATTER OF AN INTERLOCUTORY DECISION IN RESPECT OF APPLICATION NO. 2371894 IN THE NAME OF DAVID JAMES COUGHLIN**

**AND**

**OPPOSITION THERETO UNDER NO. 93179 BY BOSE BV AND BOSE CORPORATION JOINTLY**

**TRADE MARKS ACT 1994**

**IN THE MATTER OF an interlocutory decision in respect of application No. 2371894 in the name of David James Coughlin and opposition thereto under No. 93179 by Bose BV and Bose Corporation jointly**

**Background**

1. Application No. 2371894 stands in the name of David James Coughlin and is in respect of the following trade mark:


2. Following publication of the application, notice of opposition was filed on behalf of Bose BV and Bose Corporation, jointly. The applicant responded to the opposition by filing a Form TM8 and counter-statement. In accordance with usual practice, the Trade Marks Registry then issued a preliminary indication that the opposition was likely to fail in respect of grounds of opposition based on section 5(2)(b) of the Act, following which the opponents filed a TM53 to continue the opposition and proceed to the evidence rounds. At the same time, they requested a stay of the proceedings in order to continue and conclude settlement negotiations with the applicant.

3. The Trade Marks Registry issued its preliminary view to refuse the request for a stay. It indicated that it would review the request if it were made jointly on behalf of the opponents and the applicant. The applicant, however, indicated that he was not prepared to agree to any such stay. Proceedings continued and the opponents were allowed until 16 November 2005 to file evidence in support of their opposition.

4. By way of a letter dated 16 November 2005, the opponents indicated their wish to withdraw the opposition. The Trade Marks Registry responded to this letter on 18 November 2005 indicating that it was unable to action the request as it appeared from the letter that the withdrawal of the opposition was conditional. It requested the opponents resubmit the request for withdrawal unconditionally. The opponents confirmed in a letter dated 22 November 2005 that their earlier letter of withdrawal had not been intended to set out conditions for withdrawal. It also confirmed the opposition was to be withdrawn unconditionally. The Trade Marks Registry noted the withdrawal of the opposition and notified all parties accordingly on 24 November 2005.

5. Following withdrawal of the opposition, the application proceeded to registration. The applicant is therefore now the registered proprietor however for the purposes of

this decision, I will continue to refer to him as the applicant and the former opponents as the opponents.

6. The applicant subsequently requested an award of costs in respect of the withdrawn opposition on a compensatory basis. Comments on the request were sought and received from the opponents. Thereafter the Trade Marks Registry issued its preliminary view that an award in the sum of £500 was appropriate. The parties were allowed a period of 14 days from the date of the letter to request to be heard if they disagreed with the preliminary view.

7. There then followed some correspondence and telephone contact between the applicant and the Trade Marks Registry, the outcome of which was that the applicant requested that the preliminary view regarding a cost award be considered by a Hearing Officer but indicated that he was content for a decision to be made from the papers without a hearing. The opponents did not request to be heard and therefore the papers were passed to me for a decision to be made. After reviewing all the papers, I wrote to the parties to inform them of my decision.

8. My letter, dated 5 September 2006, stated:

> "Having now reviewed the papers, my decision is to uphold the registrar's preliminary view. Whilst I acknowledge the expense the applicant is said to have incurred, it is a long established principle that an award of costs is not intended to reflect the actual costs expended but rather is intended to provide a contribution towards that expense. No details were provided to explain in any detail how or why the costs sought were incurred and I see nothing in the papers of the case that suggests this to be anything other than a standard case."

9. Following the issue of my letter, the applicant filed a Form TM5 seeking a statement of the reasons for my decision and this I now give.

**Grounds of decision**

10. The applicant contends that an award of costs off the standard scale should be made because the opponents have conducted the opposition from the outset in a way which is inconsistent with the overriding objective (applicant's letter of 23 December 2005 refers). He also says that the opponent's conduct has been deficient in a number of ways. Briefly, these are:

- Because of the large number of earlier marks relied on by the opponent which, whilst later reduced, included a number of "pointless citations" which, along with a letter sent to him from the opponents' legal advisors, is unjustified and indicative of the bullying of a smaller business.

- The inclusion of a fanciful objection under Section 3(6).

- The inclusion of wholly unjustified inferences.

- The weakness of the opponents' case given the findings of the preliminary indication.

- The copious correspondence received from the opponents' solicitors leading to considerable wasted time.

- The unsustainability of the opponents' case.

11. For their part the opponents submit that they have acted reasonably throughout "both in relation to the opposition proceedings and repeated attempts to settle the dispute". They say the applicant's conduct has been unreasonable and unconstructive and has led to a disproportionate escalation of both the substantive issue and related costs.

12. The opponents say, briefly:

- They were entitled to rely on its earlier marks and subsequent letters to the applicant were "measured".

- Investigations were carried out on behalf of the opponents before the opposition was filed as to the applicant's business which "confirmed the opponents' view that the applicant was attempting to freeride or tarnish the opponents' brand".

- The opponents' claim to copyright was reasonable.

- The opponents had valid claims under sections 5(2) and 5(3).

- The preliminary indication was an initial view in relation only to the section 5(2) objection.

- The applicant's conduct led to unnecessary costs as despite indicating to the opponent's legal advisors that it would submit a counter-proposal within a given timescale it had failed to do so. Neither did the applicant enter into a cooling off period or agree to a stay of proceedings to allow for negotiations.

- As part of their offer for settlement the opponents had offered to pay the applicant the sum of £1000.

- The award sought by the applicant departs very substantially from the scale and would be an unprecedentedly high award. The proceedings only reached the counter-statement stage.

- No indication has been given of what proportion of the costs claimed relate to the proceedings as opposed to the without prejudice negotiations

13. As I indicated in my letter advising the parties of my decision, it is well established that an award of costs is not intended to reflect the actual costs expended by a party but rather provides a contribution towards that expense.

14. Any without prejudice communications which may have taken place between the parties do not form part of these proceedings. In terms of these proceedings, I accept

that the applicant would have had to consider the opposition filed against his application. The notice of opposition as originally filed was challenged by the Registrar because of the number of earlier marks relied upon. Following that challenge, the notice of opposition was amended . Only when the amended notice of opposition was received and examined did the Trade Marks Registry serve the notice of opposition on the applicant. I fail to see how the notice of opposition as originally filed could have caused the applicant to incur costs.

15. The notice of opposition as served on the applicant indicated that the opponents were relying on five grounds of opposition. There is nothing unusual in that. Neither, given the nature of the objections, particularly in relation to grounds of opposition under sections 5(2) and 5(3) is there anything unusual about the number of earlier marks relied on or the number of pages of which the notice consists. The nature of the individual objections are not particularly complex or unusual and neither was the combination of the objections.

16. Having had the amended notice of opposition served on him, the applicant chose to file a counter-statement, as he was entitled to do. From the content of that counter-statement it is clear that the applicant strongly disputed the grounds of opposition. But the counter-statement itself was not complex and consisted of fairly standard denials of the grounds of opposition.

17. I accept that the opponents sought to continue to the evidence stages following the issue of the preliminary indication. But the preliminary indication was an initial view in relation only to the objection under section 5(2) and the opponents were entitled to continue the proceedings as they thought fit. Whilst they chose to continue to the evidence stages, they withdrew the opposition before any evidence had been filed.

18. The applicant says his costs amount to £7,668 and requests that the opponent be ordered to pay all or a very substantial proportion of that sum. Nowhere in the papers before me is there any explanation of how that figure was reached. It seems to me to be a high figure given that there is nothing unusual about these proceedings coupled with the fact that the proceedings were withdrawn following the filing of a notice of opposition and counter-statement and before the filing of any evidence. In relation to these proceedings, I have nothing before me to indicate that either side acted in any way which is unreasonable.

19. In all the circumstances, I was not satisfied that there was any justification for departing from the standard scale of costs. I therefore upheld the preliminary view to order the opponent to pay the applicant the sum of £500. For the purposes of any appeal which may follow, I indicate that the order has not yet been issued.

Dated this 12th day of October 2006

Ann Corbett
For the Registrar
The Comptroller-General