

O-307-14

TRADE MARKS ACT 1994

**TRADE MARK REGISTRATION No. 2557468
IN THE NAME OF ROADRUNNERS (GATWICK) LIMITED**

AND

**APPLICATION 84487
BY ROAD RUNNERS EG LIMITED**

DECISION ON COSTS

Decision on costs

1. On 22 April, I issued a decision on behalf of the registrar of trade marks in which I declared that trade mark registration 2557468 for the mark ROADRUNNERS, in the name of RoadRunners Gatwick Limited (“Gatwick”), was invalid. This was because:

- i) It was registered contrary to s.5(4)(a) of the Act, having regard to certain common law rights established by Road Runners EG Limited (“EG”), and
- ii) I found that the application for registration had been made in bad faith as it was motivated by an intention to stop EG making further use of ROADRUNNERS in order to damage the business of a competitor of Gatwick.

2. At the request of the parties, I allowed them time to make submissions on costs after having received by decision on the substantive matters.

3. I subsequently received a written submission dated 30 April from James Kemp of EG asking for an award of costs departing from the registrar’s usual scale of costs and compensating EG for the costs it had incurred in making the application for invalidation. I was provided with a breakdown of EG’s professional costs, which amounted to £7,322.24.

4. The application for off-scale costs was justified on the basis that Gatwick had acted vexatiously and abusively in registering the mark and in defending the cancellation proceedings.

5. EG responded to this application with a written submission dated 23 May. EG submits that:

- i) That the only reason advanced for an award of off-scale costs is that the bad faith ground was upheld;
- ii) The Office’s Manual of Trade Mark Practice makes it clear that the justification for off-scale costs is unreasonable behaviour and “*..just because a party has lost, this is not indicative, in itself, of unreasonable behaviour*”.
- iii) Gatwick has not identified any instances of unreasonable behaviour in these proceedings.
- iv) It was reasonable for Gatwick to defend its registration and indeed the defence put forward by EG was successful on many counts.
- v) EG’s case was muddled throughout and did not reveal the ultimately successful case that it owned localised goodwill under the mark ROADRUNNERS.

- vi) EG's behaviour was unreasonable in several respects, including defamatory claims and this undeserving of an award of costs, let alone off-scale costs.
- vii) If costs were to be awarded to EG, they should be based on the usual scale and limited to £1650.

6. The registrar's authority to award costs is based on s.68 of the Act and Rule 67 of the Trade Mark Rules 2008.

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.

7. 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 4/2007. However, as this Notice 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 Practice Notice 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.

8. Firstly, I do not consider that EG's own behaviour prevents it from asking for an off-scale award of costs against Gatwick on account of Gatwick's unreasonable behaviour, although I agree that it is a factor which should be taken into account in deciding the appropriate level of costs.

9. Secondly, I accept EG's submission that it did not act unreasonably in defending its registration. The strength of Gatwick's attack on the registration, although successful, was made more difficult for EG to assess by the inclusion of incorrect and irrelevant claims.

10. Thirdly, I accept that a losing party should not be considered to have acted unreasonably simply because they lost. That general proposition is less true when it comes to findings that a party registered a mark in bad faith because such a finding necessarily means that the party should have realised that what it was doing was wrong, even if it did not do so. Nevertheless, there are degrees of behaviour which constitute bad faith ranging from outright dishonesty to behaviour which, although not dishonest, falls below the standards of acceptable commercial behaviour observed by reasonable people in the relevant field of activity. The behaviour of EG which led to the finding of bad faith fell into the second category.

11. I have therefore decided that costs should be awarded on the usual scale and on the following basis:

£400 as a contribution towards the cost of filing the application and considering the counterstatement (including the £200 official fee and reflecting the poor quality of the application).

£1000 as a contribution towards the cost of filing of evidence and considering Gatwick's evidence.

£750 as a contribution towards the cost of the half day hearing.

12. Subject to appeal, I order RoadRunners Gatwick Limited to pay Road Runners EG Limited the sum of £2150 within 7 days of the end of the period allowed for appeal.

Dated this 14th day of July 2014

**Allan James
For the Registrar**