

O-347-15

TRADE MARKS ACT 1994

SUPPLEMENTARY DECISION
IN THE MATTER OF CONSOLIDATED PROCEEDINGS BETWEEN

BABCOCK INTERNATIONAL LIMITED
AND
BABCOCK POWER UK LIMITED

CONCERNING

BABCOCK POWER UK LIMITED'S APPLICATION UNDER NO 84234
TO REVOKE REGISTRATION NO 756324
IN THE NAME OF BABCOCK INTERNATIONAL LIMITED

BABCOCK POWER UK LIMITED'S APPLICATION UNDER NO 84235
TO REVOKE REGISTRATION NO 756324
IN THE NAME OF BABCOCK INTERNATIONAL LIMITED

BABCOCK POWER UK LIMITED'S APPLICATION UNDER NO 84236
TO REVOKE REGISTRATION NO 1283519
IN THE NAME OF BABCOCK INTERNATIONAL LIMITED

BABCOCK POWER UK LIMITED'S APPLICATION UNDER NO 84237
TO REVOKE REGISTRATION NO 1283519
IN THE NAME OF BABCOCK INTERNATIONAL LIMITED

BABCOCK INTERNATIONAL LIMITED'S OPPOSITION UNDER NO 103564
TO BABCOCK POWER UK LIMITED'S APPLICATION FOR REGISTRATION
UNDER NO 2601397

AND

BABCOCK INTERNATIONAL LIMITED'S OPPOSITION UNDER NO 103567
TO BABCOCK POWER UK LIMITED'S APPLICATION FOR REGISTRATION
UNDER NO 2601670

1. On 6 May 2015, I issued a decision in the above, consolidated, revocation and opposition proceedings between Babcock Power UK Ltd (“BPUK”) and Babcock International Ltd (“BIL”) under the reference BL O/211/15. In that decision, I summarised my findings thus:

“156. BIL accepted that it had made no use of its mark no 756324 in relation to *automatic and mechanical stokers, furnace grates* and to this extent only, the revocation action against the registration succeeds. Registration No 756324 will be revoked in respect of these goods as of 16 November 2011, the date of the filing of the applications for revocation. The application for revocation of registration no 1283519 succeeds in respect of *Treatment of liquids, gases or metals* as is registered in class 40 and the registration will be revoked in respect of these services as of 16 November 2011. BIL’s oppositions to BPUK’s application nos. 2601397 and 260670 fails under sections 5(2)(b) and (3) but succeeds under section 5(4)(a) of the Act.”

2. As BIL had indicated it sought an award of costs off the scale in respect of the proceedings, I allowed time for it to provide a full breakdown of its claim and for both parties to make written submissions which both later did.

3. In its written submissions, BIL makes reference to its licensee (DBL) and states:

“Whilst we appreciate that such awards are not common, the circumstances in this case are exceptional as [BPUK]: (a) commenced revocation proceedings against two of the key house marks of one of the UK’s largest FTSE 100 companies with no apparent bona fide belief that these marks had not been used for the goods and services they cover; and (b) continued with the proceedings despite it being obvious from the evidence filed that there was clear and convincing evidence of enormous use.

In contrast, BPUK’s ‘evidence’ was minimal and largely consisted of arguments irrelevant to the issues of non-use as well as reliance on internet entries. Nowhere in their evidence did they explain the reasons for their alleged belief/understanding that DBL had not used BABCOCK nor did they give any reasons at all as to why they believed (if they did) that BIL was not using its house marks for the services protected by its registered trade mark. Despite their being repeatedly warned that an off-scale award of costs would be sought (both in correspondence –our letter of 22 March 2012 is attached, and in the evidence –see paragraphs 33 and 49 of Mr Borrett’s First and Second Witness Statements respectively), BPUK persisted with the proceedings.

Given the importance of the marks at issue to BIL and DBL and the variety of different goods and services attacked by BPUK, BIL and DBL were left with no option but to submit a detailed set of evidence. That would have been obvious to BPUK, who must have expected the amount of evidence that was filed.

So far as the Oppositions were concerned, these were consolidated with the Revocation Actions at an early stage and so the amount of costs concerned is

relatively small. However, even here BPUK’s conduct has been reprehensible by only cancelling a large part of the goods and services sought to be protected by their applications long after most of the work in compiling the evidence by BIL and DBL had been done, on the spurious grounds of their doing so because of an unrelated opposition. That opposition had been suspended early on and had never even reached the evidence rounds –it was clear to BPUK that BIL and DBL were the principal opponents.

In all the circumstances, BIL and DBL should be awarded their costs for what was, on any reasonable analysis, an improper approach to seeking to revoke trade marks which were clearly in extensive use and which even a simple investigation would have uncovered.”

4. BIL seeks costs in the sum of £125,818.23 in relation to these proceedings. It has provided a full breakdown of those costs, the bulk of which relates to evidence, summarised as follows:

Revocations

1: UKIPO Forms and Statements (including correspondence with UKIPO)	BIL	£6190
2: Evidence stages	BIL	£39,810.50
	DBL	£48,697.50
	Disbursements	£5,488.73
3: Hearing (and preparation therefor)	BIL	£4,720
	Counsel	£14,500

Oppositions

1: UKIPO Forms, Statements (including correspondence with UKIPO)	BIL	£6,011.50
	Official Fees	£400
2: Evidence stages (consolidated amount above)		
3: Hearing (consolidated amount above)		

<u>Totals:</u>	BIL	£56,732.00
	DBL	£48,697.50
	Disbursements	£20,388.73
	Total:	£125,818.23

5. In its submissions, BPUK denies there has been any reprehensible conduct and submits that this is not a case where an off scale award is appropriate but further submit that if such an award is made, the quantum of it should be minimal as there is “no justification for BIL and DBL seeking to reclaim the grossly excessive costs they have incurred..”. It goes on to submit:

“In this case there is no suggestion of any breaches of the rules or any delaying tactics by BPUK. BIL/DBL’s submissions only suggest unreasonable behaviour.

However, in essence BIL/DBL’s complaints are not complaints as to unreasonable behaviour by BPUK. Instead, they are complaints that BIL/DPL have spent more than they would have liked in the defence of the revocation actions. The decision to incur those costs was plainly made by DBL/BIL because of the importance they considered the marks in issue to have (as explained in the second paragraph of those submissions- they are “key house marks”- and in the fourth paragraph).”

6. In relation to specific comments made by BIL it submits:

“a. It is suggested that BPUK should be deemed not to have had any belief that the marks subject to revocation had not been used because they did not express a reason for that belief in their evidence. That is a flawed argument. The state of BPUK’s belief is irrelevant to any issue in the proceedings. It would have been improper to include statements as to BPUK’s belief in its evidence and, had such evidence been included, it would rightly have led to complaint from BIL/DBL.

b. Further, it is obvious from BPUK’s continued pursuit of the revocation proceedings that they did believe that revocation of the marks in issue was warranted.

c. The reference to warnings that an off-scale award would be sought cannot by itself make an off scale costs award appropriate. That warning does not make BPUK’s conduct thereafter unreasonable.

d. BIL contends that detailed evidence was inevitable. That cannot be predicted in advance: an applicant for revocation is entitled to assume that a trade mark proprietor’s internal records, particularly the internal records of a sophisticated organisation, will be able with ease to demonstrate the level of its trade under its marks in particular goods or services. In any event, even if it could be predicted that that evidence would be extensive, that is not a reason for an off-scale costs award – it merely indicates the complexity of these proceedings.

e. BIL/DBL contends (in the final paragraph of its submissions) that BPUK should have been able to discover that extensive use was made by BIL/DBL upon simple investigation. With respect to BIL/DBL’s advisors, that submission is a thoroughly bad one. It can be exposed as bad by the following consideration: either the submission that the evidence of genuine use could be obtained with simplicity, and without access to BIL/DBL’s internal records, must be completely wrong (which BPUK contends that it is), or BIL/DBL stated massive expenditure in gathering that evidence together, and the extensive analysis of that evidence by themselves, by BPUK, and by the hearing officer in the course of the revocation actions, was completely unwarranted. BPUK contends that, as this case has shown, the question of whether or not genuine

use was made of the marks in issue was a complex issue. BPUK should not be punished by an unpredictable off-scale costs award because it (sic) genuine use was, ultimately, found in respect of considerable parts of the specifications of the marks in issue.”

7. BPUK goes on to submit that no unreasonable conduct on its part has been established. In contrast, it submits that BIL’s own conduct was unreasonable. It claims:

“that BIL’s evidence (in and annexed to the witness statement of Mr Borrett) was unstructured, not focussed on addressing any particular element of the specifications of the marks in issue, and the relevance of that evidence to particular element of the specifications was only explained (and even then only in part) at the hearing. That failure to structure or identify the purpose of its evidence meant that BPUK was unnecessarily put to additional cost, and will have made the Hearing Officer’s task in dealing with the evidence much harder than it should have been. Such conduct is rightly open to criticism and will often lead to costs off the scale against a party relying on such evidence...

Further, any costs award ought to recognise that BPUK did achieve a small degree of success in the revocation action.

Further, in respect of the opposition proceedings, BIL/DBL’s only complaint is that, despite BPUK abandoning much of its specification and therefore making the opposition proceedings considerably simpler, that it should have done so sooner. No findings have been made on those other elements of the specification, and the tribunal cannot reach a conclusion now as to whether or not they would or would not have succeeded. BPUK should be commended for simplifying the opposition proceedings.

The allegation that the reasons given by BPUK’s advisors were “spurious” – that is, false – is a serious and wholly incorrect allegation. It was improper for BIL/DBL’s advisors to have made that allegation, not merely without any justification, but knowing that the basis of it was accurate. It should be withdrawn by BIL/DBL and in any event should be ignored by the Registry.”

8. The registrar’s authority to award costs is based on section 68 of the Act and Rule 67 of the Trade Mark Rules 2008. The latter states:

“Costs of proceedings; section 68

67. 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.”

9. 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 (“TPN”) 4/2007. As this TPN also indicates, the registrar has the power to award reasonable costs on a different basis where the circumstances justify it. The courts have long recognised this: see *Rizla Ltd's Application* [1993] RPC 365. The

TPN recognises that unreasonable behaviour may justify costs on a compensatory basis. The Appointed Person follows a similar approach and sometimes awards costs on a compensatory basis: see, for example, *Ian Adams Trade Mark* (BL O-147-11).

10. BPUK has indicated that it filed the revocation actions because of the uncertainty as to the exact meaning of the licence agreement that was entered into by BIL and its licensee. As I have previously indicated, it has given no explanation as to why this might be relevant. The fact remains that it sought revocation of BIL's registrations on the basis that those registrations had not been put to genuine use within a number of 5 year periods. Whilst I have no evidence on what it might have done, I would not expect BPUK to have filed those actions without having made at least some effort to establish whether BIL had been using its marks, the nature of that use and goods and services covered by that use. Given the breadth and extent of use shown by BIL, I consider it is inconceivable that BPUK would not have found some such use.

11. BIL's registrations, as relevant to both the revocation and the opposition proceedings, cover a very wide range of goods and services. Having been served with the relevant papers, it promptly accepted that the marks subject to revocation had not been used in respect of a very small number of the goods for which they were registered. It later changed its position as regards some of these and sought to defend the registration in respect of them which suggests it was not sure itself about the full extent of use of the mark. It defended the registrations in respect of all other goods and services and filed evidence to support its claims. That evidence was voluminous, even though BIL indicated at the hearing that it had limited the amount filed by directing it only to the latest of the claimed 5 year periods mentioned above.

12. The relevance of evidence is not reflected in its volume but in its content. In my earlier decision, I noted that in his evidence, Mr Timms had compiled a table which clearly set out the specific parts of the evidence relied upon to support the claim that the marks had been used on particular goods and services subject to revocation. The table provided some initial focus but in no way did it do away with the need to review all of the evidence. Mr Borrett's evidence was much less focussed as was that of Mr Green. Despite the volume of evidence filed, I determined that the evidence of use in relation to the goods relied on as part of the opposition under section 5(2) of the Act and some of the services subject of the revocation was lacking. In my view, whilst there was clearly a need for BIL to file evidence and Mr Timms' table was helpful, the evidence as a whole could have been better focused to the goods and services and relevant dates and significantly reduced in quantity.

13. BIL having filed its evidence, BPUK continued with its actions conceding that use of the marks had been made in respect of some goods and services but denying that such use constituted genuine use of the relevant marks. It filed its own (limited) evidence which also attracted some criticism in my decision in relation to its content and relevance.

14. BIL having had by far the greater success in these proceedings is entitled to an award of costs in its favour. Whilst its submissions refer to DBL's costs, the registrar has no power to award costs to BIL's licensee as it was not a party to these proceedings. Taking all matters into account, I consider that an award of costs above

the normal scale is justified in the circumstances of this case, however, I consider the amount claimed to be grossly excessive. In making the award, I take into account not only the above mentioned factors but also the number of consolidated actions involved, the degree of overlap in those actions and also the extent to which BPUK has succeeded.

15. I therefore order Babcock Power UK Limited to pay Babcock International Limited the sum of £20,000 as a contribution towards its costs. This sum is to be paid within fourteen days of the expiry of the appeal period or within fourteen days of the final determination of this case if any appeal against this decision is unsuccessful. As indicated in my earlier decision, the period for appeal against both the substantive decision and the decision on costs runs from the date of this decision.

Dated this 28th day of July 2015

**Ann Corbett
For the Registrar
The Comptroller-General**