O/635/20

TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION NO. 3321759 BY WHICHDISH LIMITED

AND IN THE MATTER OF OPPOSITION NO. 414154 THERETO BY WHICH? LIMITED

DECISION ON SECURITY FOR COSTS

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1. This is an application for security for costs that has been made by Which? Limited ("***the Opponent***") who is the appellant on this appeal.

2. The appeal related to the application that was made on 2 July 2018 by Whichdish Limited ("***the Applicant***") to register the trade marks (series of 2) **whichdish** and **which dish** in respect of various services in class 35 and 42. The application was opposed by the Opponent on the basis of section 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994 ("***the 1994 Act***").

3. It is to be noted at the outset that at all material times the Applicant does not have professional representation. The Opponent has at all times had professional representation.

4. In her Decision dated 16 December 2019, Mrs S Wilson acting on behalf of the Registrar of Trade Marks (O-773-19), rejected all the grounds of Opposition and ordered the Opponent to pay to the Applicant the sum of £1,300 by way of costs.

5. Subsequently the Opponent appealed. By a letter dated 11 June 2020 the parties were notified of the hearing date for the appeal namely 16 July 2020.

6. On 2 July 2020 the Opponent requested an adjournment of the appeal for one month including on the basis that *inter alia* the Opponent wished to make an application for security for costs. Although invited to comment on the application for an adjournment the Applicant did not do so.

7. On the 7 July 2020 the application for an adjournment was granted and the appeal was relisted for 9 September 2020.

8. On 29 and 30 July 2020 the Opponent sent emails to the Applicant requesting the Applicant's agreement with regards to security for costs with respect to the costs below and of the appeal. It was proposed on behalf of the Opponent that *each* party should provide £5,000 by way of security to be paid into an escrow account. The

request was made on the basis that the Applicant's accounts filed at Companies House for 2019 (being the only ones available) showed that the Applicant had overall liabilities of £3,223.

9. As no agreement was forthcoming, on 17 August 2020 the application for security for costs was made by the Opponent. The application was made by way of a letter annexing certain documents.

10. On 20 August 2020 directions were given for the future conduct of the application for security for costs. This included providing a timetable for the Applicant to file '*any evidence upon which it intends to rely upon to show its financial circumstances*'. As a result of further time being allowed, in order for settlement discussions between the parties to continue, the times set out in the original directions were extended by agreement.

11. On 26 November 2020 the Applicant sent an email attaching '*the evidence in (sic) which we attend (sic) to reply upon to show our financial services*'. Two documents were attached the first was described as a '*Summary of financial circumstances*' and the second exhibit WD1 which was a copy of a bank statement for Whichdish Limited.

12. As part of the directions, provision was made for the filing of written submissions and a requirement that the parties to indicate whether they wished to be heard on the application for security for costs or were content for the application to be decided on the papers. Pursuant to those directions both parties confirmed that they were content for the application to be decided on the basis of the papers filed for that purpose. On the 4 December 2020 the Opponent filed detailed written submissions. Also, on the 4 December 2020 the Applicant stated as follows in an email:

> We confirm that we do not wish to be heard at a hearing for the application for security for costs.
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> In terms of written submissions, we anticipate that the information provided in our email sent on 26 November at 21:06 covers this. At this point, the only additional material we wish to add is that, given we were successful at the trade mark tribunal, the substantial difference in the comparative sizes of the two parties and the fact that this process has been initiated solely by Which? Limited, we feel that this application for security for costs is being used by Which? Limited as a tactic in which to impart further pressure on us to give up on the trade mark.

13. The power of an Appointed Person to make an order for security for costs was most recently confirmed in the decision of Phillip Johnson sitting as the Appointed Person in DOUGLAS OF DRUMLANRIG TM (O-380-20) at paragraphs [7] to [13]. As was made clear in paragraphs [9] and [10] of that decision the Appointed Person has

the power under Rules 68(1) and 73(4) of the Trade Mark Rules 2008 to require *any party* to the proceedings to give security for costs in relation to those proceedings and on appeal (see also JINI TM (O-585-01) at paragraphs [8] –[12] and Lagoniassa's Application (O-084-20) at paragraphs [24] to [26] in which it is to be noted the application for security was made, as in this case, by the opponent/appellant as against the applicant/respondent).

14. In the circumstances, I am satisfied that, contrary to the position of the Applicant, I have the *power* to make an order for security for costs of the type requested by the Opponent in the present case.

15. Turning to the approach to be taken to the question of security for costs this has been conveniently set out in Lagoniassa's Application (above) at paragraphs [22] to [23] as follows:

> 22. Although not bound by the same, the Registrar in exercising his tribunal powers under the Act and Rules adheres to the overall objective underlying the Civil Procedure Rules of dealing with cases justly and proportionately (CPR, r. 1.1). Security for costs are provided for in Rule 25.12 – 25.15 of the CPR. The conditions to be satisfied for the court to make such an order include where there is reason to believe a company will be unable to meet a costs order made against it but the court must also be satisfied, having regard to all the circumstances in the case, that it is just to make such an order (r. 25.13). The same considerations apply to making a security for costs order on appeal (r. 25.15).
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> 23. Discretionary factors may include the amount(s) of security for costs claimed, the prospects of success in the main proceedings, any delay in applying for security and access to justice considerations (*Keary Developments Ltd v. Tarmac Construction Ltd* [1995] 3 All ER 534, Peter Gibson LJ at 539, recently reviewed in *Goldshine Trade Limited v. Revenue and Customs* [2019] UKUT 229 (TCC)). In *Amy Nasser v. United Bank of Kuwait* [2001] EWCA Civ 556, the Court of Appeal recognised that when determining an application for security for costs, the tribunal was obliged to act compatibly with Article 6 of the European Convention on Human Rights guaranteeing the right to a fair and public hearing (Mance LJ at paras. 37 – 38).

16. In the present case the basis for the Opponent's application for security for costs for the opposition and associated appeal costs on the basis as it stated in its email of 17 August 2020 that the Opponent had '*serious concerns regarding the Applicant's ability to meet any order for costs made in the pending Appointed Person Appeal proceedings*' and that '*we have (sic) reasonable belief that the Applicant has no current income from its trade*'. Attached to the email were the Applicant's most up to

date filings from Companies House and print out from and relating to certain websites indicating that the Applicant was no longer active or trading.

17. As noted above the Applicant responded to a direction to file evidence as to its financial means by way of a '*Summary of financial circumstances*' and the second exhibit WD1 which was a copy of a bank statement for October 2020 for Whichdish Limited.

18. The summary of financial matters was not provided by means of a witness statement. It is a document that contains a mixture of what can more properly be described as submission as well as some factual statements or explanations. As the Opponent correctly points out the document has no witness header; does not state who is making the statement and contains no statement of truth. It also does not dispute the specific factual matters or documents put forward in the email sent on behalf of the Opponent in support of the application for security for costs.

19. The bank statement referred to as exhibit WD1 for October 2020 showed a balance of £4.70 as of 31 October 2020.

20. The Opponent accepts that the Applicant is unrepresented but says the rules apply equally to represented and unrepresented parties and, on that basis, submits that this material is inadmissible evidence as it is non-complaint with CPR 32 and associated Practice Direction.

21. The first point to make is the CPR is not directly applicable to the UK IPO which has its own rules and practice directions. Such rules and practice directions including the form in which evidence is to be provided is set out on the UK IPO website and as noted by Geoffrey Hobbs QC sitting as the Appointed Person in COW & PIG KITCHEN TM (O-774-18) at page 19 '*are not inaccessible or obscure*'. There is no doubt that the '*Summary of financial circumstances*' does not comply with the UK IPO rules regarding evidence.

22. However, in the present case the issue of whether or not the material put forward by the Applicant may properly be regarded as 'evidence' for the purposes of the present application does not matter. That is because the material that is put forward by the Opponent in support of its application demonstrates on its face that the Applicant would be unable to pay the costs of the Opponent if ordered to do so; and this material is uncontradicted in the Applicant's 'evidence'. Moreover, no other material or explanation is put forward in the 'evidence' relied upon by the Applicant to suggest otherwise and the bank statement referred to as Exhibit WD1 appears on its face to provide further confirmation that the Applicant would not be able to meet any order as to costs in the event that one was made against it.

23. However, that is not the end of the matter as explained in DOUGLAS OF DRUMLANRIG TM (above) at paragraph [16]:

> 16. The fact a party cannot necessarily pay a costs award is not the end of the matter. The power to require a security for costs is discretionary and so should only be exercised where it is just and proportionate to give an order: see *Logoniassa's Application* (O/84/20) paragraph 28.

24. I must therefore consider whether in the exercise of my discretion I should or should not make an order for security in the present case. In making my decision I have taken account of the following considerations (in no particular order of importance).

25. First, it is well established that costs in the UK IPO are generally speaking ordered on a contributory (rather than actual cost) basis and for this purpose a published scale is published. Whilst it is also the case that the decision taker may make an order for costs off the scale there is nothing to suggest in the current proceedings that this would be appropriate.

26. In the present case the Opponent is seeking £5,000 by way of security from the Applicant with respect to the costs of first instance and on appeal. It has not provided any breakdown of the basis upon which it is said that such an amount is appropriate.

27. The Hearing Officer in the present case made an assessment of costs by reference to the scale and ordered that the Opponent pay the Applicant £1,300[1]. There seems to be no dispute that, if it was correct to apply the scale for example as in the case where a party was professionally represented, this was an appropriate cost order to make. That seems to me to be the starting point for the scale costs for first instance. The costs on appeal are generally lower than the costs at first instance. It therefore seems to me that the level of security that the Opponent seeks is, in the absence of any explanation, rather high and all the more so given that it does not appear that any Respondent's Notice has been filed.

28. The Opponent seeks to support its application for security by saying that it will also pay £5,000 into escrow by way of security. I fail to see how this is relevant to the present application.

29. The Applicant has never suggested that the Opponent would be unable to pay any order as to costs that might be made in the proceedings. It has made no application for security for costs. This is hardly surprising given the evidence that the Opponent filed in the present proceedings, as recorded by the Hearing Officer in her Decision, which demonstrated a substantial business and included an operating turnover for the year ending 30 June 2018 in excess of £90 million (paragraph 17 of the Decision).

30. A suggestion was made in the correspondence that it would be beneficial to the Applicant if the Opponent had placed £5,000 into escrow as it would speed up the payment to the Applicant should any costs order be made in its favour. However, any order for costs would include a date by which the order for costs should be satisfied

[1] This costs award is subject to a discrete issue on appeal. It is said that the Hearing Officer should not have ordered £1,300 by reference to the scale as the party was not professionally represented and that the costs that should have been £684 on the basis of £19 per hour being the minimum level of compensation for litigants in person under The Litigants in Person (Costs and Expenses) Act 1975 (as amended) and the claim by the Applicant to have done 36 hours work on the Opposition.

(usually between 14 and 28 days from the Decision) and it is difficult to understand what '*comfort*' the Applicant would get from the Opponent given that there is no suggestion (and nor could there be) that the Opponent would not have the ability to fulfil any order for costs that should be made against it. It is of course to be noted that pending appeal the cost order in favour of the Applicant at first instance has been suspended only falling due 21 days after the conclusion of any appeal proceedings (paragraph 97 of the Decision).

31. Second, regarding the prospects of success. I have firmly in mind that the case law cautions against a detailed investigation of the merits at an interim stage. This is recognised by the Opponent who nonetheless states that *'[the prospects of success] are strong*'. As to the main appeal the standard of review is well known. An appeal against decisions taken by the Registrar is by way of review. Neither surprise at a Hearing Officer's conclusion, nor a belief that he or she has reached the wrong decision suffice to justify interference in this sort of appeal. Before that is warranted, it is necessary for the appellate tribunal to be satisfied that there was a distinct and material error of principle in the decision in question or that the Hearing Officer was wrong. See Reef Trade Mark [2003] RPC 5; and Actavis Group PTC v. ICOS Corporation [2019] UKSC 1671 at [78] to [81]. I have reviewed the Grounds of Appeal I cannot say that on their face there is a high or strong probability of success on the part of the Opponent (or vice versa).

32. Third, the application was filed on 2 July 2018 and published for Opposition purposes on 20 July 2018. The Opposition was subsequently filed in accordance with the rules and the Decision, the subject of the present appeal, issued on 16 December 2019. On 14 January 2020 the Notice of Appeal was filed and on 11 June 2020 the parties were notified of the hearing date for the appeal namely 16 July 2020. On 2 July 2020 the Opponent requested an adjournment of the appeal for one month including on the basis that *inter alia* the Opponent wished to make an application for security for costs. It was not until the 17 August 2020 that an application for security was made following a request made to the Applicant *for the first time on 29 July 2020*.

33. At no time prior to those times had a request/application for security for costs been made even though Whichdish Limited was only incorporated on 5 June 2018 and the first set of company accounts were filed on 28 February 2020 (as is shown by the publicly available documents at Companies House). There is no explanation provided by the Opponent as to why security was not sought earlier.

34. Fourth, it does not appear that the Opponent was deterred in bringing the Opposition because a costs award in its favour might not be met by the Applicant. Further, there is nothing to suggest that the Opponent will not pursue its appeal in the event that no security is ordered.

35. Fifth, the application does not address the issue of what sanction should follow were security for costs ordered and not met. It seems to me that the points made by Professor Ruth Annand in Lagoniassa's Application (above) at paragraph [37] are apposite to the present appeal:

> Fifth, the Application does not address the issue of what sanction should follow were security for costs to be ordered but not met. I bear in mind that the Applicant/Respondent is under no obligation to engage in the appeal and as far as I am aware has not submitted a Respondent's notice. Any suggestion that the appeal should be allowed in that event carries with the consequence of depriving the applicant/Respondent of a decision in its favour without recourse to a substantive hearing. Bypassing the appeal procedure by such means in the present case would not in my view be Article 6 ECHR complaint (sic).

36. Moreover, given that the application did not identify any sanction that should follow were the security for costs ordered and not met it does not seem to me to be fair to criticise the Applicant for not specifically addressing the question of a right to a fair hearing under Article 6 ECHR.

37. Sixthly, I do not accept the suggestion by the Opponent that they would be unfairly prejudiced by the rules if security was not granted in circumstances where the Applicant has '*flagrantly disregarded the rules [of evidence]'*. First there is nothing to suggest that the Applicant in the present proceedings has *flagrantly* disregarded the rules and secondly this approach would in the present proceedings have the result of putting the Opponent in a better position where the Applicant has filed something albeit inadmissible in part; than if the Respondent had simply not engaged in the application at all.

38. Seventhly, it is suggested on behalf of the Applicant that the present application is being used as a '*tactic*' in the context of the dispute between the parties. It is not entirely clear what the Applicant intends by this reference and without further explanation and/or evidence I have disregarded this submission for the purposes of this application.

39. With regard to the legal submissions made on behalf of the Applicant those have been dealt with as far as is necessary above. For the avoidance of any doubt in so far as the Applicant put forward any facts by way of 'evidence' in the context of this application that might be said to have relevance to the exercise of my discretion I have *not* taken them into account.

40. In view of all the above, I have concluded that it would neither just nor proportionate to make an order for security for costs in this case. In the circumstances the application for security for costs is refused.

41. A date for the hearing of the substantive appeal will be notified to the parties in due course in accordance with the 1994 Act. However, the hearing of the appeal will not be listed before 11 January 2021. The costs of the application for security for costs will be reserved to the hearing of the substantive appeal.

EMMA HIMSWORTH QC

Appointed Person

15 December 2020