TRADE MARKS ACT 1994.

IN THE MATTER OF:

AN APPLICATION BY THE EDGE INTERACTIVE MEDIA INC

FOR RECORDAL OF AN ASSIGNMENT-IN-PART

OF REGISTERED TRADE MARKS 2552136 AND 2552147

STANDING IN THE NAME OF FUTURE PUBLISHING LTD

DECISION AS TO COSTS

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1. On 7 March 2012, The Edge Interactive Media Inc filed a Form TM16 requesting recordal of an assignment-in-part of Trade Marks 2552136 and 2552147 standing in the name of Future Publishing Ltd. The request was successfully opposed by Future Publishing and Edge Interactive's request for recordal was rejected for the reasons given by Mr. David Landau on behalf of the Registrar of Trade Marks in a written decision issued under reference BL O/283/12 on 25 July 2012. Edge Interactive appealed to an Appointed Person under section 76 of the Trade Marks Act 1994 contending that the Hearing Officer's decision was wrong and should in all respects be reversed. Future Publishing filed a respondent's notice contending that the Hearing Officer's decision should additionally or alternatively be upheld upon the further basis identified in that notice. I rejected Edge Interactive's appeal and Future Publishing's respondent's notice for the reasons given in the Decision I delivered under reference BL O/241/14 on 28 May 2014.

2. In emails sent to my clerks following the conclusion of the hearing on 28 May 2014, the Reverend Dr. Langdell requested that Edge Interactive's appeal be re-opened, that the Decision I had delivered be reversed, that the appeal be allowed and that the Hearing Officer's Decision of 25 July 2012 be set aside. The request was rejected for the reasons I gave in an Addendum to my Decision of 28 May 2014. The Addendum was issued under reference BL O/255/14 on 6 June 2014. In paragraphs 10 to 12 of the Addendum I addressed the second of the two bases for the request and stated: *'The attempt at this stage to re-open the proceedings on appeal, jettison the Form TM16 filed on 7 March 2012 and set up a different claim for recordal on the basis of the documents at Attachment B [to the Addendum] amounts, in my view to an abuse of process'*.

3. Within hours of receiving the Addendum, Dr. Langdell began sending my clerks emails pursuing a *'repeat request for consideration on new grounds'* and *'new request for reconsideration to be considered before decision is finalised'*. The basis for this was indentified as the *'July 2012 Assignment'* (at Attachment B to the Addendum to my Decision) being effective to render the Form TM16 filed on 7 March 2012 *'entirely valid'* because it was expressed to be *'back dated to an effective date of July 5, 2010'*.

4. It was and remains completely unacceptable for Dr. Langdell to be attempting to pursue that point at this juncture. In the Grounds of Appeal accompanying the Form TM55 he filed on behalf of Edge Interactive on 21 August 2012, it was specifically averred that:

> 'EIM also submitted a new Deed of Assignment dated July 2012 to ensure that at least one valid document effecting assignment was before the UK IPO': paragraph 11.

> 'Furthermore, termination of the CTA also did not remove Future's obligation to ratify any documents that EIM executed under the power of attorney, and thus Future had no right to challenge ... EIM's July 2012 Deed of Assignment ...': paragraph N

However, Dr. Langdell voluntarily deleted those averments from the Grounds of Appeal (along with numerous parallel averments as to the validity and efficacy of the July 2010 Deed of Assignment in relation to which the Hearing Officer found that he had given false evidence) when formulating successive amendments which finally resulted, in March 2014, in the limited Grounds of Appeal that were actually brought forward for consideration at the hearing which took place before me on 28 May 2013. In short, Edge Interactive abandoned its case for relying on the July 2010 and July 2012 Deeds of Assignment by making the amendments it did to the Grounds of Appeal during the pendency the appeal.

5. Future Publishing has filed a Schedule of Costs with a reasoned statement in support of its request for costs to be awarded to it in respect of the proceedings on appeal on an indemnity basis. It appears from the breakdown of time spent and work done that the total amount of the costs incurred in respect of trade mark attorneys' fees was in the range of about £16,100 (exc. VAT) to about £25,700 (exc. VAT). It appears that solicitors' fees in the sum of £4,930 were also incurred for work (that has not been itemised) in connection with the proceedings on appeal. It is not stated whether the latter figure is or is not exclusive of VAT. The costs of the respondent's notice appear to be included in the overall amounts identified. The period covered by the Schedule runs from receipt of the Hearing Officer's Decision dated 25 July 2012 down to and including the

hearing of the appeal on 28 May 2014. The Schedule is dated 4 June 2014 and it does not capture the time spent and work done after that date in joining issue with Edge Interactive on its root and branch objections to the making of an award of costs on the requested or indeed any basis.

6. In written submissions filed on behalf of Edge Interactive on 18 June 2014, Dr. Langdell maintained as follows:

> Appellant Edge Interactive ("EIM") objects to Future Publishing being awarded its claimed costs for the following reasons:
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> 1. **By any fair reckoning EIM should have prevailed in this Appeal**, and The Appointed Person mistakenly ruled in Future's favour only because he overlooked key evidence before him. For this reason Future should be denied any costs.
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> 2. **In the alternate,** the IPO/Tribunal was the prevailing party in this Appeal, not Future, and hence Future should not be awarded costs due rightly just to the prevailing party.
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> 3. **In the further alternate,** Future should not be awarded costs off-scale since none of the conditions for an award of off-scale costs were met in this case, and at most Future should just be awarded on-scale costs.
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> 4. **In the further alternate,** if Future were to be unfairly awarded costs off-scale then the costs they claim in their Schedule of 4 June 2014 are clearly grossly over-stated, with a reasonable award being at most a far more modest sum that reflects only the reasonable costs incurred in preparing for and attending at the January security of costs hearing and the May Appeal hearing.

These points were expanded upon in the text of his submissions. Future Publishing's claimed costs were said to be 'outrageous and grossly inflated'. It was suggested that the maximum which ought fairly to be awarded to Future Publishing was a sum in the order of £3,375.

7. Future Publishing responded in an email sent to the Tribunal on 19 June 2014. Dr. Langdell reacted to that by sending the Tribunal a lengthy email on 20 June 2014 in which he further expanded upon the submissions he had filed on behalf of Edge Interactive on 18 June 2014.

8. The first of the four points noted in paragraph 6 above is misconceived. For the reasons given in the Addendum issued on 6 June 2014 and in paragraphs 3 and 4 above, it is not open to Edge Interactive to resist an award of costs against it on the basis of a self-serving theory of justice denied. That is especially true in circumstances where it stands confirmed in Dr. Langdell's email of 20 June 2014 that *'EIM does fully accept the decision that the Appointed Person has made'*. The second of the four points noted in paragraph 6 above is also misconceived. The Hearing Officer recognised in paragraph 2 of his decision dated 25 July 2012 that the application for recordal filed on 7 March 2012 had become the subject of an inter partes dispute in *'proceedings before the Registrar'* as defined in rule 77 of the Trade Marks Rules 2008, with the protagonists to the dispute being Edge Interactive and Future Publishing. I adopted the same approach when making an order requiring Edge Interactive to provide security for Future Publishing's costs of the appeal: see the Decision I delivered under reference BL O/043/14 on 8 January 2014.

That continues to be the applicable approach with regard to Future Publishing's request for an award of costs in its favour.

9. I now turn to consider the third and fourth of the four points noted in paragraph 6 above in the context of section 68(1) of the Trade Marks Act 1994, which establishes that:

> Provision may be made by rules empowering the registrar, in any proceedings before him under this Act –
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> (a) to award any party such costs as he may consider reasonable, and
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> (b) to direct how and by what parties they are to be paid.

Rule 67 of the Trade Marks Rules 2008 accordingly provides that

> The registrar may, in any proceedings under the Act or these Rules, by order award to any party such costs as the registrar may consider reasonable, and direct how and by what parties they are to be paid.

10. The long established practice in Registry proceedings is to require payment of a contribution to the costs of a successful party, with the amount of the contribution being determined by reference to published scale figures. The scale figures are treated as norms to be applied or departed from with greater or lesser willingness according to the nature and circumstances of the case. The Appointed Persons normally draw upon this approach when awarding costs in relation to appeals brought under section 76 of the 1994 Act.

11. The use of scale figures in this way makes it possible for the decision taker to assess costs without investigating whether or why there are: (a) disparities between the levels of costs incurred by the parties to the proceedings in hand; or (b) disparities between the levels of costs in those proceedings and the levels of costs incurred by the parties to other proceedings of the same or similar nature. This approach to the assessment of costs has been retained for the reasons identified in Tribunal Practice Notice TPN 2/2000, supplemented by Tribunal Practice Notices TPN 4/2007 and TPN 6/2008.

12. It is, as I have indicated, open to the decision taker to depart from the published scale figures in the exercise of the power to award such costs as (s)he may consider reasonable under rule 67. In that connection Tribunal Practice Note TPN 4/2007 provides the following guidance:

> **Off scale costs**
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> 5. TPN 2/2000 recognises that 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. Whilst TPN 2/2000 provides some examples of unreasonable behaviour, which could lead to an off scale award of costs, it acknowledges that it would be impossible to indicate all the circumstances in which a Hearing Officer could or should depart from the published scale of costs. The overriding factor was and remains that the Hearing Officer should act judicially in all the facts of a case. It is worth clarifying that just because a party has lost, this in itself is not indicative of unreasonable behaviour.
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> 6. TPN 2/2000 gives no guidance as to the basis on which the amount would be assessed to deal proportionately with unreasonable behaviour. In several cases since the publication of TPN 2/2000 Hearing Officers have stated that

> the amount should be commensurate with the extra expenditure a party has incurred as the result of unreasonable behaviour on the part of the other side. This "extra costs" principle is one which Hearing Officers will take into account in assessing costs in the face of unreasonable behaviour.
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> 7. Any claim for cost approaching full compensation or for "extra costs" will need to be supported by a bill itemising the actual costs incurred.
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> 8. Depending on the circumstances the Comptroller may also award costs below the minimum indicated by the standard scale. For example, the Comptroller will not normally award costs which appear to him to exceed the reasonable costs incurred by a party.

13. It should at this point be emphasised that an award of costs must reflect the effort and expenditure to which it relates, without inflation for the purpose of imposing a financial penalty by way of punishment for misbehaviour on the part of the paying party. It is certainly not possible to award compensation to the receiving party for the general economic effects of the paying party's decision to pursue the proceedings in question: Gregory v. Portsmouth City Council [2000] 2 WLR 306 (HL); Land Securities Plc v. Fladgate Fielder (A firm) [2009] EWCA Civ. 1402; [2010] 2 WLR 1265 (CA).

14. This is a case in which costs should follow the event, with Future Publishing being the successful party on appeal. The award should reflect: the effort and expenditure which went into Future Publishing's successful application for security for costs; the effort and expenditure occasioned by Edge Interactive's successive proposed amendments to the Grounds of Appeal; the effort and expenditure rendered redundant by Edge Interactive's abandonment of points raised in its original Grounds of Appeal; the effort

and expenditure which went into the defence of Edge Interactive's challenge to the Hearing Officer's decision at the substantive hearing of the appeal; and the effort and expenditure which went into dealing with Edge Interactive's objections to Future Publishing's claim for an award of costs. The costs award should not reflect the effort and expenditure on the part of Future Publishing which went into the preparation and presentation of its respondent's notice.

15. I accept the submissions made on behalf of Future Publishing to the effect that partner level attention was required for the major part of the work of its trade mark attorneys, that in view of Dr. Langdell's past misconduct in proceedings involving Future Publishing there was a need for constant vigilance and double-checking with regard to the truth and accuracy of what he said in support of Edge Interactive's case and that it was appropriate for the trade mark attorneys acting on the appeal to have a measure of support from the firm of solicitors who had acted for Future Publishing in the High Court proceedings which led into the present proceedings in the Registry.

16. It would, in my view, be unjust to make an award of costs which did not require Edge Interactive to contribute substantially to the relatively heavy burden of costs which the pursuit of its unsuccessful appeal has, in the unusual circumstances of this case, inflicted upon Future Publishing. However, I do not think the contribution should rise to the level of an indemnity because I do not think it would be right to regard all of the work and expenditure covered by the claim for costs as directed entirely productively to matters which needed to be addressed as a result of the way in which Dr. Langdell conducted and presented Edge Interactive's appeal. There is also no basis upon which I could properly

use a range of 'about £16,100.' to 'about £25,700.' for the purpose of guessing what the total amount of the trade mark attorneys' fees incurred by Future Publishing in defence of the appeal might actually have been.

17. My decision on weighing the various considerations I have noted above is that Edge Interactive should pay £10,000. to Future Publishing as a contribution towards its costs of the proceedings on appeal and I direct payment to be effected forthwith by transfer of that sum to Future Publishing out of the fund that is presently held by the Trade Marks Registry as security for the costs of the appeal.

Geoffrey Hobbs QC

1 July 2014

The Reverend Dr. Langdell provided written submissions on behalf of The Edge Interactive Media Inc.

Mr. J.G. Pearson of Abel & Imray provided written submissions on behalf of Future Publishing Ltd.

The Registrar took no part in the proceedings on appeal.