

Trade Mark Hearings

Costs awards

Section 166

In trade mark proceedings the Commissioner may award costs to a party that the Commissioner considers reasonable.

The Commissioner's costs order may be entered as a judgment of the court and enforced accordingly. It is therefore important that parties carefully consider the possibility of an adverse costs award being made against them when deciding whether or not to initiate, or defend, trade mark proceedings.

Commissioner's standard practice

The Commissioner's standard practice is to order the unsuccessful party in proceedings to pay costs to the successful party in accordance with the scale of costs below. Costs awards reflect the steps that had been completed when the proceedings were concluded.

Who is entitled to costs?

The 'successful party' in the proceeding is generally entitled to an award of costs.

A party will be deemed 'successful' when:

- A decision is made in their favour (both for interlocutory and substantive hearings);
- The other party withdraws from a proceeding without an agreement with them as to costs;
- The other party withdraws its trade mark application or registration, which is the subject of the proceeding, without an agreement with them as to costs;
- The other party is deemed to have abandoned or withdrawn from the proceeding (for example by failing to file a counter-statement).

General principles applied to cost awards

The following principles apply to cost awards:

- The Commissioner has discretion whether to award costs, and for what amount.
 - The scale costs are not intended as full compensation for actual expenses but as a contribution to those expenses.
 - Costs are not to be used as a punishment or an expression of disapproval of the unsuccessful party, although undesirable behaviours of either side (as discussed below) will likely result in a departure from scale.
 - The Commissioner may make an award of costs at any appropriate stage in the proceedings.
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Purpose of the scale of costs

The scale of costs is a guide to give parties an indication of the amount they can reasonably expect to recover or incur when deciding whether to initiate or defend an IPONZ hearing proceeding, although the Commissioner will depart from the standard scale where the particular circumstances of a case, or the behaviours of a party, warrant it.

The scale of costs is not intended to reflect the 'actual costs' incurred by parties in IPONZ hearing proceedings, which are often significantly higher. This is in keeping with the IPONZ Hearings Office's role to administer proceedings in a fair, efficient and cost effective manner.

Departure from the scale of costs / increased cost awards

While the Commissioner will generally apply the standard scale of costs, the Commissioner will depart from scale if the circumstances of the case, or the behaviour of a party, warrant it. In exceptional circumstances, the Commissioner may also award indemnity costs.

The following undesirable behaviours are likely to result in a departure from scale:

- Any conduct that unnecessarily protracts the proceedings or increases the cost to the other party.
- General gaming of the system and/or other unreasonable or improper behaviour.
- Unreasonable persistence in pursuing a certain ground that lacks merit.
- Seeking an amendment to pleadings, which if granted could lead to the other side having to amend its pleadings or to file further evidence, where the amendment was clearly avoidable.
- Costs for evidence filed in respect of grounds which are not pursued at the substantive hearing.
- Failure to comply with the Commissioner's directions.
- Un-notified failure to attend a hearing.

Costs awarded in the above circumstances will reflect the extra expenditure incurred by the other side as a result of the behaviour.

Parties should agree to costs before withdrawing from proceedings

Parties involved in proceedings should endeavour to come to an agreement as to costs before either:

- withdrawing from the proceeding; or
- withdrawing their trade mark application or registration which is the subject of the proceeding.

If no agreement is reached, the successful party must write to the Hearings Office and make a separate request for costs (even if their pleadings sought costs). If a separate request is not filed, the Commissioner will proceed on the basis that the parties have reached a prior agreement as to costs and will let them lie where they fall.

Costs in an uncontested case

In an uncontested case, where the trade mark applicant/owner does not defend their trade mark, the Commissioner will consider whether the proceeding may have been avoided before awarding costs. Essentially, the party who filed the proceeding should have contacted the applicant/owner prior to lodging the proceeding to give them an opportunity to withdraw their trade mark application or registration.

If the trade mark applicant/owner wasn't given the opportunity to avoid the proceeding by withdrawing its trade mark application or registration the Commissioner will not award costs to the successful party.

Costs for parties representing themselves (lay litigants)

The Commissioner has adopted the long standing practice of the New Zealand courts not to award costs to lay litigants, even when they are successful. [1 \(https://www.iponz.govt.nz#fn:1\)](https://www.iponz.govt.nz#fn:1)

This approach is considered appropriate because the IPONZ schedule of costs is intended to assist in compensating a successful party for the costs of obtaining professional advice and assistance. An exception may be made if the litigant concerned can provide evidence of actual costs incurred for professional assistance in conducting their case.

Parties representing themselves will, however, be entitled to an award of costs for their official fees. [2 \(https://www.iponz.govt.nz#fn:2\)](https://www.iponz.govt.nz#fn:2)

Disbursements (official fees) / other expenses

Disbursements, including official fees for filing a proceeding notice or application, and/or the hearing fee, paid by the successful party will be included in cost awards.

Other expenses such as the successful parties travel and accommodation will not be included in cost awards.

Application for costs award

If a proceeding is concluded with no agreement or direction as to costs the successful party may apply for a costs award. This must be done through the online case management facility on the proceeding case.

The unsuccessful party will be given one month to make submissions on the request for costs. These submissions may give reasons why it would be unjust in the circumstances to order an award of costs, or why the amount requested is inappropriate.

Once the Commissioner has considered both the request and the other side's response the Commissioner may order an award of costs that the Commissioner considers reasonable under the circumstances.

Scale of costs for trade mark proceedings

Step in proceeding	Costs for proceedings filed before 1 February 2019	Costs for proceedings filed from 1 February 2019
Preparing and filing a Notice of Opposition or Application for Revocation, Invalidity, Rectification or Cancellation +	\$500	\$500
Preparing and filing counter-statement*	\$300	\$300
Preparing and filing owner's evidence of use of its mark or other special circumstances under regulation 96(1)(b)	\$400	\$400
Preparing and filing opponent's / applicant for revocation, invalidity, rectification or cancellation's evidence +	\$800	\$800
Receiving and perusing opponent's / applicant for revocation, invalidity, rectification or cancellation's evidence *	\$400	\$400

Step in proceeding	Costs for proceedings filed before 1 February 2019	Costs for proceedings filed from 1 February 2019
For preparing and filing trade mark applicant's /trade mark owner's evidence *	€800	€800
Receiving and perusing trade mark applicant's /trade mark owner's evidence +	\$400	\$400
For preparing and filing opponent's / applicant for revocation, invalidity, rectification or cancellation's evidence strictly in reply +	\$200	\$200
Receiving and perusing opponent's / applicant for revocation, invalidity, rectification or cancellation's evidence strictly in reply *	\$100	\$150
Preparation of case for hearing + *	\$500	\$600
Attendance at hearing by counsel + *	\$180 per hour or \$810 per day	\$220 per hour or \$1210 per day

Disbursements	Costs for proceedings filed before 1 February 2019	Costs for proceedings filed from 1 February 2019
An opponent or applicant for revocation, invalidity, rectification or cancellation receiving an award of costs may expect to be awarded its Notice of Opposition or Application fee +	\$350	\$350
Hearing fee will be awarded to the successful party + *	\$850	\$350
Preparing bundle of documents	N/A	\$150

Notes:

+ Awards to the party who initiated the proceeding.

* Awards to the party defending the proceeding.

Footnotes

1 *Her Majesty the Queen v John David Hardy* NZIPOTM T39/2003, which applied *Re Collier* [1996] 2 NZLR 438 (CA). (<https://www.iponz.govt.nz#fnref:1>)

2 *Ibid* at [16] (<https://www.iponz.govt.nz#fnref:2>)



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