

**DECISION OF THE TRADE MARKS REGISTRY**

**TRADE MARKS ACT 1994**

**APPLICANTS: COFFEE TIME DONUTS INCORPORATED**

**APPLICATION N<sup>o</sup>. 2181463**

**CLASSES 30, 35 AND 42**

**AND**

**OPPONENTS : WILLIAM FREDERICK WEBB**

**OPPOSITION N<sup>o</sup>. 90108**

**CoffeeTimeDonuts**

**CoffeeTime  
Donuts**

# TRADE MARKS ACT 1994

**IN THE MATTER OF Application N<sup>o</sup>: 2181463**

**By Coffee Time Donuts Incorporated**

**And Opposition thereto by**

**William Frederick Webb.**

## BACKGROUND

1. On 6<sup>th</sup> November 1998 Coffee Time Donuts Inc., of 477 Ellesmere Road, Scarborough, Ontario, M1R 4E5, Canada, applied to register the mark:

**CoffeeTime Donuts**

**CoffeeTime  
Donuts**

for

Class 30: "Ground and whole bean coffee; coffee and coffee-based beverages; tea and herb tea; cocoa beverages; sugar; bread; pastries; confectionery; cakes; cookies; pies; biscuits; vanilla; chocolate products; spices; ice cream preparations; sherbets and sorbets; muesli and muesli bars."

Class 35: "Advertising; distribution of hand bills and samples; business information services; market research; demonstration of goods, samples and services; providing technical assistance in the establishment and/or operation of catering premises, restaurants, coffee shops and food outlets."

Class 42: "Restaurant, canteen, cafeteria, snack bar and coffee shop services; catering services; information and advisory services; provision of facilities for the consumption of food and beverages."

2. However, following advertisement of the applicants' mark, registration was opposed by Mr. William Frederick Webb, based on s. 5(4)(a) of the Act, in that his company, Coffee Time Donuts & Desserts Limited had continuously traded under the name COFFEE TIME DONUTS & DESSERTS since 1994, building up a common law right under that name for various goods, in particular, coffee, tea, hot chocolate, doughnuts, muffins, cakes, sandwiches and cookies. Registration of the mark would therefore be in breach of his rights.

## History

3. The applicants denied the ground and opposition proceedings began. However, before matter progressed to the evidence rounds, the applicants made, *inter alia*, the following submission to the Registry, in a letter dated 25<sup>th</sup> June 2002:

"...the applicant invites the Registrar to order that that the opponent do provide security for

the applicant's costs by paying to us the sum of £1,000 within 14 days, in default of which the Registrar will treat the opposition as having been withdrawn.”

The basis of this claim was a failure by Mr. Webb to pay a costs award from a previous invalidity proceedings, where the parties had ‘crossed swords’. That matter (No. 10406) was initiated by the applicants here, and concerned a mark (No. 2043612) closely similar to that shown above. The applicants here (and there) won on a submission of bad faith on behalf of Mr. Webb, and the mark at issue was removed from the Register (see BL SRIS 0/245/01). Mr. Webb did not appeal that decision.

4. With the 25<sup>th</sup> June 2002 letter, the applicants appended correspondence with Ansons, Mr. Webbs’ then professional representatives, which purported to demonstrate abortive attempts to enforce the award of costs that was made. To date the cost order has not been complied with. Hence the request for Security for Costs in this matter.
5. A preliminary decision by the Registrar was minded to make such an order for a sum of £1000. This appeared in a letter to Mr. Webb’s legal Advisors dated 8<sup>th</sup> November 2002. Mr. Webb personally requested a hearing on this issue in a letter dated 12<sup>th</sup> November 2002. The hearing date was set for 29<sup>th</sup> January 2003. In a later letter, dated 13<sup>th</sup> January 2003, Mr. Webb appeared to indicate that he was now representing himself: he certainly asked for all correspondence be directed to him at his Belfast address.

## Hearing

6. The hearing took place on 29<sup>th</sup> January 2003, where Ms. Mensah (of Clifford Chance) represented the applicants. The opponent, Mr. Webb, did not attend in person, but presented his submissions by telephone. I determined that the matter merited a full explanation for the decision I gave on the day, and this is fully explicated in the following pages.

## DECISION

### Preliminary Point

7. The day before the hearing date, Mr. Webb contacted the Registry asking for a postponement of the hearing. The background to this is best set out in my response to that request, faxed the same day to Mr. Webb, and copied to the applicants:

“Dear Mr. Webb,

**POSTPONEMENT OF HEARING IN RELATION TO SECURITY FOR COSTS:  
OPPOSITION NO. 90108: COFFEE TIME DONUTS**

You have made a request to postpone the above hearing which you yourself sought in a letter dated 12<sup>th</sup> November 2002 following a preliminary decision made in the Registry letter dated 8<sup>th</sup> November 2002 to award security for costs.

Your request is made on the basis that an settlement has been reached by the parties, or at least, negotiations have begun to that effect. I understand there is some disagreement as to the stage any such settlement discussions have progressed. The applicants indicate that negotiations were initiated late, and are at a very early stage.

I note the following from the Registry Tribunal Practice Notice (TPN 1/2001):

“5. The Registrar will only consider postponing an appointed hearing in exceptional circumstances. The Registrar is highly unlikely to agree to a postponement of an appointed hearing date where the parties are attempting to settle proceedings. However, the Hearing Officer will hear the substantive case on the appointed hearing date, and on application from both parties may consider delaying the issue of a decision for a short period to allow settlement to be pursued. The Hearing Officer will inform the parties at the hearing when they can expect the decision to be issued.” (Emphasis mine)

In view of this, I do not believe I should postpone the hearing as arranged for 14:00 hrs tomorrow in London. However, I will take the postponement issue as a preliminary point in the hearing, before (if necessary) considering your submissions in relation to the Security for Costs matter.

I understand that you have travel difficulties: as you know, a telephone link can be provided to the London Court room, and we will contact you to establish that link using the 02890 772588 number, or a number of your choice which must be communicated to the office before the start time of the hearing.

I should point out that failure to argue your case will result in the hearing on the Security for Costs being conducted in your absence.”

8. At the hearing, Mr. Webb spent some time explaining his reasons for seeking to postpone the hearing. These centered on his attempts to reach a settlement with the applicants, which he had initiated the previous week. Some of the detail of these negotiations were set out. Ms. Mensah regarded the latter as without prejudice, that is, inadmissible in evidence, being between the parties and I was accordingly not allowed to consider them (see *Calderbank v Calderbank* [1976] Fam. 93). I agreed, but did not consider the detail relevant, anyhow. In my view, Mr. Webb’s main point was that settlement discussions had begun, and postponement should be allowed so they could continue. Further, against this background, he had not taken legal advice relating to to-days’ hearing and thus, had not marshaled his arguments against the imposition of a Security for Costs order. As a non-legal professional, this placed him at a very great disadvantage; in short, he would not receive a fair hearing.
9. Ms. Mensah pointed to the late date at which the negotiations were begun. She had not yet had an opportunity to refer them to her clients and, apart from this, they would not be in any way stalled by making a Security for Costs order against Mr. Webb.
10. For my part, as I explained at the hearing, I did not feel I could delay the matter to a later date in the face of such resistance to postponement on behalf the applicants. I referred to TPN 1/2001 cited in the letter above. - Particularly in the face of the disagreement between the parties as to the significance of the attempt to settle.

11. Though settlement between parties is to be encouraged, I did not see that the issues surrounding the order would in any way affect those discussions. I pointed out that a Security for Costs order did not entail paying money to the party requesting the order; rather it was held on behalf of both parties, providing the former only with an assurance that funds were available if a cost award was eventually made in its favour, following resolution of the case. It is simply a provision of an amount of money sufficient to cover a party's liability for costs in proceedings should they lose. The Registrar usually has no direct involvement in how the security is arranged. I stated that I understood that the money is normally held by a 'neutral' party (trade mark agents, solicitors or banks) for the sake of the litigants.
12. Next, I noted that the hearing was requested by Mr. Webb in his letter dated 12<sup>th</sup> November 2002. I consider that Mr. Webb must have sought to oppose the Security for Costs order with some reason for doing so in mind. He had had nearly two and one half months to ponder this matter, seek legal advice and otherwise develop his case. It seemed to me unlikely that a non-legal professional would leave such a matter so late, without giving it some consideration at least.
13. In short, though it may be considered unfair to Mr. Webb to continue with the hearing, in my view, it was even more unfair to the other side to rearrange it. I refused the request to postpone.

## **THE LAW**

14. The Trade Marks Act 1994, and subsequent secondary legislation, creates a power to require Security for Costs. S. 68(3) of the Act reads:

“68. - (3) Provision may be made by rules empowering the registrar, in such cases as may be prescribed, to require a party to proceedings before him to give security for costs, in relation to those proceedings or to proceedings on appeal, and as to the consequences if security is not given.”

Rule 61 of the Trade Mark Rules 2000 reads:

“61. - (1) The registrar may require any person who is a party in any proceedings before her under the Act or these Rules to give security for costs in relation to those proceedings; and she may require security for the costs of any appeal from her decision.

(2) In default of such security being given, the registrar, in the case of the proceedings before her, or in the case of an appeal, the person appointed under section 76 may treat the party in default as having withdrawn his application, opposition, objection or intervention, as the case may be.”

## **DECISION**

15. Mr. Webb's submissions against an order focused on an explanation as to why the cost order in the previous case (Invalidity No. 10406) had not been met. He cited a break down of communications between himself and his legal advisors. He apologised for this, and offered to put a check in the post, satisfying the requirements of the outstanding order, that day.

16. Ms. Mensah pointed out that the order, which had been made in June 2001, was still outstanding. She also referred to various correspondence seeking compliance. Copies of letters addressed to Mr. Webb's legal representatives in Belfast were appended with her skeleton argument, dated 13<sup>th</sup> August 2002 and 25<sup>th</sup> September 2002. A reference is made to a telephone conversation about this matter in the second letter.
17. Mr. Webb questioned his receipt of this correspondence, again citing confusion between himself and his legal advisors, and reprising his offer to make the outstanding payment that day. He further suggested that an order should be made in his favour also, as the applicants had no commercial base in the UK, and this placed him at more of a disadvantage than them, in respect of compliance with costs awards.
18. Despite these contentions, I decided to make the Security for Costs order, as requested by the applicants, for the following reasons.
19. I welcomed Mr. Webb's offer to comply with the earlier cost award in action No. 10406. However, in my view, this could not be determinative of the matter here. The earlier order was made in June 2001, in the following terms (see BL SRIS 0/245/01):

“The applicants are entitled to a contribution towards their costs. I order the registered proprietor to pay them the sum of £1000. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.”

The order follows the usual formula, but I cannot see how there should be any doubt about its import. As I pointed out at the hearing, the onus is not on the successful party to seek the award: it is on the unsuccessful party to pay it. The failure of communication between Mr. Webb and his legal advisors – or indeed, of delivery of the follow up letters by the applicants – cannot be a justification for failure to pay. The submission to request Security for Costs was based wholly on this non-payment, it was made in June last year, and Mr. Webb can have been in no doubt of his position at that time, at least. No payment was made subsequently, and none has been offered to date. The proposal to pay now is, as I state, welcome but, in my view, too late.

20. I am aware of the usual procedures the Registry may follow, in relation to Security for Costs, as listed in the Work Manual, Chapter 15. Such orders are usually made where a party to an action is not based in a Brussels Convention state. However, I do not regard this guidance as constructive to apply religiously in the circumstances of this matter: the Registrar has clear discretion by virtue of these provisions. In view of this, I consider it fair and equitable to make the order as set out below.
21. I pointed out that this in no way affects the progress of the opposition: Security for Costs is simply that: an assurance that costs will be paid to the applicants if the opposition fails; if it succeeds they will be returned. That is all.
22. Of course, failure to pay will be taken as a deemed withdrawal of the opposition. I do not see how this prejudices the opponent, who must have been convinced of the soundness of his case to oppose the application in the first place.

23. It is usual for the parties to make provision for Security for Costs between themselves. However, I was not convinced that this was the best approach in this matter, largely because of the confusion payment of costs appear to have generated previously. Therefore, because of the exceptional circumstances of this case, and following the decision in the *TRIM* mark case (BL SRIS O/160/00), though it not the Registrar's usual practice to hold such funds - the order was made such that the Registry will hold the funds on behalf of both parties. I set this sum at £1000.00 However, as I have stated, should no such sum be paid to the Registrar, on or before the due date, the opposition will be deemed as withdrawn.
24. I note that Mr. Webb suggested that an order also be made in his favour, as the applicants were based outside the UK. I note the following from the Registry's guidance in Security for Costs (TPN 2/2000):

“16. It has been the normal practice in patent proceedings for the Office automatically to require a party that is not based in a Brussels Convention state to provide security for a fixed sum of £900. This contrasts with the practice followed in trade mark proceedings and the courts where security for costs is only ordered on application and following consideration by the Hearing Officer or the judge. As there is no good reason why the practice in patents proceedings should be different, the Office has decided to bring it into line with that followed elsewhere and to consider awarding such security only on application and not on the Office's own initiative. Moreover, instead of an award of a standard amount such as £900, the award should be determined, after consideration of argument and, if necessary evidence, wholly on a case by case basis proportionate to the estimated costs likely to be awarded at its conclusion.”

I stated that I would consider a request from Mr. Webb other than at this hearing, which was held at his request, for the specific purpose of listening to his submissions against the order requested by the applicants. Further, I did not consider it fair to the latter to make another order before a formal request had been received, which Ms. Mensah could present to her clients for comment.

25. Finally, as I pointed out at the hearing, my decision in this matter – and that set out in the preliminary point above - can be appealed by either party, within one 28 days of the date of this decision.

## **THE ORDER**

26. Pursuant to s. 68(3) of the Trade Marks Act 1994 and r. 61 of the Trade Mark Rules 2000 (as amended) the Registrar requires Mr. William Frederick Webb, the opponent in this case, to provide to Coffee Time Donuts Inc., the applicants, Security for Costs to the amount of £1000.
27. The money must be paid into the Registry on or before 12<sup>th</sup> February 2003. Failure to do so will result in the Registrar deeming opposition No. 90108 to application No. 2181463 as withdrawn in accordance with r. 61(2) of the Trade Mark Rules 2000.

## **COSTS**

28. I did not hear submissions on costs at the hearing, stating that I would write to the parties on this matter at a later date, following issue of this decision.

**Dated this 31<sup>st</sup> Day of January 2003.**

**Dr W J Trott  
Principal Hearing Officer  
For the Registrar.**