

**BL O/0486/23**

**TRADE MARKS ACT 1994**

**DECISION ON COSTS**

**IN THE MATTER OF TRADE MARK APPLICATION NO. 3788236**

**BY ATYPIC SKINCARE LTD**

**TO REGISTER THE TRADE MARK:**

**POESY**

**IN CLASS 3**

**AND**

**IN THE MATTER OF OPPOSITION THERETO**

**UNDER NO. 435981**

**BY DALE CAMPBELL**

## BACKGROUND

1. On 16 May 2022, Atypic Skincare Ltd (“the applicant”) applied to register in the UK the trade mark shown on the cover page of this decision, under number 3788236 (“the contested mark”). The contested mark was published in the Trade Marks Journal for opposition purposes on 03 June 2022, in respect of goods in Class 3.

2. On 24 June 2022, Dale Campbell (“the opponent”) filed a Form TM7a, notice of threatened opposition. On the same date the Registry sent this form to the applicant with a covering letter. An extract from the covering letter stated as follows:

“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.

[...] You may want to consider obtaining professional advice from your solicitor or trade mark attorney before you make any decisions at this stage.”

3. On 01 September 2022, a Form TM7, notice of opposition and statement of grounds was filed by the opponent, opposing the application in full under section 5(2)(b) of the Trade Marks Act 1994 (“the Act”). On 20 September 2022, the Registry served the Form TM7 on the applicant.

4. On 04 November 2022, the applicant requested the withdrawal of its application by email. Following receipt of the applicant's request, on 10 November 2022, the Registry wrote to the parties confirming that the application had been withdrawn.

5. On 18 November 2022, the opponent wrote to the Registry requesting an award of costs.

6. On 23 November 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 07 December 2022. The applicant chose not to comment on the opponent's request for an award of costs by the stated deadline.

7. In an official letter, dated 19 January 2023, the Registry sent a preliminary view that an award of £300 is to be paid by the applicant to the opponent as a contribution towards costs. The parties were informed that if they disagreed with the preliminary view then they should request a hearing by 02 February 2023. However, this deadline was later extended by the Registry to 10 March 2023, on the realisation that the official letter of 19 January 2023, regarding the preliminary view, had not been sent to the opponent.

8. On 25 February 2023, following receipt of the preliminary view, the applicant requested a Case Management Conference ("CMC") in order to challenge the costs award, based on the following reasoning:

"We have been in discussion with the opponent to our No: UK00003788236. We exchanged many emails / phone calls and several offers to settle have been made. They considered the last offer we made, then declined it after many days of discussions and investment on our part. These discussions have costed us a considerable amount of money since we hired a lawyer to represent us. Over the phone, they mentioned several times the fact the "Dale Campbell" herself was a lawyer and would take all the time they needed in this situation. We believe that they have been negotiating with us in bad faith. We did not understand their real intentions in the end and as we kept losing time with them, we decided to stop the conversations, remove all the offers made

to them and decided to register a new trademark, which has finally been approved.”

## **CMC**

### Representation

9. A CMC took place before me by telephone conference, on 19 May 2023. The CMC was attended by Mr Alioune Ndione and Mr Mindaugas Zukauskas of Atypic Skincare Ltd (“the applicant”); and Ms Dale Campbell (“the opponent”).

### CMC discussion

10. During the CMC the applicant, Mr Ndione, made the following points:

- On receipt of the notice of threatened opposition (TM7A), negotiations with the opponent were carried out in good faith, including discussing co-existing agreements and potential settlement offers.
- One of the settlement offers was for the sum of £20,000 which the opponent originally accepted. However, prior to signing a co-existing agreement the opponent decided that this amount was not sufficient and requested a new settlement figure of £60,000, which was unaffordable.
- During negotiations legal representation was sought in order to assist with the opposition and negotiation process, costing the business a substantial amount.
- Discussions with the opponent lasted for many weeks with the genuine belief that a reasonable settlement could be reached. However, following weeks of negotiations it was apparent that the opponent would continue to raise the settlement amount required. Therefore, the decision was made to withdraw the trade mark application and file new applications.

- Had the opponent stated at the start of negotiations that they would require the unaffordable settlement figure of £60,000, then the application would have been withdrawn much sooner.

11. In response to the applicant's comments the opponent, Ms Campbell, stated the following:

- Due procedure was followed by firstly filing the notice of threatened opposition (TM7A) and entering into dialogue and negotiations with the applicant.
- After receipt of the TM7A the applicant could have withdrawn their application without incurring costs.
- The applicant received legal representation and therefore would have been fully informed with regards to the opposition process and the relevant timelines and deadlines regarding the filing of the notice of opposition (TM7) and their filing of a defence and counterstatement (TM8).
- Once the TM7 was filed, negotiations continued in good faith, but these proved difficult, until eventually the negotiations failed when the applicant stopped negotiating as the terms of a co-existence agreement and settlement cost could not be agreed. Accordingly, the applicant withdrew their application.
- The £60,000 settlement cost was stated at the start of the negotiations and not at the end as stated by the applicant.
- In addition to the £300 cost award, an additional sum of £360 is requested on the basis that further costs had been incurred by preparing for, and attending the CMC requested by the applicant.

12. At the conclusion of the CMC, I reserved my judgment to give me an opportunity to reflect on the submissions made by both parties.

## **LEGISLATION AND GUIDANCE**

13. 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.

(2) Any such order of the registrar may be enforced—

(a) in England and Wales or Northern Ireland, in the same way as an order of the High Court;

(b) in Scotland, in the same way as a decree for expenses granted by the Court of Session.

(3) Provision may be made by rules empowering the registrar, in such cases as may be prescribed, to require a party to proceedings before him to give security for costs, in relation to those proceedings or to proceedings on appeal, and as to the consequences if security is not given.

14. 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.”

15. The Manual of Trade Marks Practice stipulates the following:

#### **“5.1 Liability for costs**

A party to proceedings before the Tribunal may incur a liability for costs. It is impossible to give precise guidelines on an exact award of costs as this will be dependent on the circumstances. It is established practice that the Tribunal uses an official scale. The scale reflects a variable amount for the preparation, filing and examination of forms; compilation of evidence; research and

investigation; letters and for representation at hearings. In the evidence stages the scale gives a range for the award, which will depend on the amount and relevance of the evidence filed. If resulting decisions are appealed then further costs may be incurred.

Any award is unlikely to reimburse the total cost of the proceedings as the award is regarded as contributory rather than compensatory. This is in line with the policy objective to provide a low-cost Tribunal by which no-one should be deterred from seeking, protecting or defending their intellectual property rights.

#### **5.4 The request for costs**

A statement or counter-statement will usually include a claim for an award of costs. Nevertheless, if the statement or counter-statement does not include a claim the Tribunal will still consider making an award to the successful party. However, in proceedings concluded without reaching a final decision, the Tribunal will only consider making an award if a specific request is made to it within a reasonable time. Costs will not usually be awarded until both parties have had the opportunity to comment. If a request for costs is received, within a reasonable time, the other party in the dispute will be sent a letter informing them of the claim and inviting comments. They will be allowed 14 days from the date that notification of the claim is sent to them by the Tribunal. If by this date a response has not been received the award will be decided from the papers on file.

#### **5.8 Notification of the intention to commence proceedings**

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.

However, if the applicant files a counter-statement this will be taken as an intention to defend the attack. If the application is then withdrawn or the

registration is voluntarily cancelled a deduction will not usually be made to any costs award.

If as a result of a failure to maintain a current address with the Tribunal a party does not receive a communication from a prospective adversary and an attack is then launched without warning and disposed of other than by a hearing, the Tribunal is likely to consider that there should be an award of costs.

Where an award of costs is to be decided without a hearing on the question, the parties may provide examples of correspondence, evidence or other matter to support their position (such as a letter proving that warning was given of the impending action)."

16. 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.

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.

6. Where an opposition is defended, the provision or otherwise of prior notice will not usually affect the award of costs at the conclusion of the proceedings, which will normally be based on the published scale of costs.”

17. The effect of the above provisions is that if the first notification a party receives of an opposition is the filing of a Form TM7, and the application is subsequently withdrawn, no costs will be awarded. However, where an opponent gives prior notice of an opposition (by filing a Form TM7a), the applicant has an opportunity to withdraw the application before proceedings are launched. If the applicant chooses not to take that opportunity, then it risks being liable for costs.

## **DECISION**

18. The Form TM7a is explicitly titled “Notice of Threatened Opposition” 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.”

19. Accordingly, the applicant was given notice of the opponent’s possible intentions and 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.

20. Any discussions that took place between the parties were without prejudice to the opponent's right to subsequently formally oppose the applicant's mark. Furthermore, in copying the Form TM7a to the applicant on 24 June 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.

21. 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 during the opposition process.

22. On balance, 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. Thus, as set out in Tribunal Practice Notice (TPN) 6/2008, 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. Accordingly, as the applicant did not withdraw its application until after the Form TM7 had been served, I uphold the preliminary view that the opponent should be awarded costs of £300, being £100 for the filing of the Form TM7 and a statutory fee of £200. I therefore consider the amount of the costs award to be entirely reasonable and proportionate.

23. Furthermore, as the opponent has incurred additional costs in preparing for, and attending the CMC, I consider it appropriate to make an additional award in respect of that attendance. However, whilst the opponent's claim for £360 in relation to this is noted, I bear in mind that any award is to be regarded as contributory rather than compensatory. Therefore, on balance, I consider that an additional award of £300 in respect of the CMC is both reasonable and proportionate.

## **CONCLUSION**

24. I award the opponent the sum of £600, based on Tribunal Practice Notice 2/2016, calculated as follows:

Notice of opposition fee	£100
Preparing the Notice of Opposition	£200
CMC attendance	£300
<b>Total</b>	<b>£600</b>

25. I, therefore, order Atypic Skincare Ltd to pay Dale Campbell the sum of £600. The sum should be paid within 21 days of the expiry of the appeal period or, if there is an appeal, within 21 days of the conclusion of the appeal proceedings.

**Dated this 26<sup>th</sup> day of May 2023**

**Sam Congreve**  
**For the Registrar**