

**O/0192/23**

**DECISION ON COSTS**

**TRADE MARKS ACT 1994**

**IN THE MATTER OF**

**TRADE MARK APPLICATION NO.**

**UK00003707940**

**BY T24 SEVEN LIMITED**

**TO REGISTER AS A TRADE MARK:**

**KAI'S KITCHEN**

**IN CLASSES 29, 30 AND 32**

**AND**

**IN THE MATTER OF OPPOSITION THERETO**

**UNDER NO. OP000432484**

**BY KAI MAYFAIR LIMITED**

## **BACKGROUND**

1. On 8 October 2021, T24 Seven Limited (“the applicant”) applied to register the trade mark shown on the cover page of this decision in respect of goods in Classes 29, 30 and 32.
2. On 2 March 2022, KAI MAYFAIR LIMITED (“the opponent”) filed a Form TM7A, Notice of threatened opposition. The Intellectual Property Office sent this form to the applicant on the same date with a covering letter. An extract from the covering letter is copied below.

“As a form TM7a has been filed against your application, it is possible that an opposition will be launched in the near future. It is therefore important that you are aware of the costs which may be incurred in defending your mark. Where an opposition succeeds, the applicant is normally ordered to make a contribution towards the costs of bringing the opposition, including the opposition filing fee. Similarly, where an opposition fails, the opponent is normally ordered to pay a contribution to the applicant’s costs of defending its application.

An opponent is expected to give an applicant reasonable notice of its intention to oppose the application in order to provide the applicant with an opportunity of withdrawing it without incurring any liability for costs. This letter confirms that a third party is threatening to oppose your mark, and therefore provides you with notice.”

3. A Form TM7, Notice of opposition and statement of grounds, dated 7 April 2022, was filed by the opponent, stamped as received by the Registry on 11 April 2022.
4. On 21 April 2022, the Registry served the Form TM7 on the applicant.
5. On 21 June 2022, the applicant requested withdrawal of its application by email and the Registry confirmed withdrawal of the application by letter to the parties on 22 June 2022.

6. On 30 June 2022, the opponent wrote to request a costs order.
7. On 13 July 2022, the Registry wrote to the applicant informing it that the opponent had requested an award of costs and invited comments on the matter on or before 27 July 2022.
8. On 19 July 2022, the applicant provided comments, an extract of which is copied below:

“Following the filing of the form TM7A on 02 March 2022, discussions took place between the parties. The discussions were without prejudice save as to costs, however the timeline was as follows:

- 04 March 2022 – contact initiated by the other side
- 08 March 2022 – our response
- 11 March 2022 – from the other side
- 21 March 2022 – our response
- 31 March 2022 – notification that the opposition would be filed but that discussions could continue
- 19 April 2022 – reminder from us to the other side
- 21 April 2022 – further reminder from us to the other side upon receipt of opposition

On 21 June 2022 we reached the conclusion that the other side was no longer interested in a settlement and the application was withdrawn prior to a counter-statement being filed. If the other side had not entered into discussions, it is possible that the application could have been withdrawn prior to the opposition deadline. Further, if the other side had responded at any time after 31 March stating that discussions were terminated, the application could have been withdrawn sooner.

According to section 5.8 of the tribunal section of the UKIPO Trade Marks Manual, *"If the first a party receives of the action against their mark is the receipt of the notification that proceedings have been launched and the application is subsequently withdrawn, or the mark*

*surrendered, before a counter-statement is filed, the Tribunal will decline to make any award at all*". It is acknowledged that the applicant did receive the Notice of Threatened Opposition, however given that it was swiftly followed by an opening of discussions, it is reasonable that this was not interpreted as notice that the other side intended necessarily to proceed with the legal remedy. As such, we would submit that no award of costs should be made in favour of the opponent as their incurrence of costs was avoidable."

9. On 1 September 2022, the Registry wrote to the applicant as follows:

"It is noted that they quoted Section 5.8 of the Trade Marks Manual however our letter of 07 March 2022<sup>1</sup>, enclosing the Form TM7a, (see enclosed) also made them aware of the costs which may be incurred in defending your mark. It also emphasised that:

"An opponent is expected to give an applicant reasonable notice of its intention to oppose the application in order to provide the applicant with an opportunity of withdrawing it without incurring any liability for costs. This letter confirms that a third party is threatening to oppose your mark, and therefore provides you with notice. "

As the opponent filed a Form TM7a, this would usually be considered as giving the applicant an opportunity to withdraw the application before any formal opposition was filed. Your attention is also drawn to the Tribunal Practice Notice 6/2008 which outlines this procedure.

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<sup>1</sup> In fact, there were two entities that filed Form TM7As. The one filed and notified to the applicant on 7 March 2022 was from a different entity. The one filed and notified to the applicant on 2 March 2022 was from the opponent in this case - KAI MAYFAIR LIMITED.

The Registry has considered the request for costs, and after reviewing the file, it is the preliminary view of the Registry that an award of **£400.00** in favour of the opponent would be appropriate. This amount is reached as follows:

Filing Form TM7	£200.00
Statutory Fee	£200.00
<b>TOTAL</b>	<b>£400.00</b>

In accordance with paragraph 10 of Tribunal Practice 2/2011, if either party disagrees with the preliminary view they should provide full written reasons within 14 days from the date of this letter, that is on or before **15 September 2022**.

In the absence of full written reasons, an order for the payment of costs will be issued in due course.”

10. On 13 September 2022, the applicant responded to the Registry’s letter:

“We disagree that a Form TM7a "would usually be considered as giving the applicant an opportunity to withdraw the application". In practice it is often used to alert an applicant of a conflict, which is not the same thing. In this case contact was made by the other side on 4 March 2022, 3 days prior to the official letter reporting the TM7a. We are aware that the letter of 7 March warned about costs, however due to the approach mad[e] by the other side, our client was of the belief that negotiations were ongoing. This continued until the opposition was filed on 21 April 2022. The Form TM7A was therefore reasonably considered to be an opening gambit to negotiations, not the opportunity to withdraw the application. If that were the opponent's intentions they would not have entered into rounds of correspondence as set out in our earlier email.

We would therefore request that the award be reconsidered.”

11. On 9 November 2022, the Registry sent a copy of the applicant's correspondence of 13 September 2022 to the opponent and invited comments from the opponent with a deadline of 23 November 2022.

12. On 17 November 2022, the opponent responded:

"The timeline is indeed as follows:

2 March 2022: we filed Form TM7A to extend the Opposition deadline from 7 March 2022 to 7 April 2022

4 March 2022: we wrote to the attorneys representing the Applicant requesting withdrawal of the Application.

The Applicant filed Form TM8 and clearly intended to defend the Opposition. Therefore we consider that the costs order is entirely proper."

13. On 28 December 2022, the Registry issued a preliminary view, reaffirming the costs award of £400.

14. On 11 January 2023, the applicant requested a hearing on the matter.

## **HEARING**

15. The hearing took place before me on 30 January 2023. The applicant was represented by Alison Cole from Taylor Wessing LLP. The applicant provided skeleton arguments.

16. The opponent did not attend the hearing.

17. The applicant's skeleton arguments set out the timeline and provided some commentary on the letters and guidance documents that the applicant intended to refer to.

18. The applicant made the following points:

- contact was initiated by the opponent prior to the applicant receiving the Form TM7A and, “It is reasonable therefore that the Applicant took this as a placeholder to preserve the Opponent's position until a settlement could be fully discussed, rather than an opportunity to withdraw the application.”
- discussions about a possible settlement were ongoing and the question of costs should be treated differently from cases where there have been no discussions between the parties.
- the opponent said that discussions could continue when notifying the applicant of their intention to file a Form TM7, so the applicant should not be subject to a costs order.
- The applicant considers the statements in the Registry’s letters and in its guidance documents to lack clarity as to the potential liability for costs at various stages in the process. It argues that this makes it difficult for small businesses to know what their potential liabilities might be.
- As well as questioning the justification of making a costs award, the applicant also queried the figure of £400, being higher than the minimum figure quoted on the relevant part of the scale. When I pointed out that the £400 was made up of £200 for preparing a statement and £200 for official fees, the applicant said that official fees are not mentioned in the information that is available to applicants.
- The applicant referenced the part of the guidance that refers to the prospective grounds for opposition, stating that the opponent’s subsequent Form TM7 was completed with “minimal detail”.

## LEGISLATION AND GUIDANCE

19. Section 68 of the Act states as follows:

“(1) Provision may be made by rules empowering the registrar, in any proceedings before him under this Act –

(a) to award any party such costs as he may consider reasonable, and

(b) to direct how and by what parties they are to be paid.

[...]”

20. Rule 67 of the Trade Marks Rules 2008 provides:

“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 what parties they are to be paid.”

21. When considering the question of costs and reasonable notice, I am guided by Tribunal Practice Notice (“TPN”) 6 of 2008:

### **“The need to provide reasonable notice**

3. As from 3 December 2007, costs are not usually awarded against rights holders or applicants who do not defend an action brought without prior notice. This practice still applies to trade mark revocation and invalidation proceedings and to opposition proceedings where, under the new Trade Marks Rules 2008 (“the rules”), the opponent files an opposition without having previously filed a Notice of Threatened Opposition on Form TM7a, or otherwise given the applicant prior notice of the impending opposition.

4. However, as the Registrar copies Notices of Threatened Opposition to applicants, the UK-IPO accepted, in ‘The Response to the Consultation on

the new Trade Mark Rules', that the act of filing Form TM7a would usually be considered as giving the applicant an opportunity to withdraw the application before any formal opposition was filed. The Form TM7a does not provide the applicant with a summary of the intended grounds of the opposition, but in many cases these will be obvious from the results of the Examiner's search for earlier marks sent to the applicant prior to the publication of the application. Further, the TM7a does provide the applicant with the opponent's contact address.

5. Thus, an award of costs from the normal scale will usually be made to an opponent where a) a Form TM7a was filed, b) a subsequent Notice of Opposition is filed, and c) the opposition is undefended. The Registrar will use his discretion to reduce that award, or give no award at all, where the opponent did not allow reasonable time between the filing of Form TM7a, and the subsequent Form TM7, or is shown to have unreasonably refused to answer a request from the applicant to give an indication of the prospective grounds for opposition, despite having been asked to do so."

22. The scale of costs that applies to these proceedings is that set out in TPN 2 of 2016.

## **DECISION**

23. In correspondence with the Registry, the applicant cited section 5.8 of the Manual of trade marks practice. This section of the manual deals with the scenario where no Form TM7A has been filed and the first an applicant hears of formal proceedings is when they are in receipt of formal notification. In such a scenario, no costs will be incurred if an application is withdrawn before the filing of a counterstatement. That is not the scenario that exists in the present proceedings and the applicant acknowledges that it "did receive the Notice of Threatened Opposition, however given that it was swiftly followed by an opening of discussions, it is reasonable that this was not interpreted as notice that the other side intended necessarily to proceed with the legal remedy."

24. The Form TM7A is explicitly titled "*Notice of Threatened Opposition*" (my italics) and in copying this form to the applicant, the Registry's covering letter included the following paragraph:

"An opponent is expected to give an applicant reasonable notice of its intention to oppose the application in order to provide the applicant with an opportunity of withdrawing it without incurring any liability for costs. This letter confirms that a third party is threatening to oppose your mark, and therefore provides you with notice."

25. The applicant has also said, "In this case contact was made by the other side on 4 March 2022, 3 days prior to the official letter reporting the TM7a" and that this sequence of events led the applicant to believe that the opponent's priority was to negotiate with the applicant with a view to agreeing a settlement. In point of fact, the Form TM7A that was filed by the opponent in this case was filed on 2 March 2022 and sent to the opponent on the same date. The Form TM7A filed and notified to the opponent on 7 March 2022 was from a different entity. Nevertheless, the broad point still stands that contact with the applicant was made by the opponent at around the same time that their Form TM7A was received by the applicant.

26. Notwithstanding what the applicant believed the opponent's motives to be in making contact, the key question here is whether the applicant was given notice of the opponent's possible intentions and whether or not the amount of time that elapsed between that notice being given and the Form TM7 being filed was reasonable.

27. The applicant has not said that the opponent unreasonably refused to answer a request from the applicant to give an indication of the prospective grounds for opposition, despite having been asked to do so. Indeed, the opponent was in touch with the applicant at an early stage to say that they objected to the mark and there were discussions between the parties which would have allowed the applicant to know what the basis of the opposition was.

28. Any discussions that took place between the parties were without prejudice to the opponent's right to subsequently formally oppose the applicant's mark. Indeed, on 31 March 2022, the opponent clearly stated its intention to file a Form TM7 and the applicant could have withdrawn its application at that point prior to the Form TM7 being received by the Registry on 11 April 2022. The fact that the opponent said that discussions could continue while the formal process was underway does not alter the fact that the applicant was warned that formal proceedings were imminent.
29. The applicant has also put forward the argument that some of the statements in the Registry's letters and guidance documents are open to interpretation and potentially confusing for small businesses such as the applicant. I do not accept this argument. While the Registry's warnings about possible costs might be worded slightly differently at various points in its procedures, in this case where a Form TM7A has been issued. In copying the Form TM7A to the applicant on 2 March 2022, the Registry's covering letter made it clear that this constituted notice and that therefore the applicant ran the risk of incurring costs if they did not withdraw their application before the launch of formal proceedings.
30. I also note that the standard scale of costs, which includes a reference to official fees, is publicly available and can be readily understood by parties that are professionally represented, as the applicant was from the outset.
31. While it is true that the opponent is incorrect when it says that the applicant filed a Form TM8, this does not have a material bearing on my findings.
32. Having carefully considered the applicant's arguments, I find that the applicant was indeed given notice and that the time that elapsed between the opponent filing the Form TM7A and the Form TM7 being served on the applicant constituted reasonable notice. The applicant did not withdraw its application until after the Form TM7 had been served and I uphold the preliminary view that the opponent should be awarded £400 in costs. I note that this award includes the minimum amount on the standard scale for preparing a statement. Along with the reimbursement of the official fees incurred, I therefore consider the amount of the costs award to be entirely reasonable and proportionate.

## **CONCLUSION**

33. I award costs to the opponent as follows:

Preparing a statement:	£200
Official fees:	£200
<b>Total:</b>	<b>£400</b>

34. I order T24 Seven Limited to pay KAI MAYFAIR LIMITED the sum of £400. This sum should be paid within twenty-one days of the expiry of the appeal period or, if there is an appeal, within twenty-one days of the conclusion of the appeal proceedings (subject to any order made by the appellate tribunal).

**Dated this 24<sup>th</sup> day of February 2023**

**John Williams**  
**For the Registrar**