# O-154-22

**REGISTERED DESIGNS ACT 1949 (AS AMENDED)**

**IN THE MATTER of Registered Design No. 6065216 in the name of Schmuel Cohen in respect of a Diamond design**

**and**

**APPLICATION TO INVALIDATE (No. 70/19) by Utopia Diamonds Ltd**

## DECISION ON COSTS

1. In my decision O-821-21 of 8 November 2021, I dismissed an appeal from decision O-265-21 dated 15 April 2021 by the Hearing Officer (Ms AI Skilton) acting for the Registrar of Designs. She had dismissed an application by Utopia Diamonds Ltd to invalidate Registered Design No 6065216. Utopia Diamonds Ltd appealed against that dismissal.

2. The respondent proprietor now seeks an for his costs of successfully defending the appeal. He asks for an "off scale" award of his costs which total £36,225.30. At my request, the respondent's costs were set out on Form N260 (Statement of Costs on Summary Assessment under CPR PD44 9.5). That form is prescribed for the summary assessment of costs in proceedings in court, normally for a hearing of a day or less. As such the form, although technically inapplicable to proceedings before an Appointed Person, provides a useful template for quantification of costs when an "off scale" order is sought.

3. The appellant has not availed itself of the opportunity which I gave to file submissions in answer to those of the respondent, either as to the principle of an off scale costs award or as to quantum.

4. It is the practice of the Appointed Persons on appeal normally to award costs by applying by analogy the scale of costs used for contested proceeding in the Office. In any but the lightest cases, "scale costs" provide only a modest contribution to the costs of the successful party and come nowhere near to providing full compensation for the actual level of costs incurred. I understand that the policy behind this practice is so as not to deter applications or appeals being brought in what should be a low-cost jurisdiction through fear of large adverse costs orders.

5. In general, where an appeal is brought on grounds that are reasonable and is then pursued in a reasonable way, an appellant should not fear an "off scale" costs order even if the appeal fails. However, once a party steps outside the bounds of pursuing grounds which are reasonably arguable and outside the bounds of reasonable procedural behaviour, that party becomes at risk of an award of costs more closely reflecting the actual costs incurred by the opposing party. It should be borne in mind however that so-called "off scale" costs orders are in no way a penalty - they simply reduce the gap between actual costs incurred and recoverable costs for the successful party.

6. There are three respects in which the reasonableness of the appellant's conduct of the appeal is criticised. They are:-

   (1) In pursuing an appeal against the dismissal of its proprietorship claim on grounds which were effectively hopeless, and then announcing only at the hearing that those grounds would not be pursued further in oral argument – by which time the respondent

had incurred substantial costs in dealing with those grounds (see paras 6-12 of my main decision);

(2) In dismissing the counsel and solicitors who acted for it in the Office, but then failing to appoint new representatives promptly – and then using this self-inflicted problem as an excuse to make repeated attempts to defer or postpone the hearing of the appeal (see paras 81-82 of my main decision);

(3) In filing poorly formulated grounds of appeal, which failed to make clear on what grounds the appellant sought to challenge the Hearing Officer's finding on individual character.

7. I consider that the appellant's conduct in all three of these respects was unreasonable and such as to justify an "off scale" costs order. In my view the cumulative effect of these unreasonable aspects of the appellant's conduct of the appeal was greatly to increase the costs of the respondent beyond what he would have needed to incur in resisting a reasonably conducted appeal limited to reasonably arguable grounds of appeal.

8. There clearly was the potential in this case for such a reasonable appeal to have been brought, as can be seen from the quite extensive consideration which I gave in my main decision to the rather novel points which arise when considering this unusual kind of design, where the appearance of the product arises largely from the refraction and reflection of light from the diamond and cannot be directly discerned from the line drawing representations on the register. Overall I consider that it was beneficial and in the wider public interest that the appeal was brought in order that these points could be considered on appeal, and the appeal resulted in some adjustment of the reasoning of the Hearing Officer on individual character although that did not change the overall result.

9. Strangely, these arguable points were not actually set out in the Grounds of Appeal, but were either raised for the first time in Ms McFarland's written or oral arguments or were raised by myself. This is likely to have increased the respondent's costs in dealing with these points beyond what they would have incurred if they had been properly raised in the Grounds of Appeal and thereafter reasonably pursued. However, given that there was the core of a reasonable appeal within this overall case, I do not consider it right to accede to the respondent's primary submission that he should be awarded the whole of his costs of resisting this appeal on an off scale basis.

10. The respondent submits that it is not practicable to divide up individual work items or times spent by counsel and solicitors and attribute them to the three aspects of unreasonable conduct which I have set out above. I agree. Doing the best I can, I assess the respondent's costs arising from the appellant's unreasonable behaviour at 80% of the respondent's overall costs. I bear in mind that the proprietorship aspects of the appeal would have formed a much larger proportion of the pre-hearing preparation time than they did of time at the hearing.

11. The respondent is also entitled to his scale costs as a contribution to his remaining costs. Since I view the remaining 20% of his incurred costs as effectively the costs he would have had to incur in resisting a well conducted appeal, the scale costs which I award should represent the whole of the scale costs of successfully resisting that notional appeal. It would be a fallacy to reduce them to 20%.

12. Given the complexity and novelty of the points at issue and the fact that the hearing, even without time being spent on proprietorship, exceeded half a day, I assess the hearing costs at the upper end of the Tribunal

Practice Note scale at £1600. Although there was no respondent's notice to prepare, I will add £500 for considering the Grounds of Appeal.

13. I have received no comments from the appellant about the quantum of the respondent's incurred costs as set out in his Form N260. The costs do not look unreasonable to me, at least in the absence of any specific criticisms raised by the paying party. Accordingly I will make in order for 80% of the respondent's claimed incurred costs of £36,225.30, plus the scale costs I have indicated, leading to a total award (with some minor rounding) of £31,080.

14. These costs are additional to the costs already awarded against the appellant by the hearing officer.

**Conclusion**

**In the result I order the appellant Utopia Diamonds Limited to pay to the respondent Mr Schmuel Cohen the sum of £31,080 as costs of the appeal, that sum to be additional to the costs previously awarded by the Hearing Officer at first instance.**

Martin Howe

Martin Howe QC
Appointed Person (Designs Appeals)
23 February 2022