TRADE MARKS ACT 1994

IN THE MATTER OF
APPLICATION NO 2118712 BY SOCIETE DES PRODUITS NESTLE S.A. TO REGISTER A TRADE MARK IN CLASS 30

AND IN THE MATTER OF
OPPOSITION THERETO UNDER NO. 50211 BY KELLOGG COMPANY AND KELLOGG MARKETING AND SALES CO (UK) LTD

DECISION

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1. This is an appeal against the order for costs made in this opposition by the Hearing Officer acting for the Registrar. The background to his decision is as follows.

2. In December 1996 Societe des Produits Nestle SA ("the Applicants") applied to register a series of four marks in Class 30. In September 1999 the application was opposed by Kellogg Company and Kellogg Marketing & Sales Co (UK) Ltd ("the Opponents").

3. The opposition was based upon two provisions of the Trade Marks Act 1994 ("the Act"). First, it was contended that the application offended against section 5(2)(b) of the Act because the marks applied for were similar to two earlier trade marks owned by the Opponents and registered for the same goods. Secondly, it was contended that the application offended against

section 5(4) of the Act because use of the marks applied for would be liable to result in passing off. In December 1999 the Applicants filed a counterstatement denying all the grounds of opposition.

4. Thereafter the Opponents filed evidence in support of the opposition. This comprised declarations from a Mr. Longworth, the Marketing Director of the Opponents, Mr Walker, the Category Development Systems Manager of the Opponents, and Jane More O'Ferrall, a registered trade mark attorney and partner in the firm representing the Opponents.

5. The Applicants did not file any evidence in support of the application. No oral hearing was requested by the parties and no written submissions were received by the Registrar, although both parties asked for their costs. The Hearing Officer therefore proceeded to decide the opposition on the basis of the pleadings and the evidence before him.

6. The Hearing Officer decided that the opposition failed and he ordered the Opponents to pay to the Applicants the sum of £600 as a contribution to their costs.

7. The Opponents do not appeal the decision to dismiss the opposition, but they do appeal the order for costs. They point to the fact that the opposition was filed on 23rd September 1999. The Patent Office confirmed receipt of the opposition and enclosed a copy of the scale of costs then applying to oppositions. That scale was revised in 2000 and Practice Notice TPN/2000 issued by the Patent Office explains that the revised scale of costs applies to proceedings commenced on or after 20th May 2000, while the unrevised scale continues to apply to proceedings commenced before that date. The unrevised scale therefore continued to apply to this opposition.

8. In support of their appeal the Opponents highlight the following steps which occurred in the proceedings:

(a) evidence was filed on behalf of the Opponents;
(b) the Applicants filed no evidence;
(c) neither party submitted written arguments, and there was no final hearing;
(d) the decision was made on the basis of the papers filed.

9. The Opponents submit that there was no ascertainable reason, in the circumstances of this case, for costs off the scale to have been awarded against the Opponents and that, in accordance with the unrevised scale, they expected costs of the following order:

(a)	perusing Notice of Opposition and accompanying statement:	£35
(b)	Counterstatement:	£100
(c)	perusing evidence:	£100-£200
	Total:	£235 -£335

10. The Opponents further submit that the costs awarded are out of all proportion to the unrevised scale. They queried the level of costs ordered by the Hearing Officer in a fax to the Registrar dated 10th August 2001, but by letter in response dated 20th August 2001 it was stated that the Hearing Officer did not wish to alter his award.

11. Section 68 of the Act provides Hearing Officers acting for the Registrar with a wide discretion in deciding awards of costs. Nevertheless, as TPN 2/2000 explains, it is the long established practice that costs in proceedings before the Registry are awarded after consideration of the guidance given by the standard published scale and are not intended to compensate parties for the expense to which they may have been put. Rather, they are intended to represent only a contribution to those expenses.

12. Clearly Hearing Officers do have a discretion to depart from the published scale, and in an appropriate case should do so. For example TPN 2/2000 says in paragraph 8:

> "The present policy of generally awarding costs informed by guidance drawn from a scale will therefore be retained. However the Office envisages the necessary flexibility as going beyond the criterion of "without a genuine belief that there is an issue to be tried" developed in the *Rizla* case. It is vital that the Comptroller has the ability to award costs off the scale, approaching full compensation, to deal proportionately with wider breaches of rules, delaying tactics or other unreasonable behaviour."

and in paragraph 9:

> "It would be impossible to indicate all of the circumstances in which a Hearing Officer could or should depart from the scale of costs; indeed it would be wrong to attempt to fetter his or her discretion in such a way. The overriding factor is to act judicially in all the facts of a case. That said, it is possible to conceive of examples. A party seeking an amendment to its statement of case which, if granted, would cause the other side to have to amend its statement or would lead to the filing of further evidence, might expect to incur a costs penalty if the amendment had clearly been avoidable. In another example, the costs associated with evidence filed in respect of grounds which are in the event not pursued at the main or substantive hearing might lead to an award which departs from the scale. Costs may also be affected if a losing party unreasonably rejected efforts to settle a dispute before an action was launched or a hearing held, or unreasonably declined the opportunity of an appropriate form of Alternative Dispute Resolution (ADR). A party's unnotified failure to attend a hearing would also be a relevant factor."

13. There are recognised benefits which flow from the use of the published scales to inform awards of costs. Litigants are provided with a relatively low cost tribunal, and they are able to predict how much proceedings before the Registry are likely to cost them. But they must also appreciate that if they

behave unreasonably then the Hearing Officer may well consider it is appropriate to depart from the scale.

14. This is an appeal from a decision of the Hearing Officer which involved the exercise of a discretion. Accordingly I recognise that I should be very reluctant to interfere with it. Nevertheless I have come to the conclusion that the criticisms made by the Opponents are justified for the following reasons.

15. First, I have carefully considered the decision of the Hearing Officer and I have been unable to detect any criticism of the Opponents with regard to their conduct of the case. The grounds of opposition were properly raised and supported by reasonable evidence and the Hearing Officer gave full consideration to them in his decision.

16. Secondly, the parties could therefore, in my view, reasonably anticipate that the Hearing Officer would be guided by the unrevised scale in arriving at his costs order. No submission was made by either party that the other had done, or had failed to do, anything which might justify a departure from that scale.

17. Thirdly, the costs order made is approximately double that which is suggested by the unrevised scale.

18. Fourthly, in my judgment the circumstances of the case do not provide any justification for such a substantial departure from the unrevised scale and the decision itself does not provide any reasoning to support the figure awarded.

19. I have therefore come to the conclusion that the decision of the Hearing Officer in relation to costs was wrong and that the costs order must be set aside. In my judgment £300 is an appropriate award of costs in respect of the opposition. In arriving at this figure I have had regard to all the matters set out above. The parties agreed that I should deal with this appeal on the basis of

the submissions made to me and no further order has been sought by the Opponents. I therefore direct that the Opponents pay to the Applicants the sum of £300 in respect of these proceedings.

David Kitchin QC

20th January 2003