

O-483-12

TRADE MARKS ACT 1994

DECISION ON COSTS

**IN THE MATTER OF REGISTRATION NO 2511982A
OF THE TRADE MARK**



DANIEL GALVIN JNR

**IN THE NAME OF MEDICHEM INTERNATIONAL
(MANUFACTURING) LIMITED
AND THE APPLICATION FOR RECTIFICATION THERETO
UNDER NO 84014
BY DANIEL GALVIN JUNIOR**

BACKGROUND

- 1) Following an assignment dated 4 February 2011, registration 2511982A stands in the name of MediChem International (Manufacturing) Limited (MediChem). On 14 March 2011, DGJ Hair Clinic Limited (DHC) filed an application to rectify to record Mr Daniel Galvin Junior as the registered proprietor. Subsequently, the Registry permitted Mr Galvin Junior to be substituted as the applicant in these proceedings.
- 2) DHC was placed into administration on 25 February 2011 and it was shortly before this that Mr Tom Allsworth, a director of both DHC and MediChem, transferred ownership of the contested mark from the former to the latter.
- 3) The main thrust of Mr Galvin Junior's case is that such a transfer of ownership of the mark was contrary to an agreement in place between a number of the Galvin family's companies (including DHC) regarding the use of the Daniel Galvin name that included a termination clause to the effect that where DHC became bankrupt, insolvent, or was unable to pay its debts the agreement would be terminated.
- 4) In assessing the merits of the parties' cases, and with DHC being in administration, it was necessary to consider the agreement in the context of insolvency law. Further, the actions of Mr Allsworth needed to be considered within the context of the role and responsibilities of company directors as set out in company law. For these reasons, the Registry issued a preliminary view that the proceedings should be transferred to the High Court. DHC requested a hearing to argue that the case should not be transferred. At this hearing, held on 11 July 2011, DHC offered not to pursue the issues that gave rise to consideration under company law, but I held that the Registry's tribunal was not best placed to consider the issues involving the outstanding insolvency law issues and that the proceedings should be transferred to the High Court. The procedure for doing so involves DHC in making an application to the court.
- 5) Mr Galvin Junior chose not to make an application to the court and his failure to do this terminates the proceedings. The only outstanding issue is that of costs. Both parties were given the opportunity to provide written submissions on the issue and both availed themselves of this. I give my decision after a careful consideration of these submissions.

DECISION

- 6) Mr Galvin Junior has abandoned his case and in such circumstances, the other side is normally entitled to an award of costs. He is of the view that the issues were fairly well balanced prior to abandonment and that this is a reason for not making any award of costs. I reject this approach. I make no judgement

on the merits of the substantive issues other than the Registry not being best placed to decide them. Rather, in the circumstances, MediChem is considered to be the successful party and, consequently, entitled to an award of costs. The Registry's principles for awarding costs are set out in Tribunal Practice Notices (TPNs) 2/2000 and 4/2007. The leading case considering the Registry's discretion when dealing with the issue of costs is *Rizla Ltd's Application* [1993] RPC 365, where Anthony Watson QC, sitting as a Deputy Judge of the High Court stated:

"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 believe a case such as the present can only be regarded as exceptional if it can be shown that the losing party has abused the process of the Comptroller by commencing or maintaining a case without a genuine belief that there is an issue to be tried. ..."

"There are of course a large number of other circumstances such as deliberate delay, unnecessary adjournments *etc.* where the Comptroller will be entitled to award compensatory costs, but it is unnecessary to define what is clearly a wide discretion."

7) TPN 2/2000 states:

6. It is the long-established practice that costs in proceedings before the Comptroller are awarded after consideration of guidance given by a standard published scale and are not intended to compensate parties for the expense to which they may have been put. Rather, an award of costs is intended to represent only a contribution to that expense.

...

8. Users' comments taken as a whole supported the general thrust of the present policy based upon fixed reasonable costs, provided that there is the flexibility to award costs off the scale where the circumstances warrant it. The Office also believes this is the way to proceed, since it provides a low cost tribunal for all litigants, but especially unrepresented ones and SMEs, and builds in a degree of predictability as to how much proceedings before the Comptroller, if conscientiously handled by the party, may cost them. ... 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. ...

8) Consequently, it would be normal for me to award costs to MediChem on a contributory basis. However, I have the power to award off-scale costs where the circumstances merit it. MediChem appears to urge me to consider actual costs when it submits:

“TPN 2/2000 and 4/2007 relate to the freedom for the Comptroller to award costs off the scale to deal proportionately with unreasonable behaviour. A full review of the papers of this case will show that the Application for Rectification has – knowingly or not – caused the Registered Proprietor to incur extra expenditure well over and above the expenditure which would normally be envisaged in the defence of an application for rectification”

9) MediChem submits that Mr Galvin Junior’s persistence in this case amounts to unreasonable behaviour. It is true that the case has been “hard-fought” by Mr Galvin Junior who has attempted to prevent the case being transferred to the court. Mr Galvin Junior has consistently claimed that this is for financial reasons and his choice to abandon the case at this stage must be viewed in this context. In other words, I do not see Mr Galvin Junior’s actions as amounting to unreasonable behaviour, but were merely the actions of someone attempting to get the proceedings settled in a forum that he considered to be most affordable. Mr Galvin Junior did not pursue unreasonable arguments. Therefore, I reject the submission that costs should be made “off-scale”.

10) Mr Galvin Junior has submitted that there is uncertainty regarding whether costs should be awarded because of the provisions set out in TPN 04/2007. By this, I understand him to be referring to the following paragraph in that TPN:

“10. Notwithstanding the guidance in TPN 2/2000 on the timing of costs awards and their payment, there remains some uncertainty as to whether a Hearing Officer should generally award costs following an interlocutory or preliminary hearing. As from the 3 December 2007 the Hearing Officer will always consider dealing with costs as the cause of them arises, either by specifically making no award if the issues were fairly well balanced or by making an award to the successful party”

11) In line with the TPN, it is appropriate for me to consider the costs associated with the hearing that resulted in my interim decision that the proceedings should be transferred to the court. I acknowledge that it was the Registry itself that raised this issue and that only Mr Galvin Junior was represented at the hearing. However, after the hearing MediChem was invited to provide written submissions on the key point. MediChem did this and incurred costs as a result and it is appropriate that it should receive a contribution towards that cost. Consequently, I find that it is entitled to a contribution of £50 towards this cost.

12) Mr Galvin Junior, in his submissions made a number of further points that I will comment upon briefly. Firstly, he contends that the law regarding Section 64(2)(b) is undeveloped, therefore the outcome was far from clear and necessitated written submissions from him. I accept that this supports my view that off-scale costs are not appropriate as I am content that Mr Galvin Junior's actions were proportionate and appropriate. However, this is not a reason to decline to make an award on a contributory basis in the normal way. Secondly, he suggests that MediChem changed its case, firstly by resisting the Registry's view to transfer the proceedings to the court and then, later, supporting it. It is true that MediChem, in a letter dated 10 April 2012, did resist the transfer, but this was conditional upon it being granted summary judgment in the Registry and upon Daniel Galvin Junior dealing with the company law and insolvency law issues separately in the court. As I declined to grant summary judgment, I do not see this approach by MediChem as being contrary to its position expressed both before and after this letter, that the proceedings should be transferred to the court.

13) Finally, Mr Galvin Junior alleges a conflict of interest on the part of UDL, MediChem's representatives in these proceedings. It is alleged that in the year 2007, they acted for both himself and Mr Allsworth and they invite me to make an order to disclose relevant documents on the issue. I decline to do so. This is not an issue for the Registry to decide in these proceedings and I fail to see the significance of it to the consideration of costs.

14) Consequently, taking all of the above into account together with the normal costs associated with conducting proceedings and considering the other side's evidence MediChem is entitled to a contribution towards its costs. I award costs on the following basis:

Considering Application for Rectification	£100
Preparing submissions after interlocutory hearing	£ 50
Considering Mr Galvin Junior's evidence	£200
Preparing and filing evidence and	£400
TOTAL	£750

15) I order Daniel Galvin Junior to pay MediChem International (Manufacturing) Limited the sum of £750. 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.

Dated this 5th day of December 2012

**Mark Bryant
For the Registrar,
the Comptroller-General**