

O-487-12

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO. 84117
BY ASSOCIATED NEWSPAPERS FOR REVOCATION OF
REGISTRATION NO. 2301358 IN THE NAME OF
RAL LIMITED**

Background

1. On 16 October 2012, I issued a decision in the above proceedings (BL O/400/12). In that decision I said:

“24. AN’s application for revocation based upon section 46(1)(a) of the Act succeeds, and the registration is hereby revoked under the provisions of section 46(6)(b) of the Act in relation to all of the services for which it was registered, with effect from 16 August 2008.”

2. In relation to costs, I said:

“25. AN has been successful and is, in principle, entitled to an award of costs. In its submissions AN said:

“40. [AN] seeks the maximum award in costs in its favour in these proceedings.”

26. In its submissions RAL said:

“However, [RAL] does wish to object to [AN’s] request that it be awarded its costs of the proceedings. [RAL’s] objection to an award of costs is based partly upon the content of without prejudice discussions between the parties, the details of which cannot be disclosed to the examiner prior to the decision on substantive issues.

We therefore request that following the decision on the substantive issues, the examiner reserves his/her consideration of the costs of the action and provides the parties with an opportunity to file written submissions on costs (which will allow for disclosure of the without prejudice discussions)...”

27. In view of the above, RAL are allowed 14 days from the date of this decision to file submissions on costs (and only on costs) and to copy these submissions to AN. AN will then have 14 days from receipt of these submissions to provide written submissions of their own on costs. At the conclusion of these periods I will issue a supplementary decision covering the costs of these proceedings.

28. The period for any appeal against this decision will run concurrently with the appeal period for the supplementary decision on costs and so will not commence until the supplementary decision is issued.”

The written submissions

3. RAL’s submissions are provided in a witness statement, dated 30 October 2012, from Jonathan Hurd, a solicitor at Osborne Clarke (“OC”), RAL’s professional advisers in this matter. Attached to his statement is exhibit JWH. Mr Hurd says:

“6. RAL’s position is that AN ought not to be awarded any of its costs of filing and pursuing the application.

7. Throughout the matter, RAL has acted entirely reasonably and has sought to resolve the dispute through negotiation.”

4. AN’s submissions are contained in a letter from its professional advisors Bird & Bird (“BB”) dated 13 November 2012. BB say:

“We would note that Mr Hurd has included correspondence marked as simply “without prejudice” and did not seek AN’s consent to disclose such correspondence. Mr Hurd’s characterisation of the parties’ negotiations is inaccurate and only included a selection of the correspondence. A full set of correspondence in relation to the discussions between the parties [is provided]. As is usual in negotiations, all correspondence was marked as subject to contract until the parties could reach a mutually acceptable agreement. That RAL’s conduct has not been reasonable is clear on the face of its own correspondence...the parties negotiations broke down because of RAL’s refusal to provide bare warranties as to title and ownership of the mark.

AN’s position has always been that the application as filed has never been put to genuine use and the price offered reflected the reality that use of the mark would need to be resumed immediately after purchase...

When negotiations broke down, instead of consenting to the revocation action, RAL chose to surrender the mark. This left AN in the position to clear the way for its own marks, it had to continue with the revocation proceedings. This was done in the most cost-effective way possible; counsel was not instructed, AN’s legal submissions were drafted by [an associate at BB] and a decision on the papers was requested. Even so, AN’s costs in reviewing the evidence and preparing its submissions alone were £5,400.

In light of RAL’s unreasonable refusal to consent to revocation and the fact that AN was successful on all issues, we respectfully reiterate AN’s request for an award of the maximum award possible.”

5. Exhibit JWH to the statement of Mr Hurd contains 9 letters and 1 e-mail between OC and BB dating between 20 September 2011 and 7 February 2012. While all of the letters and 1 e-mail are marked without prejudice, some contain the additional wording “save as to costs” (pages 1, 4, 6 and 15) whereas others (pages 3, 5, 7, 8, 14 and 16) contain the words “subject to contract”.

6. Although BB object to OC submitting some of these letters without its consent, the fact that BB have (with the exception of the e-mail from OC to BB dated 6 January 2012) submitted the same letters together with a number of additional letters between the parties (dated 15 December 2011 (2 letters), 19 January, 24 February, 15 March, 18 May and 24 May 2012) with its letter of 13 November 2012, must, I think, be construed as BB withdrawing any objection it may have had to the various letters being taken into account by me when deciding the issue of

costs. Similarly, although OC have not had the opportunity to comment on the additional letters provided by AN, as they form part of the suite of letters referred to above, the majority of which were included in exhibit JWH, they too, in my view, are in no position to object to them being taken into account by me in reaching a decision.

7. The chronology of correspondence (including in bold those actions which involved the Trade Marks Registry ("TMR") is as follows:

21 July 2011 – BB files AN's application for revocation and notifies RAL accordingly;

8 August 2011 – TMR serves AN's application for revocation on RAL's then address for service (Withers & Rogers LLP) and a period expiring on 8 October 2011 is allowed for a defence to be filed;

20 September 2011 – OC write to BB indicating that RAL are prepared to assign the trade mark to AN. In that letter OC said:

“On a without prejudice and subject to contract basis our client is prepared to transfer the mark to your client for the sum of £20,000.”

4 October 2011- BB write to OC indicating that AN reject this offer and make a counter offer of £500;

6 October 2011- OC write to BB indicating that RAL is prepared to reduce its offer from £20,000 to £15,000;

7 October 2011 – OC files RAL's notice of defence;

18 October 2011 – TMR write to OC allowing until 18 December 2011 for RAL's evidence to be filed;

6 December 2011- BB write to OC indicating that AN reject RAL's offer of 6 October and make a counter offer of £3,500;

9 December 2011- in a telephone conversation between Mr Hurd of OC and Ms Minns of BB, RAL offer to assign the trade mark to AN for £7,000 (the letter from OC to BB dated 12 December 2011 refers);

15 December 2011- in a telephone conversation between Mr Hurd and Ms Minns, AN offer to pay RAL £5,250 for the trade mark. In a letter from BB to OC (erroneously dated 6 December 2011) BB said:

“As discussed in our telephone conversation this morning, our client is not willing to accept your client's offer of £7,000 but is willing to make a counter-offer of £5,250 for the transfer of your client's mark.”

15 December 2011- in a further telephone conversation between Mr Hurd and Ms Minns RAL accept AN's offer;

15 December 2011 - OC's letter to BB in which they say, inter alia:

“Our client is prepared to accept your client's offer of £5,250 for the transfer of the trade mark on the condition that:

1. By 5pm today you withdraw your client's application to revoke the trade mark and provide evidence to us that the trade mark has been withdrawn, and

2. By 5pm on 16 December 2011, you provide us with a draft assignment agreement and Form TM16 for our client's review, which includes a provision that payment of the £5,250 is to be made to our firm's client account...within 7 days of the completion of the agreement...”

15 December 2011- BB's letter to OC in which BB says, inter alia:

“Our client welcomes your clients' acceptance of its offer of £5,250 (the “offer”) for the transfer of the trade mark to our client.

We note that your client's acceptance of the offer as orally communicated (Minns/Hurd), did not specify that this acceptance was conditional.

Our client does not agree to withdraw the revocation action..unless and until the assignment agreement between the parties in respect of the offer is signed...

We shall provide a draft assignment agreement to you for consideration as soon as is practicable...”

16 December 2011 – a joint request is filed asking the TMR to stay the proceedings to allow the matter to be settled;

16 December 2011 – TMR agrees the stay; RAL's evidence is now due by 12 February 2012;

19 December 2011 - BB provide OC with a draft assignment agreement relating to the trade mark;

The draft assignment agreement required RAL to provide AN with the provision of warranties and an indemnity.

6 January 2012 – OC's e-mail to BB in which it says, inter alia:

“1. Our client has not agreed nor will it agree to provide any guarantee, warranty or indemnity in respect of the ownership or validity of the trade mark..”

19 January 2012 - BB write to OC and say, inter alia:

“We do not understand why your client is unwilling to provide full title guarantee in respect of the trade mark. Our client considers it necessary and a standard requirement that your client provide full title guarantee in respect of the trade mark and provide the necessary warranties which are qualified to matters within your client’s own knowledge in relation to ownership of the trade mark.”

3 February 2012 - OC’s letter to BB in which it said:

“As stated during the call, it is entirely unreasonable to expect our client to provide the warranties and indemnities set out in your amended draft agreement. During negotiations, it was agreed that our client would assign the METRO BINGO trade mark to your client at a price of £5,250. You did not at any time during negotiations state that your client would require guarantees as to title, warranties or an indemnity. Such provisions did not form part of the negotiations and therefore the £5,250 does not take into account the additional value of the METRO BINGO trade mark together with the guarantee, warranties and indemnity.”

7 February 2012 - BB write to OC insisting that any settlement must include RAL providing warranties as to the ownership and title to the trade mark.

14 February 2012 – RAL’s evidence filed at the TMR;

21 February 2012 – TMR allow BB until 21 April 2012 to file AN’s evidence;

24 February 2012 - OC’s letter to BB in which it says, inter alia:

“...However, our client has had no option but to file its evidence in support of use as a result of your client’s unreasonable position with regard to the warranties and indemnity in the draft assignment agreement.

We are therefore instructed that our client will not proceed to complete the assignment of METRO BINGO to your client for the sum of £5,250...

Our client will however agree to assign METRO BINGO to your client for the sum of £10,000 on terms that no warranties or indemnities shall be provided. This offer of £10,000 reflects in part the increase in the costs which our client has had to incur in proceeding to defend this claim due to your client’s position with regards to the draft assignment agreement.”

15 March 2012 - BB's letter to OC in which it notes RAL's revised offer of £10,000 and reiterates its willingness to purchase the trade mark for £5,250, "subject to your client providing warranties and documentation in respect of your client's ownership of the mark."

23 April 2012 – BB advise the TMR that AN will not be filing evidence and ask for a hearing to be arranged;

18 May 2012 - OC's letter to BB in which RAL invites AN to reconsider its offer of £10,000;

22 May 2012 – TMR writes to the parties allowing until 5 June 2012 for a date for the hearing to be agreed;

24 May 2012 - BB's letter to OC in which it says, inter alia:

"We do not understand your client's approach in refusing to provide any form of guarantee as to its title and ownership of the mark within the context of an agreement to assign that mark. Your client's inexplicable refusal to guarantee its title raises doubts as to whether it is in fact entitled to assign the mark at all."

I note that BB indicates that AN is still willing to purchase the trade mark at the price of £5,250 if RAL provides the guarantee as to its title.

31 May 2012 – OC files Form TM22 to surrender the trade mark in full;

9 July 2012 – TMR write to BB and say:

"As you have requested a date of revocation which is earlier than the date of the surrender, these proceedings will continue unless the application is withdrawn. You should notify the registry if it is your intention to withdraw the application for revocation."

23 July 2012 – BB advise the TMR that the proceedings are to continue;

2 August 2012 – BB advise the TMR that a paper decision will suffice;

14 September 2012 – BB file written submissions (7 pages).

8. In his statement, Mr Hurd said:

"11. AN acted unreasonably by refusing to complete the assignment of the mark on the terms agreed on 15 December 2011. By subsequently requiring RAL to provide warranties and an indemnity as part of the assignment, AN "moved the goal posts" and frustrated a commercial settlement that, in RAL's view, had already been agreed. Had AN proceeded to complete the settlement on the terms agreed on 15 December 2011,

the costs of the evidence rounds and written submissions which AN now seek to claim from RAL would not have been incurred...”

9. In relation to “costs in accordance with the scale”, Mr Hurd says:

“12. As set out above, it is RAL’s position that AN should not be entitled to an award of costs in these circumstances. However, if contrary to RAL’s case, the examiner determines that an award of costs would be appropriate, it is RAL’s position that such an award should not exceed £1,000.”

10. Mr Hurd then goes on to explain how, in RAL’s view, the award should be calculated. I will not summarise his comments here, but will bear them in mind when reaching a decision.

Supplementary decision

11. The correspondence prior to 15 December 2011 consists of what I assume to be the normal process of offer and counter-offer which, on 15 December 2011, culminated in AN’s offer of £5,250 for the transfer of the METRO BINGO trade mark to it being accepted by RAL. By this point only the application for revocation and notice of defence had been filed.

12. However, the sticking point between the parties arose when, on 19 December 2011, BB provided OC with a draft assignment document containing a number of provisions to which RAL objected. In its e-mail of 6 January and letter of 3 February 2012, OC states that BB did not at any time during the negotiations mention that it required these guarantees, warranties and indemnity and that, in its view, these provisions did not form part of the negotiations. For its part, BB suggests that such provisions are considered a “standard requirement” adding that it didn’t understand why RAL refused to agree to them.

13. Although the parties continued to negotiate, the revocation proceedings ran in parallel with those negotiations until, at the end of the evidential rounds, BB advised the TMR that AN wished to be heard. Following a further exchange of correspondence between the parties, on 31 May 2012, RAL surrendered the METRO BINGO trade mark in full. However, this surrender was not sufficient for AN’s purposes, and the proceedings continued with AN electing for a decision to be made from the papers supported by written submissions. As I mentioned above, on 16 October 2012, I issued a decision in which RAL’s registration was revoked in full under section 46(1)(a) of the Act with effect from 16 August 2008.

14. It is clear from my précis above that the parties were, through their respective representatives, in regular telephone and written contact. Though I have no details of what precisely might have been said or agreed to during those telephone conversations, it appears to me that the reason the negotiations were not satisfactorily concluded in December 2011 is likely to have resulted from a lack of clarity in the various communications between OC and BB. Although RAL’s acceptance of any offer was clearly always subject to contract (suggesting that certain conditions were going to be likely in any event), BB appears to have proceeded on the basis that having accepted its offer, the various provisions contained in its draft assignment agreement were a “standard requirement” and as such unlikely to be contentious; that turned

out not be the case. As to the motivation behind RAL surrendering the trade mark rather than consenting to the revocation, I note that RAL always maintained it had made genuine use of its METRO BINGO trade mark.

15. Having considered the totality of the correspondence between the parties, but bearing in mind that regardless of what went on “behind the scenes” the fact remains that AN was wholly successful in its application, results, in my view, in AN being entitled to a contribution towards the costs incurred by it in these proceedings. Having said that, there is, in my view, nothing in either the substantives issues in play or in the correspondence provided which suggests that an award outwith the scale is appropriate. The fact that the parties were unable to agree on the wording of the assignment agreement is regrettable, but should not, in my view, affect the award I would have made had the without prejudice communications not been provided.

16. Awards of costs are governed by Annex A of Tribunal Practice Notice (TPN) 4 of 2007. Using that TPN as a guide, I award costs to AN on the following basis:

Preparing a statement and considering RAL’s statement:	£200
Considering RAL’s evidence:	£500
Written submissions:	£300
Official fee:	£200
Total	£1200

17. I order RAL Limited to pay to Associated Newspapers the sum of **£1200**. 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 appeal period for both the substantive and costs issues begins from the date of issue of this supplementary decision.**

Dated this 6th day of December 2012

**C J BOWEN
For the Registrar
the Comptroller-General**