

O/431/20

COSTS DECISION

REGISTERED DESIGNS ACT 1949 (AS AMENDED)

REGISTERED DESIGN NO. 6038520

OWNED BY TORAB MEHDIZADEH GHEZELGHEI

AND

**APPLICATION NO. 23/18 BY SNAIL SAKK (A DBA OF NORTH POLE
CREATIONS LLC)**

TO INVALIDATE THE REGISTERED DESIGN

INTRODUCTION

1. On 24 February 2020, I issued a decision in the above identified proceedings, the outcome of which was in favour of SNAIL SAKK (A DBA OF NORTH POLE CREATIONS LLC) (“the applicant”). In relation to costs, I stated:

“47. As the applicant has been successful they are entitled to a contribution towards their costs. At the hearing, Mr Wood indicated that if a costs award was to be made in his client’s favour then an opportunity to file further submissions would be required, as there were matters of relevance to this issue that could not be discussed prior to a substantive decision being issued (presumably, because they relate to matters that are without prejudice save as to costs). I, therefore, direct as follows:

- a. The applicant file written submissions relating to the issue of costs within 14 days of the date of this decision.
- b. The proprietor file written submissions strictly in reply within 14 days of receipt of the applicant’s written submissions.”

2. Written submissions have now been received from both parties. Mr Wood continues to represent the applicant and, in relation to costs, Mr Torab Mehdizadeh Ghezelghei (“the proprietor”) is represented by Albright IP Limited. The submissions filed by the applicant requested that an award of costs be made off the scale, in the sum of £64,836.37 plus \$963.

PRELIMINARY POINT

3. The applicant’s written submissions regarding costs were accompanied by a confidentiality request. The request related to documents that were submitted to demonstrate an hourly rate calculation for the applicant’s loss of time from her business in the sum of £200 per hour. The applicant sought to keep the calculation of

this hourly rate confidential, not just from the public, but also from the proprietor himself.

4. A preliminary view was given that the usual hourly rate awarded to private litigants in proceedings before the Tribunal is the sum of £19 per hour and it was likely that this figure would only be departed from in exceptional circumstances. Further, it was noted that the hourly rate calculation, if this was the basis of the applicant's costs claim, was a fundamental part of the case against the proprietor and that the reasons given for the confidentiality request did not outweigh the proprietor's fundamental right to know the case against him. The applicant requested a Case Management Conference ("CMC") to challenge this preliminary view. The CMC was duly appointed and the letter confirming the outcome of that CMC is attached as an Annex to this decision.

5. The proprietor successfully resisted that confidentiality request. As such, the proprietor's representative requested that costs be awarded in the proprietor's favour in respect of time spent in preparation for and attendance at that hearing. The proprietor's representative requested that, if any such award is made, that that should be offset against any costs award made in the applicant's favour. I will return to this point below.

DECISION

6. Section 30(1) of the Registered Design Act 1949 ("the Act") states as follows:

"Rules may by the Secretary of State under this Act may make any provision 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."

7. Rule 22 of the Registered Design Rules 2006 ("the Rules") states as follows:

“The registrar may, in any proceedings before him under the Act, award to any party by order such costs as he considers reasonable and direct how and by what parties they are to be paid.”

8. It is well-established that an award of off-scale costs can be made on a compensatory basis. In *Rizla Ltd’s Application* [1993] RPC 365 at 377, Anthony Watson QC, sitting as a deputy judge, stated that:

“As a matter of jurisdiction, I entertain no doubt that if the Comptroller were of the view that a case had been brought without any bona fide belief that it was soundly based or if in any other way he were satisfied that his jurisdiction was being used other than for the purpose of resolving genuine disputes, he has the power to order compensatory costs. I would be a strange result if the Comptroller were powerless to order more than a contribution from a party who had clearly abused the Comptroller’s jurisdiction.

The superintending examiner in his decision correctly, in my view, framed the issue he had to decide as: “... whether the conduct of the referred constituted such exceptional circumstances that a standard award of costs would be unreasonable.””

9. The applicant gives the following reasons for her request for off-scale costs (summarised as necessary):

a) Despite repeated warnings, the proprietor and his friend, Ms Davies, continued to attempt to introduce new evidence at the hearing.

b) During the hearing, the proprietor and his friend, Ms Davies, repeatedly interrupted the applicant’s representative, despite repeated reminders not to do so. In particular, the proprietor was hostile towards the applicant’s representative, alleging that he was “lying”.

c) During the hearing, the proprietor claimed that the applicant had been allowed to attend the hearing “in secret” and was aggressive in his assertions that the applicant should not be allowed to view the hearing.

d) Several days after the hearing, a representative filed correspondence with the Tribunal on behalf of the proprietor making further assertions about the applicant’s representative and the applicant herself.

e) Despite several reminders by this Tribunal, the proprietor has, on a number of occasions, failed to copy the applicant (or her representative) into correspondence he has filed with the Tribunal. The applicant also states that the proprietor, on one occasion, sent a submission to the applicant’s representative with some different content to the one filed at the Tribunal.

f) The proprietor failed to engage with the applicant when she contacted him regarding the need for a potential extension request and, instead, contacted the Tribunal to protest to any extension request that might be made. The applicant claims that the proprietor also did not forewarn the applicant of his intention to request a hearing, meaning there was no time to seek a mutually convenient hearing date in advance of the deadline and before a date was appointed by the Tribunal.

g) When the applicant made a request for an extension of time in these proceedings due to personal issues concerning a missing child, the proprietor objected to the extension being granted which, the applicant states, was an attempt to disadvantage the proprietor and intentionally obstruct proceedings.

h) The applicant states that prior to proceedings “the Registrant was initially contacted at least 5 separate times, over approximately a 2 month period, regarding the issue of copying. He chose to ignore these communications, progressively copy more and more elements of my work, and subsequently registered one of my designs.”

i) The applicant claims that the proprietor has repeatedly failed to engage in settlement negotiations.

j) The applicant claims that the proprietor has repeatedly engaged in irrelevant lines of argument, with many of his submissions having been proved false. In particular, the applicant refers to the proprietor's claim that his registration included a handle design, when in fact "this was an obvious attempt to deceive the court into believing the handle was a feature of the registration when in fact it first manifested several months later, while amid proceedings."

10. I will begin by assessing whether the proprietor's behaviour is unreasonable, such that it justifies an award of off-scale costs, by reference to each of the points raised by the applicant. I will then turn to quantify any costs award to be made.

Off-scale costs because of the proprietor's alleged unreasonable behaviour

Behaviour at the hearing

11. A number of the reasons for the applicant's request for off-scale costs are based upon the proprietor's behaviour at the hearing. For example, the applicant refers to his attempts to introduce new evidence, his hostility towards her representative and his repeated interruptions during her representative's submissions.

12. There were undoubtedly issues with the proprietor's behaviour at the hearing which resulted in the hearing being longer than it needed to be. As noted by the applicant, the proprietor made several attempts to introduce new evidence at the hearing. I reminded him on several occasions that it was not appropriate to do so, but the proprietor and his friend, Ms Davies, continued to attempt to do so on several occasions.

13. I accept that the proprietor interrupted the applicant's representative at the hearing on several occasions. It is, of course, not the case that every interruption made by the proprietor was unfounded and, where a party considers that an erroneous reference has been made, it is necessary to ensure this is corrected. It would have been more

appropriate for the proprietor to make a note of these points and to wait for the applicant to conclude his submissions before identifying the points that he wished to make. I do, of course, accept that as the proprietor was unrepresented at the main hearing in this case, he was dealing with proceedings with which he was entirely unfamiliar. This undoubtedly caused him a great deal of stress and that was apparent at the hearing. Further, the proprietor made me aware that English is not his first language which was undoubtedly a hurdle for the proprietor in seeking to present his case. As noted by the applicant's representative, attempts were made to assist the proprietor in this regard by allowing him the assistance of his friend, Ms Davies, who was also present at the hearing. I am mindful that at least some of the proprietor's interruptions at the hearing were made as a result of the proprietor's lack of familiarity with Tribunal proceedings. Private litigants should not be penalised for this and it is entirely appropriate to request further clarification if something occurs during the course of a hearing that a private litigant does not understand.

14. That being said, I am of the view that some of the interruptions made by the proprietor were beyond what could reasonably be expected to have resulted from a lack of familiarity with Tribunal proceedings. The proprietor's representative notes that "the Hearing Officer of course has the benefit of the transcript of the hearing and can see that at all times the Proprietor's language was temperate and respectful". However, the proprietor's representative was not at the hearing and, perhaps it is the case that in parts the transcript is not able to capture the tone of what was said. There were certainly points at which the proprietor's behaviour could not be regarded as either temperate or respectful. For example, reference was made to the applicant's representative "lying" and the proprietor was noticeably hostile towards him on several occasions. Whilst it is, of course, understandable that proceedings of this nature are important and often emotionally involved for the parties, the proprietor's behaviour in this regard did cause additional time to be added to the hearing.

15. It is my view that the length of the hearing was increased, not simply through the proprietor's lack of familiarity, but as a result of unnecessarily hostile behaviour. However, I do not consider this behaviour sufficient to justify an award of costs off the scale; rather, I consider this a reason to increase the costs award towards the higher

end of the scale in order to reflect the additional time spent at the hearing as a result of the proprietor's conduct.

Complaint about the applicant attending the hearing

16. One of the concerns raised is the proprietor's reaction to the applicant's attendance at the hearing. Clearly, this issue arose in part because of the proprietor's lack of familiarity with Tribunal proceedings. Tribunal hearings are, of course, public hearings that anyone is entitled to attend, but certainly parties to proceedings. However, I am also mindful that the applicant's video connection to the hearing was not visible to me when proceedings commenced and may not, therefore, have been visible to the proprietor. It may very well be the case that this was simply due to a slight delay in the applicant joining the hearing. As this delay meant that the applicant's presence was not made known to the proprietor at the start of the hearing, it is perhaps understandable that the proprietor was shocked at discovering her attendance later on during the course of the hearing. I do not consider this sufficient to justify an award of off-scale costs.

Further submissions made after the hearing

17. The applicant takes issue with the proprietor having instructed his previous representatives to contact this Tribunal after the hearing to make some final submissions on his behalf regarding the hearing. The applicant also makes reference to the qualifications of those previous representatives. I do not consider that the applicant's submissions regarding this are of particular assistance to her. As noted by the proprietor's representative, the applicant's claims about the previous representatives' qualifications are unclear and unfounded and I do not consider that it was unreasonable, if the proprietor felt that he wanted to clarify certain points about the hearing, to instruct a representative to do so on his behalf.

Failure to copy the other side into correspondence and sending different correspondence to the Tribunal and the other side

18. I do recognise that there were occasions on which the proprietor failed to copy the applicant or her representatives in to correspondence with the Tribunal. Indeed, the Tribunal has had to remind the proprietor of his duty to do so. I refer to section 1.10 of the Tribunal Works Manual which states as follows:

“If parties persistently fail to copy correspondence and documents to the other side, this will be regarded as unreasonable behaviour and there may be cost implications at the conclusion of the proceedings.”

19. I also recognise the applicant’s reference to an instance in which a different document was sent to the applicant by the proprietor than the one that had been sent to the Tribunal. I recognise that these instances were unfortunate. However, I do not consider that this is sufficient to justify an award of off-scale costs in this case. As I noted above, the proprietor is clearly unfamiliar with proceedings of this nature. It would not, therefore, be second nature to him to copy the other side into all correspondence with the Tribunal, in the same way that it would be an attorney or other legal professional. That does not excuse his failure to do so after being reminded, but I do not consider it sufficient to justify an award of off-scale costs; rather, I consider it should be reflected in an award at the higher end of the scale.

Failure to engage with appointing a hearing date and objection to an extension of time request and the applicant being represented at the hearing

20. I recognise that it may have been of assistance to both parties to have engaged in identifying an appropriate hearing date before one was appointed by the Tribunal. However, this is often not possible and the Tribunal routinely appoints hearing dates without prior reference to the parties regarding their availability. I do not consider that this line of argument justifies an award of off-scale costs.

21. I also recognise that the proprietor objected to a request for an extension of time when, perhaps, it may have been appropriate for him to have consented to it. However, this was of no consequence because the extension request made by the applicant was ultimately granted by the Tribunal. I do not consider that the proprietor expressing his views on this extension request was either an attempt to obstruct proceedings or

to deliberately disadvantage the applicant. I do not consider that this justifies an award of off-scale costs.

22. I note that the proprietor objected to the applicant's seeking representation for the hearing. This, in my view, was due to the proprietor's frustration at not being able to conclude matters when he had expected to and was simply due to a lack of understanding about the processes of this Tribunal. I do not consider that this justifies an award of off-scale costs.

Copying the proprietor's products

22. As noted in my substantive decision, there was insufficient evidence to establish any deliberate attempt to copy the applicant's product on the part of the proprietor. I do not, therefore, consider that this line of argument has any merit in justifying an award of off-scale costs.

Failure to engage in settlement negotiations

23. I recognise that the Tribunal's Practice Notices regarding costs awards identify that failure to engage in reasonable settlement negotiations may be grounds for an award of off-scale costs. However, the fact that the proprietor was not prepared to settle is not, in itself, grounds for awarding off-scale costs; this is not a case that can be described as having been unreasonable to defend. The proprietor's representative notes that the applicant's representative referred, in its submissions, to case O/118/17 in which applications for revocation of a trade mark on the grounds of non-use were found to be an abuse of process because they were commenced for an "ulterior and illegitimate collateral purpose". For the avoidance of doubt, I do not consider that the proprietor's defence of the application for invalidation in this case amounted to an abuse of process.

24. The proprietor's representative notes that certain points raised by the proprietor were well-founded and that I was wrong in reaching the findings that I did with regard to these points. For example, he states that the fact that the proprietor's design was three-panelled was visible from the registration (I found that it was not), because of a

darker line in the images reflecting a double fabric layer and a seam visible indicating a pocket. These are, of course, not points that it would be appropriate for me to address in substance in this decision and the proprietor can, if he wishes, raise them on appeal. However, I accept the point that the proprietor's representative was seeking to make i.e. that the proprietor's defence of the application cannot be said to have been unreasonable.

25. To my mind, there were undoubtedly points that the proprietor felt he needed to defend and which he was entitled to do so. For example, as noted above, one of the allegations made during the course of the invalidation proceedings was that there had been deliberate copying on the part of the proprietor. As noted in my decision, the evidence did not support such a finding and, to my mind, the proprietor was entitled to defend such an allegation if he wished to do so. I do not, therefore, consider that his defence of the invalidation and consequent failure to settle can be said to have amounted to an abuse of process and I have seen no evidence to suggest that the proprietor adopted a negotiating position that was so unreasonable as to attract an award of off-scale costs.

Irrelevant submissions on the part of the proprietor

26. I accept that, to someone with experience in disputes of this kind, some of the lines of argument pursued by the proprietor might appear irrelevant. However, it is important to remember that these are complicated legal issues that the proprietor has had to navigate with no representative on record (albeit with some apparently limited involvement from a legal representative). It is, in my view, entirely understandable that the proprietor's case was not presented in a way that was as relevant and efficient as it might have been had he had a legally qualified representative on record in these proceedings. I do not consider that the proprietor has pursued such lines of argument with the intention of deliberately frustrating or disrupting proceedings.

27. For the avoidance of doubt, I also do not consider that the applicant's suggestion that submissions made by the proprietor had been proven false to be of any assistance to the applicant. There is no finding in my decision of dishonesty or any falsification on the part of the proprietor. My decision was made based upon a finding that the

proprietor's design lacked novelty and individual character. Consequently, I do not consider that these lines of argument justify an award of off-scale costs.

28. Taking all these points into account, I accept that certain parts of the proprietor's conduct has resulted in certain aspects of the proceedings taking longer than necessary. However, this can be reflected in an award being made towards the higher end of the scale. I do not consider it appropriate to make an award of off-scale costs in these proceedings.

Costs award

29. In awarding costs, I have increased the award for time spent dealing with evidence to reflect additional work caused by the proprietor's failure to copy the applicant into correspondence. I have also increased the amount that I would ordinarily have awarded for time spent at the hearing, given the increased length of the hearing. For the avoidance of doubt, any additional time that I consider might have been caused by the proprietor's lack of familiarity with legal proceedings has not been taken into account. I also bear in mind that, notwithstanding the increased time spent at the hearing, the hearing was still only half a day in length and so I do not consider it appropriate to award the maximum amount possible for a full day hearing.

30. Taking all of this into account, I consider that the applicant is entitled to the following award of costs:

Filing a statement of case and considering the proprietor's statement of case	£300
Preparing evidence in chief, considering the proprietor's evidence and preparing evidence in reply	£1,500
Preparation for and attendance at hearing	£1,200
Official fee	£48

Total

£3,048

31. As noted above, the proprietor requested that its costs of the CMC (which was requested by the applicant) be offset against any award made against him. The applicant was entitled to be heard on the point of confidentiality and I do not consider that it acted unreasonably in requesting a CMC to challenge the preliminary view. Consequently, I make no award of costs in relation to the CMC.

32. I therefore order Mr Torab Mehdizadeh Ghezgelghei to pay SNAIL SAKK (A DBA OF NORTH POLE CREATIONS LLC) the sum of **£3,048**. This sum should be paid within 21 days of the expiry of the appeal period or within 21 days of the final determination of this case if any appeal against the decision is unsuccessful.

Dated this day of September 2020

S WILSON

For the Registrar

ANNEX

Dear Sirs

Design Registration No: 6038520

Proprietor: Torab Mehdizadeh Ghezelghei

Invalidity No: 23/18

Applicant: Snail Sakk (a DBA of North Pole Creations, LLC)

I write further to the telephone hearing which took place before me on 23 July 2020.

Mr Aaron Wood of Blaser Mills LLP attended on behalf of the applicant and Mr Freddie Noble of Albright IP attended on behalf of the proprietor. The purpose of the hearing was to determine the applicant's request for confidentiality in relation to a number of documents filed to support its claim for off-scale costs.

I direct that the Registry's preliminary view dated 16 June 2020 is upheld and the applicant's request for confidentiality is refused.

Background

The request for confidentiality related to documents upon which the applicant sought to rely in relation to its claim for off-scale costs. The applicant has been self-represented for much of these proceedings and the documents concerned related to an hourly rate calculation upon which it is claimed any off-scale costs award should be based i.e. the profitability of the applicant had she been able to spend her time on her business rather than this litigation. Specifically, the documents concerned were an email from the applicant's accountant, the accountant's calculation of her hourly rate and the accountant's professional details.

The request for confidentiality was largely based on three main concerns: 1) that the proprietor would hassle/harass the accountant if he were aware of his identity, 2) that the proprietor would engage in 'predatory pricing' if he held full disclosure of the figures

contained within the hourly rate calculation and 3) the inherently private nature of the financial information contained within the calculation.

A preliminary view was given that the identity of the accountant in terms of his professional credentials and his email correspondence could simply be redacted. Further, a preliminary view was given that it is the right of the proprietor to know the case against him and, therefore, it would not be fair to withhold the hourly rate calculation from him. In any event, it was noted that the Tribunal normally orders litigant in person costs at a rate of £19 per hour and it would be unusual for this rate to be departed from.

In response to this preliminary view, the applicant filed a witness statement setting out the accountants details in order to avoid the need for disclosure of his identity and credentials. With regard to the hourly rate calculation, the applicant argued that it was within the Tribunal's power to exceed the £19 per hour limit for litigant in person costs.

In respect to this, the Tribunal noted that it was only likely that the £19 per hour costs limit for litigants in person would be exceeded in exceptional circumstances. It was noted that the circumstances of this case, did not appear to justify a departure. Further, it was noted that even if a departure could be justified, it did not appear that the reasons for the confidentiality request would outweigh the proprietor's right to know the case against him. The applicant was informed that they could ask to be heard on the matter if they wishes to challenge the preliminary view. The applicant requested to be heard and the hearing referred to above was duly appointed.

At the hearing, the submissions focused on two key points 1) whether the Tribunal could exceed the £19 per hour costs cap and 2) whether the request for confidentiality should be granted.

£19 per hour cap

On behalf of the applicant, Mr Wood submitted that Rule 22 of the Registered Design Rules 2006 ("the Rules") confers upon the Tribunal a wide ranging discretion in relation to costs. Mr Wood also referred to CPR rule 46(5)(4) which states:

“The amount of costs to be allowed to the litigant in person for any item of work claimed will be –

(a) Where the litigant can prove financial loss, the amount that the litigant can prove to have been lost for the time reasonably spent on doing the work; or

(b) Where the litigant cannot prove financial loss, an amount for the time reasonably spent on doing the work at the rate set out in Practice Direction 46.”

Mr Wood also referred to Practice Direction (“PD”) 46, which states:

“3.4 The amount, which may be allowed to a self represented litigant under rule 45.39(5)(b) and rule 46.5(4)(b), is £19 per hour.”

Mr Wood accepted that the Tribunal is not bound by the CPR but noted that, by analogy, litigant in person costs should be awarded at a rate of either £19 per hour or, if financial losses could be proved, a higher amount as per rule 46(5)(4)(a).

Mr Noble agreed that the Tribunal has a wide discretion in relation to costs but noted that, when exercising judicial discretion, established practice should be followed.

The sum of £19 per hour is awarded to keep Tribunal costs in line with the amount awarded in other civil litigation as referred to in PD 46 for litigant in person costs. However, it is not the practice of this Tribunal to award either £19 per hour or a higher rate if financial losses can be proved. As noted by Mr Wood, this Tribunal is not bound by the CPR. I accept that there may, of course, be exceptional circumstances in which it would be appropriate to depart from this general practice of the Tribunal. However, I have considered the parties’ submissions in relation to off scale costs in this case and I do not consider that the reasons given are of the kind that would justify a departure from the normal £19 per hour sum because there are no exceptional circumstances.

Confidentiality

As I have found that the £19 per hour sum for litigant in person costs will not be exceeded in this case, the documents that are the subject of the applicant's request for confidentiality are irrelevant. However, for the avoidance of doubt, even if I had been prepared to award a higher hourly rate than £19 per hour in relation to litigant in person costs, I still would not have granted the confidentiality order.

I accept that it can be appropriate in some circumstances to order documents to be kept confidential from one party or for a 'confidentiality club' to be formed including only the parties' representatives and excluding one of the parties. Indeed, as Mr Wood noted, such an order has been made in previous cases before the Appointed Person and this Tribunal. However, I consider that the power to do this needs to be weighed carefully with the principles of natural justice including the right of a party to know the case against them.

This is not a case in which a document, of questionable importance to the outcome of the dispute, is subject to a 'confidentiality club'. Such orders are typically made on the basis that the representatives involved in the club can review the document and, if they consider it necessary to do so, make an application for that document to be made available to their client if they consider it necessary in the interests of fairness and justice. Mr Noble has already made it clear that he considers such an application would be necessary. The circumstances in which I would be prepared to make an order excluding one of the parties from viewing a crucial document would, in my view, have to be exceptional. The circumstances giving rise to the request in this case do not, in my view, justify such an order being made or outweigh the proprietor's fundamental right to know the case against him.

I note that the applicant made reference to the fact that the 'deliberate copying' on the part of the proprietor was further support for the need for confidentiality. However, as noted by Mr Noble, this point was addressed in my substantive decision and I found no evidence that there was any deliberate attempt on the part of the proprietor to copy the applicant's design.

Costs

Mr Noble requested that the costs of the hearing be awarded in favour of the proprietor, in the event that the resistance to the confidentiality request was successful. I have noted Mr Noble's request, but will reserve my decision in relation to the costs of the hearing and will deal with this in my supplementary costs decision.

Conclusion

Taking all of this into account, I do not consider that the documents that were the subject of this confidentiality request are relevant to the matters to be decided, or that sufficient reasons have been given to justify keeping these documents confidential from the proprietor himself.

I will now proceed to prepare a substantive decision on the issue of costs which will be issued to the parties in due course.

Dated 10th September 2020

Yours faithfully

Stephanie Wilson

For the Registrar