

Costs awards in proceedings before the Commissioner

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Introduction

Some trade marks proceedings which started before the coming into force of the Trade Marks Act 2002 continue to be considered under the Trade Marks Act 1953, and this Guideline refers to that legislation as well as the Trade Marks Act 2002. It should be noted that the Designs Act 1953 also provides for the award of costs by the Commissioner, but Designs are not referred to specifically in this document, because there are limited proceedings which take place under that legislation, and very few cases in which awards of costs are made. It may be assumed by the reader that the scale of costs which applies to Trade Mark proceedings would be applied in a similar Designs proceeding.

The portions of the relevant legislation are:

Trade Marks Act 1953: section 62

Trade Marks Act 2002: sections 166,167

Patents Act 1953: section 95

General comments regarding awards of costs

- Awards of costs may be made both by Hearings Officers following decisions, and by the Commissioner when proceedings come to a close prior to a hearing but with no agreement as to costs made between the parties.
- Hearings Officers and the Commissioner may depart from the standard scale, but this will usually only be in exceptional circumstances. Such circumstances may include abuses of process, unnecessary delays and the like.
- Parties who are successful in proceedings which come to a conclusion before a hearing are also entitled to awards of costs, and these will be made by the Commissioner in accordance with the standard scale.
- Parties involved in proceedings should endeavour to come to an agreement as to costs before withdrawing from a proceeding. If no agreement as to costs is made, the successful party may request the Commissioner to make an award of costs. If no request is made, the Commissioner will not on his own initiative make an award, even though the pleadings may have sought an award of costs.
- As mentioned above, a "successful" party may request that costs be awarded. In those circumstances where a party withdraws from a proceeding, or through the operation of the legislation is deemed to have abandoned or withdrawn, and no agreement as to costs has been made, it is Office practice to regard the other party as the "successful" party.
- Regulation 46 of the Trade Marks Regulations 1954 reads as follows:

Costs in Uncontested Case

46. In the event of an opposition being uncontested by the applicant, the Commissioner, in deciding whether costs should be awarded to the opponent, shall consider whether proceedings might have been avoided if reasonable notice had been given by the opponent to the applicant

before notice of opposition was lodged.

That regulation has not been carried forward into the Trade Marks Regulations 2003, but the practice to which it refers nevertheless continues to be adopted by the Office in proceedings taking place under the Trade Marks Act 2002. That is, if an applicant does not file counter-statement to a notice of opposition, the Commissioner will not award costs to an opponent unless the opponent is able to show that they gave reasonable notice to the applicant of their intention to oppose, and made a request that they voluntarily withdraw the application, before filing notice of opposition.

- Lay Litigants

It is not uncommon for individuals to represent themselves in proceedings before the Commissioner, and in many cases they do so capably and successfully. However, if they are successful in a proceeding they should not expect to receive an award in accordance with the scale.

There is a long tradition and strong precedent from the courts in New Zealand that it is not appropriate to award costs to lay litigants. Assistant Commissioner Duffy in the decision re Trade Mark 279547 cited *Re Collier* [1996] 2 NZLR 438 at 441 and said "It is a general rule of practice, from which there has been no deviation in New Zealand, that a litigant in person is not entitled to recover costs in any case before the New Zealand courts".

Whilst the Commissioner is not a court, it is considered that this principle also applies to the Commissioner's discretion to award costs. That is, the awards made by the Commissioner are intended to assist in compensating a successful party for the money expended in obtaining professional advice and assistance.

In general terms, therefore, the Commissioner will not make an award in accordance with scale in favour of lay litigants. However, if lay litigants can provide evidence of actual costs incurred in payment for professional assistance in conducting their case, an award could be made.

Standard scale

With the proviso, mentioned above, that the Commissioner is empowered to depart from the standard scale, awards of costs will usually be made in accordance with a standard scale (see the Appendix to this Guideline). It should be stressed that the amounts of costs awarded by the Commissioner have never been intended to equate to the real costs. By long practice such costs have been awarded on the basis of a standard scale, and are not intended to compensate the parties for the total expense to which they may have been put. The scale is a guide to parties considering engaging in proceedings as to the levels they may expect to recover (or to pay if unsuccessful).

The scale (and the practice of making awards in accordance with the standard scale) may be reviewed from time to time. The matter was most recently reviewed by IPONZ in 2004, following a request from practitioners that a review should take place, as it was said that the figures awarded did not adequately reflect the real costs of parties in proceedings. The outcome of that review was published in the May 2005 Newsletter, and at that time it was not considered appropriate to make any significant changes to the scale which had been in effect from 1999. As a result the standard scale which is attached as an appendix to these Guidelines is now in force. It includes the addition of allowances for costs awards in proceedings under the Trade Marks Act 2002 which were not included in the previous scale.

The review mentioned above showed that in general, and making allowance for differences in exchange rates and the relative costs of living applying in the separate jurisdictions, the standard scale applied in New Zealand, and the actual costs awarded in cases, are very similar to the scales and awards in the two most similar jurisdictions of Australia and the United Kingdom.

Disbursements

It should be noted that certain "disbursements" will be included in costs awards, specifically fees paid by the party concerned to IPONZ. These are the fee for filing a Notice of Opposition, and the Hearing Fee, if either applies. If a party has been required to pay these fees the costs award will add the amounts concerned to the scale allowances.

The Commissioner may consider making allowances for other disbursements for "lay litigants" in exceptional circumstances - see the mention of Lay Litigants above.

Security for costs

Introduction

The relevant legislation is:

Trade Marks Act 1953: section 62(2)

Trade Marks Act 2002: section 167

Patents Act 1953: section 95(2)

Designs Act 1953: section 38(2)

General comments regarding security for costs

There has been an increasing trend for parties to proceedings to request the Commissioner to require that the other party give security for costs, presumably because of instances of parties failing to make payment of costs when ordered to by the Commissioner. The following is the practice adopted by the Commissioner. It should be noted that there is a difference in the legislation between trade marks and patent proceedings. The Patents Act 1953 provides that the Commissioner may only require payment of security for costs from either "any party by whom notice of opposition is given" or "by whom application is made to the Commissioner for the revocation of a patent" (plus some other occasions which are so rare that they do not require consideration in this document). This is effectively the equivalent of the provisions in the High Court Rules in relation to security for costs.

In trade marks proceedings, however, both the Trade Marks Act 1953 (the 1953 Act) and the Trade Marks Act 2002 (the 2002 Act) refer to the Commissioner requiring payment of security for costs from "any party to any proceeding under this Act" (1953 Act) or "a party to any legal proceeding under this Act" (2002 Act).

Therefore, in patent proceedings, the Commissioner may only require an opponent or applicant for revocation to pay security for costs, but in trade mark proceedings, he may require any party to pay.

The reason for requiring security for costs arises either because there is no readily available method of enforcing payment of costs awards against a party which does not reside or carry on business in New Zealand. In such circumstances the Commissioner may require that party to deposit moneys as an assurance that if costs should be awarded against them, they will be paid.

The Commissioner does not normally make such orders without a formal request to do so being made by the other party.

Whilst it is not a specific requirement of the relevant legislation that there must be some doubt as to whether costs will be paid, the Commissioner expects that requests to require security for costs will not be made lightly. At the least it is expected that the party asking that security for costs be required will have incurred or be approaching the stage where they will be incurring substantial costs.

If the Commissioner is requested by one party to require the other party to deposit security for costs, that party will be requested to show that they reside or carry on business in New Zealand, or that it would be unjust to be required to deposit security for costs. If they are not able to do so, security for costs will be ordered.

The order will require the deposit with the Commissioner of a sum of money, to be held in trust for the party concerned pending issue of an order for costs at the conclusion of the substantive proceeding. The amount required will usually be based on the likely award of costs to be made against that party at the conclusion of the proceeding.

Appendix: Scale of Costs Awarded by IPONZ in inter parte Proceedings

	Trade marks	Patents
⁺ For preparing and filing Notice of Opposition	500	500
[*] For preparing and filing counter-statement	300	300
⁺ For preparing and filing opponent's evidence	800	800
For preparing and filing owner's evidence in Revocation for non-use (Regulation 96)	400	n/a
[*] Receiving and perusing opponent's evidence	400	400
[*] For preparing and filing applicant's evidence	800	800
⁺ Receiving and perusing applicant's evidence	400	400

+ For preparing and filing opponent's evidence strictly in reply	200	200
* Receiving and perusing opponent's evidence strictly in reply	100	100
+ * Preparation of Case for hearing	500	500
+ * Attendance at hearing by counsel	180 per hour or 810 per day	180 per hour or 810 per day
Disbursements		
+ An opponent receiving an award of Costs may expect to receive refund of Notice of Opposition fee	300	300
+ * Hearing fee will be refunded to the successful party	750	750

+ Signifies awards to an opponent

* Signifies awards to an applicant

N.B. The same scale will be applied in Patent Revocation proceedings, and in Trade Mark proceedings for Declaration of Invalidity. In such circumstances, substitute the term "opponent" with the term "applicant for revocation" or "applicant for declaration of invalidity", as appropriate; and the term "applicant" with the term "patentee" or "owner" as appropriate.