

O/140/15

TRADE MARKS ACT 1994

TRADE MARK REGISTRATION 2618902

IN THE NAME OF ABU KASS UK LTD

AND

APPLICATION 500092 BY

SALEH ABDULAZIZ BABAKER SONS CO. FOR TRADING AND CONTRACTING

FOR THE TRADE MARK TO BE DECLARED INVALID

Decision on costs

1. I issued a provisional decision on behalf of the registrar on 23 January in which I indicated that I would declare trade mark No. 2618902 to have been registered in bad faith and therefore to be invalid under s.47(1) of the Act.

2. I allowed the applicant for invalidation, Saleh Abdulaziz Babaker Sons Co. For Trading And Contracting (“Babaker”) 21 days from the date of the provisional decision in which to make written submissions on costs. I indicated that any request for off scale costs must be justified and supported by a breakdown of the actual costs.

3. I received a written submission from the applicant’s Trade Mark Attorneys seeking an award of costs in the sum of £28088.50. These were broken down into:

- £18075 in attorneys’ fees
- £7500 in counsel’s fees
- £1588.50 in disbursements

4. I allowed Abu Kass UK Limited (AB UK) 14 days to provide written comments on the applicant’s request for costs. AB UK filed no comments.

5. The registrar’s authority to award costs is based on s.68 of the Act and Rule 67 of the Trade Mark Rules 2008.

“Costs of proceedings; section 68

67. The registrar may, in any proceedings under the Act or these Rules, by order award to any party such costs as the registrar may consider reasonable, and direct how and by what parties they are to be paid.”

6. The Registrar normally awards costs on a contribution basis within the limits set out in the published scale. The latest version of the scale is included in Tribunal Practice Notice 4/2007. However, as this Notice indicates, the Registrar has the power to award reasonable costs on a different basis where the circumstances justify it. The courts have long recognised this: see *Rizla Ltd's Application*¹. The Practice Notice recognises that unreasonable behaviour may justify costs on a compensatory basis. The Appointed Person follows a similar approach and sometimes awards costs on a compensatory basis: see, for example, *Ian Adams Trade Mark*².

¹ [1993] RPC 365

² BL O-147-11

7. A losing party should not be considered to have acted unreasonably simply because it lost. That general proposition is less true when it comes to findings that a party registered a mark in bad faith because such a finding necessarily means that the party should have realised that what it was doing was wrong, even if it did not do so. Nevertheless, there are degrees of behaviour which constitute bad faith ranging from outright dishonesty to behaviour which, although not dishonest, falls below the standards of acceptable commercial behaviour observed by reasonable people in the relevant field of activity. It does not therefore follow that a finding of bad faith automatically justifies an award of costs off the usual scale.

8. However, in my view, the initial behaviour of AB UK in this case, which led to the finding of bad faith, was compounded by its efforts to cover up its bad faith with denials and stories concocted in order to give credence to its denials and shift any blame onto third parties. This put Babaker to significant additional cost. This was unreasonable behavior and I am therefore prepared to order AB UK to pay Babaker costs off the usual scale equivalent to its full reasonable costs.

9. However, the applicant has only provided a statement of the total cost to Babaker of employing J A Kemp in this matter, and the hourly rates of those at J A Kemp who worked on the case. This is not a proper breakdown of this part of Babaker's costs. Without such a breakdown it is not possible for AB UK to challenge, or for me to assess, the reasonableness of the amount of time spent on particular activities, or the reasonableness of particular activities having been undertaken at a particular level. However, the total costs claimed do not appear to be excessive in the context of the complexity of the case, bearing in mind that Babaker had to obtain third party evidence in order to support its case. I will therefore make an order for AB UK to meet these costs, subject to a 20% reduction to cover the maximum level of unreasonable or unnecessary costs that might have been incurred. This amounts to £14460.

10. Counsel's fees came to £7500. £925 of this was for attending the hearing. The amount claimed is said to cover the cost of preparing for cross examination of the AB UK's witness, Mr Abdi. Although I ordered Mr Abdi to attend a hearing on 15 January for cross examination on his evidence, I required him to provide written notice by 9 January that he would attend. He did not provide such notice. Consequently, Babaker knew by 12 January that the adjourned hearing would not be resumed for cross examination. I accept that some preparation may have been done by then, but there should also have been some saving in preparation time. Taking this into account, I will make an order for AB UK to meet these costs, subject to a reduction of £1500 to cover the saving there should have been in preparation for the resumed hearing. This amounts to £6000.

11. The disbursements claimed appear uncontroversial, except for £500 claimed in "court fees". I assume this means the IPO's fees. However, the filing fee for an

application for invalidation is £200, not £500. I note that Babaker also filed several extension of time requests on Forms TM9, each having a filing fee of £100, but I see no reason why AB UK should pay these costs. I will therefore reduce the amount awarded to cover disbursements to £1288.50.

12. I therefore:

1) Confirm my provisional decision and declare trade mark registration No. 2618902 to be invalid;

2) Order Abu Kass UK Limited to pay Saleh Abdulaziz Babaker Sons Co. For Trading And Contracting the sum of £21748.50.

13. This sum is to be paid within 42 days of the date of this decision or, if there is an appeal, within 14 days of the conclusion of those proceedings (subject to any contrary decision by an appellant tribunal).

Dated this 31ST Day of March 2015

**Allan James
For the Registrar**