

O-639-19

# **DECISION ON COSTS**

**TRADE MARKS ACT 1994**

**IN THE MATTER OF:**

**TRADE MARK APPLICATION No. 3230982  
BY INTERCONTINENTAL EXCHANGE HOLDINGS, INC.  
TO REGISTER THE FOLLOWING TRADE MARK  
IN CLASSES 9, 35, 36, 38, 41 AND 42**

# **BRENT**

**AND**

**OPPOSITION THERETO (NO. 410133)  
BY NEW YORK MERCANTILE EXCHANGE, INC.**

## **Background and pleadings**

1) On 19 November 2018, a main hearing took place before me via video-link. On 30 January 2019, prior to the substantive decision being issued, the applicant withdrew its trade mark application, the subject of the opposition. It is withdrawal of the application that has led to the opponent requesting an off the scale award of costs in its favour.

2) I shall begin by detailing the chronology of events:

- 29 August 2017 – a notice of opposition was filed against trade mark application no. 3230982 for the mark BRENT. It was opposed on the basis of sections 3(1)(a), (b), (c) and (d) of the Act
- The subsequent evidence filed by the parties included 3 witness statements and numerous accompanying exhibits from the opponent and 5 witness statements and accompanying exhibits from the applicant. Admittedly 3 of the witness statements from the applicant were brief but the evidence filed by the respective parties was extensive.
- 20 September 2018 - the applicant wrote to the Registry requesting, 1) to adduce further evidence to respond to a number of points raised in the opponent's evidence, and 2) amend its defence to expressly state that the applicant is relying on the proviso to section 3(1) of the Act, i.e. that its trade mark had acquired distinctive character by virtue of the use made of it. The claim was filed along with a second witness statement of Mr David Clifton and exhibits DCC12 to DCC18.
- 25 September 2018 - the main hearing was originally scheduled for this date. However, the admittance of the evidence and the applicant's amended defence was dealt with as a preliminary issue at the hearing. Ms Jessie Bowhill of counsel for the applicant, argued that the amendment to the applicant's defence was merely confirming what the existing evidence already established. She claimed that the evidence established that the applicant's

trade mark had acquired distinctive character. Further, Ms Bowhill said that apart from costs implications, which it would pay a contribution towards, the opponent would not be prejudiced. Despite what the applicant claimed, acquired distinctiveness was not pleaded in its counterstatement and there was no explicit claim to such a defence until the applicant's correspondence of 20 September 2018. Further, the opponent had no opportunity to consider the amended defence or review the evidence filed in support of the claim. Whilst Mr Stobbs indicated he would (if I considered it appropriate) continue with the hearing, I did not consider it fair for him to do so without having an opportunity to consider the amended claim and review the evidence. Therefore, the hearing was adjourned, the second witness statement of Mr Clifton and accompanying exhibits were admitted into the proceedings and the opponent was given one month to submit further evidence of fact in reply<sup>1</sup>. No evidence was submitted and a new main hearing date was appointed.

- 19 November 2018 – the main hearing took place at which the applicant, represented by DLA Piper UK LLP, instructed Ms Bowhill and the opponent was represented by Mr Julius Stobbs of Stobbs IP.
- 28 January 2019 – the opponent telephoned the UK IPO to enquire as to when the substantive decision is likely to be issued.
- 29 January 2019 – the UK IPO confirms in an email to both parties that the decision “should be issued within the next couple of weeks”.
- 30 January 2019 – the applicant writes to the UK IPO withdrawing its trade mark application number 3230982, stating that “we look forward to your confirmation that the opposition proceedings have been concluded and that no substantive decision on the merits of the opposition proceedings will be issued.”
- 4 February 2019 – withdrawal of the trade mark application is actioned.

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<sup>1</sup> This was confirmed in the Registry's letter of 2 October 2018

### *Opponent's submissions*

3) The opponent has requested that it should receive off the scale costs and provided reasons as to why it considers this to be justifiable. Further, it has submitted a schedule of all the costs incurred in the prosecution of the case. I shall address these later in my decision. I summarise the opponent's justification for an award of off the scale costs as follows:

- For the entire duration of the opposition proceedings the applicant has maintained that it seeks to rely upon arguments and evidence relating to inherent distinctiveness. However, two days prior to the first scheduled hearing (25 September 2018) the applicant sought to add a new defence to its pleaded case based upon had acquired distinctiveness. The applicant also sought to submit a new witness statement and new evidence with its request for an amended defence.
- It was unreasonable for the applicant to raise this defence so close to the date of the main hearing and that there was no justifiable reason why the evidence (which was available earlier) could not have been filed sooner.
- At the hearing held on 25 September 2018 the new pleaded grounds and evidence was discussed (which I subsequently allowed to be admitted) and I adjourned the main hearing to allow the opponent to consider the additional arguments and evidence. The opponent claims that its preparation for the hearing was wasted, the cost of which should be paid for in full by the applicant.
- As the amended defence and new evidence were admitted, the opponent carefully considered them and advised its client accordingly. Again, this ultimately resulted in wasted time and cost. The opponent amended its skeleton argument to incorporate the new defence/evidence.

- The opponent prepared for and attended a second hearing, which, it transpired, was unnecessary.
- The opponent argues that I should draw inferences from the applicant withdrawing its application a day after it was informed that a decision would be issued within a couple of weeks. In other words, it waited as long as it reasonably could before withdrawing the application. The opponent claims that this constitutes unreasonable conduct.

#### *Applicant's submissions*

4) The applicant accepts that the opponent is entitled to costs but they should be confined to the scale rather than off the scale. Its reasons for this are as follows:

- It has not, at any point, conducted itself unreasonably and has not engaged in intentional delaying tactics. For example, it has not requested any extensions of time or acted out of the ordinary.
- It refers to paragraph 7 of TPN 4/2007 which states that that "Any claim for cost approaching full compensation or for "extra costs" will need to be supported by a bill itemising the actual costs incurred."
- The applicant claims that the opponent fails to acknowledge that the actual content of the applicant's defence was not substantively amended. I shall address this in greater detail later in this costs decision.
- The additional evidence filed was not long or complicated, i.e. a single witness statement which was 9 pages long and had 7 annexes. Further, the evidence was not used as a delaying tactic and the opponent declined to file any additional evidence in response.
- The applicant disputes the opponent's claim that its preparations prior to the 25 September 2019 "were of little value" since all of the arguments raised would be equally relevant to the second hearing held on 19 November 2018.

- The applicant is perfectly entitled to withdraw its trade mark application at any stage of the proceedings.
- Many of the costs requested by the opponent were incurred during the ordinary course of the proceedings and therefore an off the scale costs award has not been justified. Moreover, the opponent has failed to sufficiently itemise its costs, as required by the TPN.

### **The legislative provisions**

5) Section 68 of the Act and rule 67 of The Trade Marks Rules 2008 read as follows:

“68. - (1) Provision may be made by rules empowering the registrar, in any proceedings before him under this Act -

(a) to award any party such costs as he may consider reasonable,

and

(b) to direct how and by what parties they are to be paid.

(2)...

(3)...”

And:

“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) As various Tribunal Practice Notices (“TPN”) issued over the years have made clear, the tribunal normally awards costs by reference to a published scale as a contribution towards any costs incurred; the most recent TPN in this regard is no. 2 of 2016. Such awards are normally, but not exclusively, made to the successful or most successful party. However, as the various TPNs make clear, the tribunal may, if it considers it appropriate, make an award amounting to full compensation.

7) The fact that the applicant is entitled to withdraw its application at any time does not change how I must approach the request for off the scale costs. This is because I must judge the applicant's behaviour objectively. Having done so, I am of the view that the applicant has in some respects acted unreasonably. However, this does not mean that I must automatically award off the scale costs. In *Rizla's* application<sup>2</sup>, "*the behaviour in question constituted such exceptional circumstances that a standard award of costs would be unreasonable.*" Any award must be assessed taking into account all the relevant factors.

8) I have outlined the chronology of events above. The original hearing of 25 September 2018 was adjourned for the opponent to have time to consider my decision to allow the applicant to (i) amend its pleadings to include reliance on acquired distinctiveness, and (ii) for it to consider the additional evidence which was admitted. The applicant maintains that it always relied upon acquired distinctiveness which, it argues, was clearly reflected in the evidence and which was not a new last-minute plea. It is for the applicant to clearly set out its case at the outset and there is no doubt its reliance on acquired distinctiveness was not included. It is not for me to speculate as to why the claim was not raised in its counterstatement, but I do consider the argument that it was there from the outset or in the evidence to be disingenuous. The applicant's counterstatement was filed by an experienced firm of trade mark attorneys and if it intended to rely on acquired distinctiveness it would (and should) be easily identifiable by myself and, moreover, the opponent. I am supported in this view as the opponent did not address this key argument in its skeleton argument and had not prepared to address it at the main hearing.

9) I should point out that at the first main hearing held on 25 September 2018, Ms Bowhill, was keen for the hearing to continue. Mr Stobbs also reluctantly agreed that the hearing could proceed but I decided that it should be adjourned. Accordingly, at that point in time I could not be sure that it was a deliberate delaying tactic. However, it is not in doubt that the supporting evidence could have been produced earlier. Regardless of the reasoning, it led to the hearing being postponed and the opponent

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<sup>2</sup> [1993] RPC 365 at 377.

being put to further unnecessary cost. Moreover, upon making the request for the new evidence to be admitted and reluctantly agreeing to the amendment to the pleadings, the applicant did concede that there would be costs implications.

10) I also find it relevant that having been through the evidence rounds and attended two main hearings, the applicant elected to withdraw its application two days after being notified that the decision would be issued within two weeks.

11) In the opponent's request for actual costs it attaches two "Bill of Costs". One for Stobbs IP, the recorded UK representatives, and the other for Norvell IP. No explanation has been provided as to who Norvell IP are but it appears from the text within the "Bill of Costs" that they are the instructing US attorney. The applicant argues that it, "...does not accept that it should be liable for any of the costs on Norvell IP's Bill of Costs as these costs cannot be considered to fall within the realm of what may be seen as reasonable costs incurred as a result of the alleged unreasonable conduct of the Applicant. Norvell IP is, in essence, the middleman between the Opponent and the Opponent's UK representatives. In any scenario where the Opponent was to instruct its Opponent's UK representatives directly, these costs would simply fall away."

12) In the absence of specific submissions to the contrary from the opponent, I agree with the applicant that it is unreasonable to award the costs incurred by the instructing US attorney.

13) With regard to Stobbs IP "Bill of Costs" the opponent has filed a schedule of charges which totals 12 pages each containing around 30 individual entries. The first entry is dated 18 July 2017 and the last 28 February 2019. The bill totals \$19,498.59.

14) The applicant argues that I am unable to award off the scale costs since the opponent has not itemised the actual costs incurred, as required by Tribunal Practice Notice (TPN4/2007). I do not accept this criticism. Whilst each entry does not include an individual dialogue, Stobbs IP's practice is clearly to group tasks and then enter a collective annotation of the work carried out. For example, around the date of the original hearing held on 25 September 2018 the schedule includes the following



narrative which I have paraphrased "...Prepare and finalise Skeleton Argument for Hearing; report to you; note your comments to the skeleton arguments; amend and update skeleton arguments to reflect your comments; revert with further comments regarding the hearing and Skeleton; Exchange skeleton arguments with the other side; finalise all case in bundle in preparation for Hearing; Attending Hearing; report to you outcome of the preliminary discussions and next steps". The cost for the aforementioned was approximately \$2,000. Therefore, it is clear what tasks were carried out and the costs incurred and so I reject the applicant's criticism that the request is not compliant with the TPN.

15) A further criticism of Stobbs IP Bill of Costs raised by the applicant is that \$11,545.87 of the \$19,498.59 total was incurred in the ordinary course of the proceedings and prior to the original hearing of 25 September 2018. It effectively argues that the actual costs incurred during the ordinary course of proceedings should not be awarded. I agree with the applicant on this point. Prior to the hearing of 25 September 2018 there were no undue delays. If the applicant had withdrawn its application at this point then an cost award from the usual scale would have been appropriate. However, for the actions which took place after this date (amounting to \$7,952.72), I consider off the scale costs to be justified.

16) Taking all of the above into account, I award the opponent a contribution towards its costs based on the published scale up until 25 September 2018. These costs are at the upper end of the scale to reflect the grounds pleaded and large volumes of evidence filed. With all costs relating to, and after, the original hearing, I award off the scale costs. It should be noted that Stobbs IP Bill of Costs was in US dollars. Neither party has provided an exchange rate and therefore based upon OANDA<sup>3</sup> exchange rate as at 21 October 2019 I apply an exchange rate of \$1USD being equivalent to £0.7706. A breakdown of the costs awarded are as follows:

Official fee	£200
Preparing a statement and considering the other side's statement	£650

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<sup>3</sup> The UK Intellectual Property Office applies the OANDA exchange rate for its daily business activities.

