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## Balancing the Scales: Costs Awards in UKIPO Proceedings

Julius Stobbs (Stobbs IP) · Tuesday, May 23rd, 2017

The UKIPO is one of the Tribunals that has the power to grant costs awards against the losing party. And whilst they are usually more significant than the specific amounts granted by the EUIPO, they are usually awarded according to a published 'scale'. This scale is almost always followed, but not always!

The general practice on UKIPO cost awards is that they should be 'reasonable'. Some claimants can feel that this is a frustrating point, as the prescribed restrictive scale generally limits them to minimal remuneration. However, it does mean that those who are on the wrong side of the line can feel fairly comfortable about the risk of the ultimate costs award.

A number of UKIPO cases have shed light onto instances where the registry has felt that a party's behaviour during the proceedings falls just on the right side of the line for an on-scale costs award to be made – usually, the question boils down to how the parties behaved during the proceedings. Off the scale costs awards are usually only awarded if a party has behaved unreasonably, employed delaying tactics or otherwise breached the rules.

In *O-192-17*, the Appointed Person concluded that the registered proprietor was 'obtuse', but awarded scale costs. In this case, the registered proprietor appealed an unsuccessful decision to the Appointed Person, but later decided to withdraw their appeal. This was not sufficient for the Appointed Person to find that the registered proprietor had acted unreasonably (as claimed by the applicant for invalidation). Importantly, the Appointed Person said that the award of costs should reflect the effort and expenditure to which it relates and does so without inflation for the purpose of imposing a financial penalty by way of punishment.

Other Appointed Persons have come to similar conclusions. In another matter, another Appointed person stated that the mere fact that an appeal was withdrawn before the hearing – even as close as 6 days before the hearing – did not persuade her that an award should be made off the scale.

In *O-158-15*, a UK trade mark applicant had appealed an opposition decision which had gone against it. The applicant also had parallel proceedings running at the same time at the EUIPO for the same trade mark. Once the EUIPO decision came down in its favour, and its EUTM was registered, the UK applicant withdrew its UK appeal. Whilst the other side had asked for an off the scale costs award, the Appointed Person did not feel that it was merited in this instance. Up until its EUTM was registered, the UK applicant had strategically appealed the unsuccessful opposition, and its subsequent withdrawal of this UK appeal was not considered abusive or a ploy designed to gain an unrelated advantage.

However, perhaps few appreciate that the UKIPO does have the power to award costs on a different basis where the circumstances justify it, for example where one party is deemed to have acted unreasonably. In case number O-189-16, the Hearing Officer found that the defendant had made false statements and had maintained a stance that had caused considerable additional work for the claimant. As such, the UKIPO awarded ‘costs off the usual scale’.

Parties should bear in mind when requesting an off-scale costs award at the UKIPO that the registry does not treat costs awards as a form of financial penalty – they are considered to be contributory, not compensatory.

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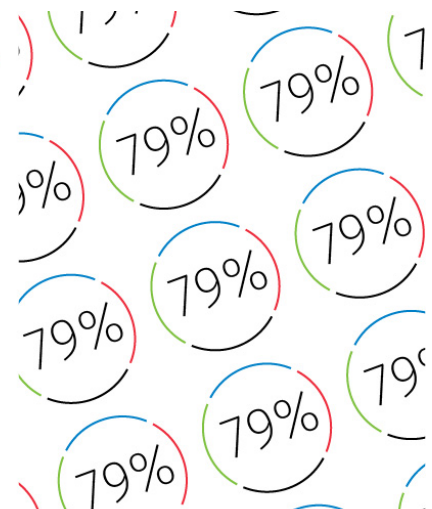
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