

1 INTELLECTUAL PROPERTY OFFICE

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Video Conference Room,
21 Bloomsbury Street,
London, WC1B 3HF.

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Friday, 28th October 2011

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Before:

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MR. GEOFFREY HOBBS QC
(Sitting as the Appointed Person)

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In the Matter of the Trade Marks Act 1994

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-and-

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In the Matter of Trade Mark Application No: 2315925
in the name of
MR. DONALD WALES

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-and-

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Opposition thereto under No. 93515 by
NELSON JAMES KRUSCHANDL

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In the Matter of an Appeal to the Appointed Person
from the decision of Ms. Judi Pike, acting on behalf of the
Registrar, the Comptroller-General dated 15th November 2010.

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(Transcript of the Shorthand Notes of Marten Walsh Cherer Ltd.,
1st Floor, Quality House, 6-9 Quality Court,
Chancery Lane, London WC2A 1HP
Telephone No: 020 7067 2900. Fax No: 020 7831 6864
Email: Info@martenwalshcherer.com www.martenwalshcherer.com)

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MR. NELSON KRUSCHANDL, the Appellant/Opponent, appeared in person.

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MR. DONALD WALES, the Respondent/Applicant, appeared in person.

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D E C I S I O N
(As approved by the Appointed Person)

1 THE APPOINTED PERSON: This is an appeal from a decision on costs
2 issued by Ms. Judi Pike on behalf of the Registrar of Trade
3 Marks in a letter sent to the parties on 15th November 2010.

4 The background to the appeal is as follows.

5 1. On 6th November 2002 the Trustees of the
6 Malcolm Campbell Heritage Trust applied under number 2315925
7 to register the designation BLUEBIRD as a trade mark for use
8 in relation to various goods and services in classes 12, 16,
9 25 and 41.

10 2. On 2nd September 2003 the parties to the present appeal
11 compromised an appeal in separate proceedings relating to the
12 filing of trade mark application number 2145888 on
13 16th September 1997 in the name of Mr. Nelson Kruschandl.

14 Mr. Kruschandl had appealed against the decision issued
15 on 15th August 2002 by the Registrar's Hearing Officer
16 Mr. Mike Knight. The Hearing Officer had decided that trade
17 mark application number 2145888 was invalid under section 3(6)
18 of the Trade Marks Act 1994 for having been filed in bad
19 faith.

20 Mr. Kruschandl agreed to withdraw his appeal against
21 that decision in return for the grant of a licence to use the
22 trade mark which the Trustees of the Malcolm Campbell Heritage
23 Trust were applying to register under number 2315925.

24 It does not appear to have been contemplated by anyone
25 at that stage that Mr. Kruschandl would oppose the pending

1 application for registration and there is no reason to suppose
2 that the costs of any such opposition were addressed or in any
3 way provided for in the September 2003 settlement agreement.

4 3. On 27th June 2005, Mr. Kruschandl filed a notice and
5 grounds of opposition to the Trustees' application for
6 registration under number 2315925, even though he had the
7 benefit of an agreement for the grant of a licence to use the
8 trade mark covered by that application.

9 4. The Trustees filed a defence and counterstatement on
10 30th June 2006. On 22nd September 2006 they assigned their
11 interest in the opposed application for registration to
12 Mr. Donald Wales, who was one of the Trustees of the Malcolm
13 Campbell Heritage Trust.

14 5. In March 2007, Mr. Kruschandl filed a statutory
15 declaration in support of his opposition to the application
16 for registration.

17 6. In September 2007, Mr. Wales filed a witness statement
18 in defence of the opposition.

19 7. On 22nd May 2009, the Registrar made an order under
20 section 68 of the Trade Marks Act 1994 and Rule 68 of the
21 Trade Marks Rules 2008 requiring Mr. Kruschandl to provide
22 security for the costs of the opposition in the sum of £2,000
23 within one month thereafter. There was no appeal against that
24 order.

25 8. Mr. Kruschandl failed to comply with the order to

1 provide security for costs and in an official letter of
2 22nd September 2009 he was notified that the Registrar had
3 decided, in accordance with the provisions of Rule 68(2), to
4 treat him as having withdrawn his opposition to the trade mark
5 application in suit.

6 Mr. Kruschandl protested that the deemed withdrawal
7 violated his right of access to justice under Article 6 of the
8 European Convention on Human Rights. However, there was no
9 appeal against that decision. The trade mark application
10 therefore proceeded to registration in October 2009.

11 9. On 16th December 2009 Mr. Wales applied for an award of
12 costs consequent upon the deemed withdrawal of the opposition
13 to his trade mark application number 2315925.

14 Mr. Kruschandl objected to the making of any award of
15 costs in favour of Mr. Wales and requested a hearing at which
16 to pursue his objections. That hearing took place before
17 Ms. Judi Pike, acting on behalf of the Registrar of Trade
18 Marks on 11th November 2010. In her decision issued on
19 15th November 2010, she ordered Mr. Kruschandl to pay
20 £1,200 to Mr. Wales as a contribution towards his costs of the
21 proceedings in the Registry down to the date of her decision.

22 10. The award of costs was made in the exercise of the power
23 conferred upon the Registrar by section 68(1) of the 1994 Act
24 and Rule 67 of the 2008 Rules to award such costs as he may
25 consider reasonable in Registry proceedings----

1 (Delivery of the decision was then interrupted by a
2 voice message stating that "Your conference is scheduled to
3 end in two minutes.")

4 ----It seems from the hearing officer's decision that she
5 regarded Mr. Kruschandl's objections to any award of costs as
6 a misdirected attempt on his part to have Mr. Wales sanctioned
7 for non-implementation of the September 2003 settlement
8 agreement.

9 Mr. Krushchandl appealed to an Appointed Person on many
10 and diverse grounds, as set out in a lengthy document which
11 carried the caption "Opposition: 9315 Opponent: Nelson
12 Kruschandl - Costs, Counterclaim and Passing Off." The range
13 of matters referred to in this document can be gathered from
14 the index at the front of it:

15 "INDEX TO GROUNDS:

16 A. FAIR HEARING

17 B. ABUSE OF PROCESS

18 C. BREACH OF CONTRACT, UNENFORCEABILITY & COUNTERCLAIM

19 D. COST CASE PRECEDENT in CIVIL PROCEEDINGS

20 E. ORAL EVIDENCE OF THE APPLICANT

21 F. WRITTEN EVIDENCE OF THE APPLICANT

22 G. IMPRISONMENT & CIVIL RIGHTS - WILBERFORCE: Raymond v Honey
23 1983

24 H. CONDUCT OF THE APPLICANT - Intention to Infringe
25 T.M. rights

- 1 I. FURTHER INJUNCTIONS and DAMAGES
2 J. HARM TO THE OPPONENT'S REPUTATION
3 K. SENSIBLE RESOLUTION."

4 This document was supplemented by further written
5 material submitted on 10th May 2011, by oral submissions at a
6 hearing before me on 16th June 2011, by the production of
7 further documents on 19th September 2011, pursuant to an order
8 for directions I made on 10th August 2011 and by oral
9 submissions at today's hearing.

10 The documents produced on 19th September 2011 fall into
11 two categories. The first consisted of two letters written by
12 Mr. Kruschandl on 10th May and 17th July 2003 proposing
13 mediation in relation to all matters then in dispute between
14 himself, Mr. Wales and persons and entities linked to
15 Mr. Wales. That included the dispute compromised on
16 2nd September 2003. It obviously did not include the
17 opposition to trade mark application number 2315925----
18 (The delivery of the decision was then interrupted by a voice
19 message stating that "Your conference is now over. Goodbye.")
20 ----which commenced on 27th June 2005. I do not know what is
21 happening at your end, Mr. Kruschandl, but I intend to
22 continue delivering my decision.

23 The transcript will show that contrary to the wishes of
24 this tribunal, the persons in control of the conferencing
25 facility at HM Prison Norwich have cut it off shortly before

1 12:30 p.m. today. I will none the less continue so that the
2 shorthand writer can transcribe the decision which I am in the
3 course of delivering.

4 To continue. The second category of documents consisted
5 of letters written in 2006 and 2007 containing exchanges with
6 regard to the agreement for the grant of a licence which
7 formed part of the 2nd September 2003 settlement. It seems
8 from these letters that Mr, Kruschandl saw the licence as an
9 objective that his opposition to the Malcolm Campbell Heritage
10 Trust's trade mark application would help him to secure on
11 terms suitable to himself. The grant of the licence was to be
12 the key to the withdrawal of his opposition.

13 Having considered the contentions put forward in writing
14 and orally in these proceedings and fully examined the
15 documents that are before me, I am bound to say that I can see
16 no tenable basis for any argument to the effect that the
17 Hearing Officer exercised the power available to her under the
18 Act and the Rules in a wrong or improper manner or
19 incompatibly with the principle, established in cases such as
20 Dunnet v. Railtrack, that proper account should be taken of
21 offers of mediation and offers to settle on reasonable terms.

22 More specifically, I consider that she was fully
23 entitled to reject the various arguments on which
24 Mr. Kruschandl relied for the purpose of characterising
25 Mr. Wales' defence of the withdrawn opposition proceedings as

1 unreasonable

2 The suggestion that the opposition could, would and
3 should have been avoided by referring the matters in dispute
4 between the parties with regard to the September 2003
5 settlement agreement to mediation does not stand up to
6 objective examination. The levels of intransigence and
7 interpersonal resentment observable in the parties' dealings
8 with one another and the manifest failure of what seemed to
9 have been genuine attempts to put a licence in place in
10 accordance with the September 2003 settlement agreement leave
11 me with the clear impression that irreconcilable differences
12 of approach had created an impasse between the parties which
13 they were simply not able or willing to resolve consensually.

14 The existence of the impasse was reflected in
15 Mr. Kruschandl's decision to file a notice and grounds of
16 opposition notwithstanding that he was entitled to a licence
17 to use the relevant trade mark and therefore had a significant
18 commercial interest in enabling the opposed application to
19 succeed.

20 As he must have appreciated, the filing of the notice
21 and grounds of opposition had a blocking effect on the
22 application which added substantially to the scope of the
23 impasse. The deemed withdrawal of the opposition removed the
24 blocking effect and to that extent reduced the scope of the
25 impasse between the parties. That was a discrete benefit

1 which Mr. Wales was entitled to secure by defending the
2 opposition as he did.

3 I do not accept that he should be denied his costs of
4 the opposition for failing to resolve the broader contractual
5 dispute relating to the settlement agreement, not least
6 because that dispute lay entirely outside the jurisdiction of
7 the Registrar and remained essentially unaffected by the
8 failure of Mr. Kruschandl's attack upon the opposed trade mark
9 application. The notion that a party should be deprived of
10 costs for not settling a collateral contractual dispute in
11 response to a counterproductive trade mark opposition, which
12 has since been dismissed, appears to me to be ill-conceived.
13 For these reasons, the appeal will be dismissed.

14 At this juncture, I would normally invite the parties to
15 make submissions in relation to costs of the appeal. That,
16 for reasons that are all too obvious to everyone sitting in
17 this room, is not a feasible or appropriate procedure.

18 In the circumstances, what I will now do is direct that
19 a copy of today's transcript and a copy of the decision I have
20 just delivered, in the form in which it is approved by me, be
21 transmitted to the parties, to the Treasury Solicitor and to
22 Mr. Kruschandl in HM Prison Bure. When I am informed of the
23 date on which that transmission has occurred, I will then
24 issue directions with a timetable providing for written
25 representations to be made by the parties in relation to the

1 matter of costs relative to this appeal. I will thereafter
2 proceed to deal with the costs, probably in writing, unless
3 there is a request for a hearing to consider the rival
4 contentions of the parties. That, I believe, is as far as I
5 can take the present proceedings today. That concludes the
6 hearing.

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