

Costs (HMD Circular No. 3/2011, dated 08 April 2011)

Part A below is superceded by HMD Circular 3 of 2017.

A. ~~LIABILITY FOR COSTS~~

Award of Costs

~~The Registrar has the discretion to award costs against any party to proceedings brought before him in relation to any matter and in the amounts provided for by the Trade Marks Rules (Section 69 of the Trade Marks Act (Cap 332) 2005 Rev Ed). Pursuant to the above discretionary power, the Registrar can also direct the method in which payment is to be made. In general, the successful party in contested proceedings is usually entitled to an award of costs. At any hearing, it is open to the parties to submit arguments on costs, and this should always be done especially if it is claimed that costs should not follow the event.~~

Consolidation of Proceedings

~~If the proceedings were consolidated before any evidence had been filed, the cost would normally be awarded for each stage of the evidence as if it was a single set of proceedings. However, if the consolidation had been requested after evidence had been filed, costs would normally be awarded for each set of proceedings separately up to the stage when consolidation was requested, and as though they were one set of proceedings thereafter.~~

Joint Initiating Parties

~~Where two or more parties have joined in to oppose / invalidate / revoke / rectify an application and the action is successful, any costs awarded to the joint initiating parties are calculated as being for one party only. If the action is not successful, the default position is that the joint initiating parties are considered to be jointly and severally liable unless otherwise stated.~~

Taxation

~~The usual order for costs in an *inter partes* hearing would direct the party and party costs to be taxed if not agreed. Unless they are agreed, no costs are payable unless they have been taxed. "Party and party costs" refer to such costs as are necessary or proper for the attainment of justice or for enforcing or defending the rights of the party whose costs are being taxed. The party and party costs chargeable under a taxation are all that are necessary or proper to enable the party to conduct the proceedings, and no more. Unless the order for costs specifies taxation on some other bases, costs would be taxed on party and party basis.~~

Applicability of Scale of Costs (Fourth Schedule of the Trade Marks Rules)

~~The Scale of Costs in the Fourth Schedule applies in relation to taxation hearings / proceedings. The Registrar does not have the discretion to depart from the Scale of Costs provided in the Fourth Schedule (Rule 75(1)). Further, it is to be noted that costs awarded in taxation proceedings are not intended to compensate the parties for the expense to which they may have been put (Rule 75(2)).~~

Guidelines to the Application of the Scale of Costs

In applying the Scale of Costs, the Registrar will be guided by the factors below:

~~(i) In relation to the preparation, drawing, filing and review of the notice of opposition, application for revocation, declaration of invalidity of registration and rectification of an entry in the Register, the Registrar will take into account:~~

- ~~(a) the number of grounds raised~~
- ~~(b) the complexity of the issues of fact and law will be considered~~

~~(ii) In relation to the preparation, drawing and filing of the evidence, the Registrar will take into account:~~

- ~~(a) the complexity of the evidence filed~~
- ~~(b) the amount and relevance of the evidence filed~~
- ~~(c) the number of deponents involved~~

~~(iii) In relation to the preparation of all types of hearings, the Registrar will take into account:~~

- ~~(a) the number of grounds raised~~
- ~~(b) the complexity of issues of fact and law~~
- ~~(c) the length of written submissions (if any)~~
- ~~(d) the amount and relevance of authorities cited (if any)~~
- ~~(e) the number of witnesses taking the stand (if any)~~

~~(iv) In relation to the attendance of all types of hearings, the Registrar will take into account:~~

- ~~(a) the complexity of issues of fact and law~~
- ~~(b) the time taken for the hearing~~
- ~~(c) the number of witnesses taking the stand (if any)~~

Item (v) below is superceded by HMG Circular 1 of 2015.

~~(v) In relation to the general and travelling expenses incurred by witnesses, the Registrar will take into account:~~

- ~~(a) the complexity of issues of fact~~
- ~~(b) the time taken for the witness' attendance~~

B. SECURITY FOR COSTS

(This section of the circular updates and replaces HMD Circular No. 1/2009 on Applications for Security for Costs.)

Section 70 of the Trade Marks Act (Cap 332) 2005 Rev Ed provides:

*If a person who neither resides nor carries on business in Singapore —
(a) gives notice of opposition under section 13; or
(b) applies to the Registrar under section 22 or 23 for the registration of a trade mark to be revoked or to be declared invalid, as the case may be,
the Registrar may require the person to give security for the costs for the proceedings and may, if security is not given, dismiss the proceedings.*

[Emphasis added]

It is clear from the above that there can be 2 stages involved in proceedings related to security for costs. At the first stage, the Registrar has the discretion whether to require one party to give security upon the fulfillment of the criteria. At the second stage, where security is not given, again the Registrar has the discretion whether to dismiss the proceedings. In general, the Registrar will exercise her discretion as a 2-stage process.

I. Application for Security for Costs

A) Whether to Grant Security for Costs

Condition Precedent

It is only if the Initiating Party¹ neither resides nor carries on business in Singapore that the Registrar has a discretion to require him to provide security for costs of the opposition or revocation or declaration of invalidity proceedings. Thus, the party seeking security for costs must first show that the Initiating Party neither resides nor carries on business in Singapore.

Registrar's Discretion

Once it has been shown that the Initiating Party neither resides nor carries on business in Singapore, the Registrar then has a discretion to require the Initiating Party to provide security for costs. The word "may" makes it clear that security cannot be ordered as a matter of course, but only if the Registrar thinks it is just to do so in the circumstances of the case. The Registrar will exercise this discretionary power judiciously and by considering all the circumstances of the case.

Although the wording of Section 70 differs from that of Order 23 of the Rules of Court, the primary purpose behind Section 70 is similar to that for Order 23, which is to ensure that the defending party ("Defending Party") in any action has some security that, in the event that he wins, the Initiating Party or the party taking out the action will pay his costs.

Thus, the factors that will be taken into consideration by the Registrar in deciding whether to grant security for costs in an opposition or revocation or declaration of invalidity proceedings are similar to the factors that the courts will take into account in deciding whether to grant security for costs in a civil suit.

¹ For clarity, in the context for Security for Costs "Initiating Party" refers to the party initiating the *main action* e.g. an Opposition, and not the application for the security for costs.

These factors include, amongst others:

- (i) Whether granting the security would stifle a genuine claim. Impecuniosity of the Initiating Party is inextricably linked to this factor. Where the granting of the security would stifle a genuine claim, the application for security may be denied. One of the ways to moderate the concern of stifling a genuine claim is to reduce the quantum of the security allowed.
- (ii) The ease with which a Singapore decision can be enforced overseas. Generally, if the foreign jurisdiction is covered under either the Reciprocal Enforcement of Commonwealth Judgments Act (Cap 264) or the Reciprocal Enforcement of Foreign Judgments Act (Cap 265), then there is a tendency that the application for security may be refused.
- (iii) The likelihood of the Initiating Party succeeding. However, it is important to note that in coming to her view as to the probability of success of an action, the Registrar is not required to make a detailed examination as to the merits of the case. Indeed, the Registrar would not be in position to do so in particular where the action is still at an early stage. If both parties have an arguable case on the face of it, then this will be a neutral factor.
- (iv) The stage at which the application for security for costs is made. In general, the case is stronger where the application is made at an early stage of the action. This because where an application is made at a late stage, the Defending Party would have already expended much costs. This casts doubt as to whether the Defending Party is genuinely concerned about recovering costs from the Initiating Party.
- (v) Whether the Initiating Party is an individual or a corporate entity. This is relevant as the attitude in relation to impecuniosity differs with regard to companies versus individuals. Where the Initiating Party is a natural person, public policy leans much more towards encouraging access to the Registrar.
- (vi) Where the Initiating Party is a limited company, whether there is evidence that it is unable to pay costs. There are 2 potential ways this factor may apply:
 - (a) Where the Initiating Party is impecunious. When one is dealing with a company rather than a natural person, public policy is in favour of limiting, rather than encouraging, uninhibited access to the Registrar.
 - (b) Where the Initiating Party claims that it is fully able to pay the Defending Party's costs if the latter wins. For example, the Initiating Party may be a public listed company with many assets. Since the

Defending Party is not able to show that the Initiating Party is unable to pay costs, this factor will work against the Defending Party.

Based on a consideration of the above, the Registrar may then decide whether the application for security for costs should be granted. However, where the circumstances are evenly balanced it would ordinarily be just to order security against a foreign Initiating Party.

B) Mode of the Security

In the event that the Registrar does grant the application for security for costs, the Registrar will also direct the quantum, mode of payment as well as the period within which such security is to be furnished.

There are two generally accepted modes for the provision of the security:

- (i) A solicitor's undertaking
- (ii) A banker's guarantee

If the Initiating Party's agents are a firm of solicitors, the more common mode for the provision of the security would be via a solicitor's undertaking as obtaining a banker's guarantee would entail the foreign Initiating Party opening an account with a Singapore bank if it does not already have one. In comparison, where a solicitor's undertaking is given, the foreign Initiating Party simply needs to make payment to its solicitor agent's account. Where the Initiating Party's agents are not a firm of solicitors, then a solicitor's undertaking is not applicable and a banker's guarantee will be required.

C) Stay of Proceedings

Once the Registrar has made a grant of security, pending the provision of the security, there may be a need to stay the proceedings. Whether or not such a need arises will depend on the stage of the action when the grant is made. If it is the Defending Party's turn to file a document, the proceedings are usually stayed so that the Defending Party does not have to incur additional costs. However, if it is the Initiating Party's turn to file a document, the proceedings are usually not stayed.

II. Application for Proceedings to be Dismissed

Following the interlocutory hearing, in the event that the party whom the Registrar has ordered to provide security for costs fails to do so, the party to whom security for costs has been granted can then apply, in writing, for the opposition / revocation / declaration for invalidity proceedings to be dismissed.

The Registrar will call for submissions in writing from both parties and exercise her discretion to decide whether the proceedings should be dismissed. If parties request an interlocutory hearing to decide the issue, the Registrar may also fix one to hear the parties in person. Generally, unless there are good and sufficient reasons to justify the default in payment of the security, the Registrar

is likely to order that the opposition / revocation / declaration for invalidity proceedings be dismissed.