TRADE MARKS ACT 1994

IN THE MATTER OF:

APPLICATIONS 82771 AND 82772

IN THE NAME OF GENERAL TRADERS LTD

FOR REVOCATION OF

TRADE MARK REGISTRATIONS 1046742 AND 1372485

IN THE NAME OF MFI GROUP LTD

DECISION

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1. On 5 May 2009 Mr. David Landau issued a decision on behalf of the Registrar of Trade Marks (under reference BL O-115-09) revoking the following trade mark registrations in the name of MFI Group Ltd (**'the Proprietor'**) to the following extent:

(1) the registration of Trade Mark No. 1046742 **SCHREIBER** was revoked for non-use under Section 46(1)(a) of the Trade Marks Act 1994 with effect from 19 January 1983 for all goods in respect of which it was registered other than *'domestic fitted kitchen furniture and domestic bedroom furniture'* in Class 20; and

(2) the registration of Trade Mark No. 1372485 **SCHREIBER** was revoked for non-use under Section 46(1)(b) of the Trade Marks Act 1994 with effect from 20 April

1996 for all goods in respect of which it was registered other than *'mirrors; parts and fittings for furniture; all included in Class 20'*.

The orders for revocation were made on the application of General Traders Ltd (**'the Applicant'**).

2. The Applicant gave notice of appeal to an Appointed Person under Section 76 of the 1994 Act on 2 June 2009. In substance it contended that the Hearing Officer should not have allowed the trade marks in issue to remain registered for the goods identified above because the Proprietor had not provided *'solid and objective evidence of effective and sufficient use'* in relation to such goods.

3. In a Respondents Notice filed under Rule 71 of the Trade Marks Rules 2008 on 2 July 2009 the Proprietor maintained that the Hearing Officer was entitled to reach the decision that he did on the evidence before him. It asserted that:

> The Appellant's Grounds of Appeal are fundamentally flawed. In particular, they seek to overturn findings of fact made without error by the Hearing Officer. These findings relate to the evidence submitted by the Respondent in the original proceedings.

4. The Proprietor is a company in administration (I understand that it went into administration on 26 November 2008). I was asked to set an early date for the hearing of the appeal in order to enable the administrators to know where they stood with regard to disposal of the **SCHREIBER** trade marks in issue. On 15 July 2009, my clerk confirmed

to the parties that the appeal had been listed for hearing at 2pm on Thursday, 13 August 2009.

5. On 30 July 2009 the Applicant through its solicitors sent a letter saying:

> The Appellant hereby withdraws the abovementioned appeal with immediate effect and confirms that it shall meet the Respondent's costs of the Respondent's Notice to be assessed on the standard scale which we understand is between £200 and £600.

6. On 31 July 2009 I vacated the hearing set for 13 August 2009 and gave directions in the following terms:

> 3. A period of 14 days from today's date is allowed for the purpose of enabling the parties to agree the amount of an award of costs in favour of the respondent to the appeal and notify me in writing of the agreed amount.
>
> 4. If no amount is agreed within that period of time, the procedure for it to be determined by the tribunal will be as follows:
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> (1) an itemised summary of the work and expenditure covered by the respondent's claim for costs will be provided in writing on or before 21 August 2009;
>
> (2) any observations that the appellant may wish to make in relation to the contents of the summary referred to in (1) above will be provided in writing on or before 28 August 2009;
>
> (3) any observations that the respondent may wish to make in reply thereto will be provided in writing on or before 4 September 2998,
>
> 5. Written material provided in accordance with the directions given in paragraph 4 above should be sent to be the Treasury Solicitor's Department (reference

MT9/1529D/SOT/4E) and at the same time copied to the opposite party.

These directions followed the practice adopted by this tribunal in similar situations in the past, see for example the decisions posted on the Trade Marks Registry website under the following references: BL O-269-02 (12 June 2002); BL O-074-03 (12 February 2003); BL O-084-03 (1 April 2003); BL O-126-03 (6 May 2003); BL O-196-04 (16 June 2004).

7. The parties were unable to agree on a figure for costs. The solicitors acting for the Proprietor therefore provided me with the following summary of work and expenditure on 18 August 2009:

No.	**Activity**	**SLS**	**PAH**	**SXR**	**Total**
1.	Considering Appellant's Grounds for Appeal	£168	-	-	£168
2.	Preparing Respondent's Notice	£1,168	£611	-	£1,779
3.	Communicating with Clients	£476	-	£442	£898
4.	Communicating with IPO/Treasury Solicitors/Olswang	£1,072	-	£128	£1,200
5.	Communicating with Insolvency Department	£140	£94	£626	£860
6.	Preparing for Hearing	£140	-	-	£140
7.	Negotiations with other side re Costs, preparation of Costs schedule	£729	-	-	£729
Total					**£5,774**

All figures were exclusive of VAT. The key to the initials was: SLS-Solicitor (Aust/NZ)-IP; PAH-Partner-IP; SXR-Partner-Insolvency. I was given no details of the hours that these fee earners were said to have spent on the activities attributed to them.

8. In written observations submitted on 28 August 2009, the Applicant maintained that costs should be awarded on a par with the Registry's standard scale of costs, with the relevant amount being commensurate with the figure of £200 to £600 conventionally allowed for considering a statement of case.

9. In relation to the particular categories of activity identified in the table above, the Applicant responded with comments to the following effect:

> Category 2: The Proprietor has claimed £1,779 for preparing the Respondent's Notice. These costs are not recoverable or, in the alternative, are excessive in light of the limited content of the Notice. The Respondent's Notice was unnecessary. It is not appropriate for the Proprietor to claim the costs of it.
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> Category 3: It is accepted that a proportion of the £898 is recoverable, but the sum claimed is excessive relative to the requirements of the appeal. The insolvency partner's communications with the administrators of the Proprietor are not properly attributable to the appeal. Since Category 6 deals specifically with preparations for the hearing of the appeal, it can be inferred that Category 3 relates to communications which were mainly directed to other ends.
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> Category 4: On the basis that the claim for £1,200 relates to a total of 5 letters and 1 telephone call, the amount claimed is disproportionate relative to the other itemisations.
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> Category 5: Since the claim for £860 lies outwith Category 3, it can be inferred that the amount claimed relates to internal communications within the firm of solicitors acting for the Proprietor. There was no need for the firm's

insolvency practitioners to be involved in the conduct of the appeal and the amount claimed should be excluded.

Category 6: The Applicant does not consider the claim for £140 to be excessive and disproportionate, assuming that there had indeed been preparation for the hearing on 13 August 2009 prior to the withdrawal of the appeal on 30 July 2009.

Category 7: The figure of £729 relates to costs negotiations and the itemisation of work and expenditure in accordance with the directions given on 31 July 2009. It is not properly attributable to the appeal. It is in any event disproportionate in scale. Moreover, the Proprietor has not negotiated or acted reasonably by demanding £4,500 in settlement of its costs claim.

10. In written observations submitted on 2 September 2009, the Proprietor maintained that it should receive an award of costs which recognised that the work and expenditure referred to in its itemised summary had been reasonably and properly undertaken and incurred. The involvement of the insolvency partner was said to have been appropriate and necessary in view of the serious impact of the appeal on the administration of the Proprietor and more especially upon the administrators' ability to dispose of the Proprietor's **SCHREIBER** trade mark registrations. The Respondents Notice was said to have been appropriate and necessary for the purpose of correcting misrepresentations/ inaccuracies on the part of the Applicant with regard to the Hearing Officer's decision. The costs occasioned by the appeal were said to have been increased by undue delay on the part of the Applicant in withdrawing its appeal. The Applicant was said to have acted unreasonably by refusing to offer more than £500 to settle the Proprietor's costs claim.

11. The long established practice in Registry proceedings is to require payment of a contribution to the costs of a successful party, with the amount of the contribution being determined by reference to published scale figures. The scale figures are treated as norms to be applied or departed from with greater or lesser willingness according to the nature and circumstances of the case. The Appointed Person normally draws upon this approach when awarding costs in relation to appeals brought under Section 76 of the 1994 Act.

12. The use of scale figures in this way makes it possible for the decision taker to assess costs without investigating whether or why there are: (a) disparities between the levels of costs incurred by the parties to the proceedings in hand; or (b) disparities between the level of costs in those proceedings and the levels of costs incurred by the parties to other proceedings of the same or similar nature. This approach to the assessment of costs has been retained for the reasons identified in Tribunal Practice Notice 2/2000 (Kerly's Law of Trade Marks and Trade Names 14th Edn. 2005 pp.919 et seq).

13. The Proprietor is entitled to be regarded as the successful party to the present appeal. Having reviewed the papers on file, I consider that the appeal lacked substance and that the Applicant is not well-placed to ask for a parsimonious approach to be adopted in relation to the Proprietor's claim for costs. I nevertheless keep firmly in mind that an award of costs must reflect the effort and expenditure to which it relates without inflation for the purpose of imposing a financial penalty by way of punishment upon the paying party.

14. I see no reason to disallow or reduce the costs claimed in Category 1: £168. I am willing to allow £475 for the costs of preparing the Respondents Notice in Category 2. It is not evident to me that the defence of the appeal required the Proprietor to incur costs totalling £2,098 on engaging in communications within Categories 3 and 4. On the basis of the limited information available to me, I am only prepared to allow costs in the sum of £450 in respect of these two categories. I readily accept that there was a need for communication within Category 5 as to the impact of the appeal on the administration of the Proprietor. On the basis of the limited information available to me, I am prepared to allow costs in the sum of £450 in respect of that category. I see no reason to disallow the claim for costs of £140 in respect of Category 6.

15. In order to recover more than the amount offered by the Applicant in settlement of the costs claim, it was necessary for the Proprietor to prepare an itemised summary of work and expenditure and defend it in accordance with the directions I gave on 31 July 2009. The Proprietor appears to have been pressing for considerably more to be awarded by way of costs, and the Applicant appears to have been pressing for considerably less to be awarded by way of costs, than I have been prepared to award in total in relation to Categories 1 to 6. I would have had more sympathy for the Applicant's objection to the costs claimed in Category 7 if it had shown a greater willingness to recognise and accept that it had inflicted costs of more than £400 to £600 upon the Proprietor by keeping the abandoned appeal hanging over the heads of the company's administrators from 2 June 2009 to 30 July 2009. Looking at the matters in the round, I think it would be appropriate to allow the Proprietor £300 in respect of the costs claimed in Category 7.

16. For the reasons I have given, I direct the Applicant to pay the Proprietor the sum of £1,983 as a contribution towards its costs of the abandoned appeal. That sum is to be paid within 14 days of the date of this decision.

Geoffrey Hobbs Q.C.

9 October 2009

The Proprietor was represented by Speechly Bircham LLP.

The Applicant was represented by Olswang LLP.