

O-335-13

**TRADE MARKS ACT 1994**

**TRADE MARK APPLICATION No. 2570766  
BY SOCIÉTÉ DES PRODUITS NESTLÉ S.A.  
TO REGISTER A TRADE MARK IN CLASS 30**

**AND**

**OPPOSITION No. 102008**

**BY CADBURY UK LTD**

## **Decision on costs**

1. This is the second decision I have issued on costs in this opposition. The previous one, dated 27 November 2012, awarded Nestlé £1362 to cover the costs wasted as a result of Cadbury having raised a request for disclosure for the first time in its skeleton argument for the 4<sup>th</sup> case management conference (“CMC”) scheduled to be held on this case. This caused the CMC planned for 25<sup>th</sup> October 2012 to be adjourned until 9 January 2013 when I:

i) refused Cadbury’s request to introduce as evidence in reply, six witness statements from consumers which had been gathered through a witness collection exercise of the kind disapproved of in *Marks and Spencer v Interflora* [2012] EWCA civ 1501, and which was not in reply to Nestlé’s evidence;

ii) ordered Nestlé to disclose the names of the core team responsible for choosing the opposed mark and to conduct a search for any documents under the control of the persons in question including the words Cadbury, Dairy Milk or CDM, and to produce any such documents.

2. After resolving in writing a further objection from Nestlé to the cross examination of two of its witnesses, the substantive hearing was scheduled for 13 May 2013. Cadbury was not happy with that date because the principal attorney handling the case on its side was away on business on that date. The parties asked me to postpone the hearing until the next date that the attorneys, counsel and the witnesses were available, which turned out to be 5 September. Given that both sides had counsel from the outset, I was not convinced that the absence of one attorney justified that length of delay, so the hearing remained scheduled for 13 May. I received Cadbury’s skeleton argument on 8 May. I received Nestlé’s skeleton argument on 9 May. On Friday 10 May, Cadbury withdrew the opposition.

3. According to Cadbury, the opposition was withdrawn “in the light of the applicant’s skeleton argument” and “the overall circumstances”.

## **Nestlé’s case**

4. Nestlé says that the opposition was bound to fail from the outset and as such the decision to pursue it and withdraw it at a very late stage is an abuse of process. In this connection, it points out that Cadbury was represented at all times by IP counsel and there was nothing new in the applicant’s skeleton argument which should have come as a surprise to Cadbury. Moreover, although there were at one time parallel infringement proceedings, these were settled at the end of 2012. In these circumstances, Nestlé says that it should be inferred that Cadbury always intended to withdraw the opposition and maintained it until the very last business day simply in order to maximise Nestlé’s costs. In these circumstances, Nestlé claims that Cadbury acted unreasonably and the usual scale of costs should not shield Cadbury

from its responsibility for the costs it has caused. Instead Cadbury should pay Nestlé's actual costs. It has provided a breakdown of those costs, which amount to £34,290.50.

5. Nestlé also points to certain other tactical behaviours of Cadbury which it claims increased its costs and demonstrates Cadbury's unreasonable behaviour. In particular:

- i) Cadbury amended its grounds of opposition on 14 December 2011.
- ii) Cadbury made repeated attempts to file evidence gathered from consumer witnesses identified through a witness collection exercise. Despite the evidence having been rejected as evidence in chief because it was out of time and of little value (on 20 March 2012), and as not being admissible as 'additional evidence' under Rule 20(4) (on 3 May 2012), and after being warned that attempts to circumvent the original decision may be an abuse of process (on 11 May 2012), Cadbury again sought to file the same evidence in September 2012, this time as evidence in reply. When this evidence was initially rejected on 5 October, Cadbury persevered with its application until it was finally rejected on 9 January 2013.
- iii) Cadbury sought disclosure from Nestlé on 26 October 2012 in respect of documents showing the decision making process through which the opposed mark 'MY PURPLE BAR' had been selected. The disclosure that was ordered (which was narrower than Cadbury had requested) meant that Nestlé incurred significant costs, but no relevant documents were revealed.
- iv) Despite the fact that no relevant documents were revealed, and despite the fact that an explanation for the choice of mark had been provided in written evidence, Cadbury continued to request cross examination of two of Nestlé's witnesses. After I ordered cross examination, Nestlé incurred significant costs preparing the witnesses and arranging for their attendance at the hearing scheduled for 13 May.
- v) Cadbury sought to amend the date of the hearing causing Nestlé additional costs in attempting to find a new mutually acceptable date.

### **Cadbury's answer**

6. Cadbury says that:

- i) Whilst it recognised that the opposition to a word mark based on a colour mark was not going to be straightforward, it had a genuine belief in its case and considered that the opposition was justified so as to protect the extensive reputation it enjoys in its colour mark.

ii) It was particularly concerned by the effect of s.11(1) of the Act (which prevents the use of a registered mark being held to be an infringement of another registered mark) on uses of the opposed word mark by Nestlé in any size, colour or font. Cadbury's concern that Nestlé could move towards more use of the colour purple in combination with the opposed mark proved well founded and was the subject of separate infringement proceedings, which were settled.

iii) The amendment of case in December 2011 narrowed the grounds of opposition and therefore could not have added to Nestlé's costs.

iv) The witness collection evidence was first mooted at a CMC on 6 December 2011, which Nestlé failed to attend. The evidence was intended to further the s.5(3) ground of opposition. Although the evidence was rejected, the further attempts to re-introduce the evidence did not amount to an abuse of process. It is clear that as a result of the *Interflora v Marks and Spencer* case, the law changed and turned against evidence of this kind during the prosecution of this opposition.

v) Cross examination of Nestlé's witnesses was sought BECAUSE disclosure did not reveal any relevant documents not covered by privilege.

vi) The hearing date was set by the Registry without the agreement of the parties. It was reasonable to seek a postponement so that the attorney responsible for the matter could attend the hearing. The inference that Cadbury always intended to withdraw the opposition is unfounded.

vii) This dispute is between two multinational companies who are well able to absorb the costs. Costs should be awarded on the usual scale.

## **The law**

7. The Registrar normally awards costs on a contribution basis within the limits set out in the published scale. The latest version of the scale is included in Tribunal Practice Notice 4/2007. However, as this Notice indicates, the Registrar has the power<sup>1</sup> to vary the amounts awarded from those indicated in the scale, to cover matters not mentioned in the scale, or to depart from the scale altogether and award reasonable costs on a different basis where the circumstances justify it. The courts have long recognised this discretion, provided that it is exercised on judicial principles<sup>2</sup>. The Practice Notice recognises that unreasonable behaviour may justify costs on a compensatory basis. I accept that actions which cause the other side to waste costs may amount to unreasonable behaviour.

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<sup>1</sup> See Rule 67 of the Trade Mark Rules 2008

<sup>2</sup> See *Rizla Ltd's Application* [1993] RPC 365

## Decision

8. Turning to the facts, I reject Nestlé's argument that Cadbury brought an opposition it did not believe in and always intended to withdraw it. There is no evidence to support the claim and the facts point away from such a conclusion, e.g. Cadbury must have spent at least as much Nestlé on this opposition.

9. For the reasons given on behalf of Cadbury, I do not accept that Cadbury's amendment to the grounds of opposition wasted any costs.

10. Nor do I accept that it was unreasonable for Cadbury to seek disclosure or to seek to cross examine Nestlé's witnesses on their evidence about how and why the opposed mark was selected. The timing of the request for disclosure wasted costs, but I have already made an order to compensate Nestlé for that.

11. The attempt to reschedule the hearing was also reasonable. In any event, Nestlé agreed to it. So it can hardly label the request as unreasonable.

12. I do not need to go so far as to find that Cadbury's attempt to re-introduce the consumer witness statements rejected as evidence in chief as 'further evidence', and then as 'evidence in reply', was an abuse of process in order to find that it was unreasonable for Cadbury to do so. I find that it was unreasonable because it amounted to persistent attempts to circumvent the original case management decision. Nestlé's schedule of costs does not identify how much it spent dealing with the request to have the rejected evidence admitted as additional evidence. There is an entry for counsel's fees for advice with respect to this evidence, but that would have been necessary when the evidence was first presented as late evidence in chief. If so, that cost is not a consequence of the behaviour that I regard as unreasonable. The CMC held on 9 January 2013 was partly about the admission of this evidence as evidence in reply, and partly about disclosure. The schedule indicates that £2082.50 was incurred in connection with this CMC. I will order Cadbury to pay Nestlé half of that – £1041 - to cover the full cost of dealing with the request to reintroduce the consumer evidence as evidence in reply.

13. I do not accept Nestlé's submission that Cadbury always intended to withdraw its opposition and, by implication, never intended to attend the hearing scheduled for 13 May. I accept that Cadbury left it to the very last minute to decide to withdraw its case, and should have done so earlier, but the fact that Cadbury submitted its own skeleton argument drawn up by leading counsel points to the fact that this was a genuine last minute change of heart rather than a tactic intended to rack up Nestlé's costs. Nevertheless, the timing of the request means that Nestlé should be no worse off in costs than if the hearing had gone ahead. The hearing was scheduled for 1 day. It was likely to have been an exceptionally long day because of the extent of the cross examination requested and the volume of other evidence. I will therefore order

Cadbury to pay Nestlé £2000 as a contribution towards the cost of its preparation for the hearing, which I note actually amounted to £12,554.

14. I also order Cadbury to pay Nestlé the following as a further contribution to the cost of these proceedings:

- i) £600 for considering Cadbury's notice of opposition and filing a response.
- ii) £2500 for filing evidence, considering Cadbury's evidence and, unusually in Registry proceedings, towards the work involved in making disclosure.
- iii) £400 towards the cost of the CMC held on 26 March 2012, which was largely about the delay to the timetable caused by Cadbury's delay in filing its evidence in chief.

15. The overall result is that Cadbury UK Limited is ordered to pay Société des Produits Nestlé S.A. the sum of £6541 within 7 days of the end of the period allowed to appeal this decision.

**Dated this 15<sup>th</sup> day of August 2013**

**Allan James  
For the Registrar**