O-156-14

Decision under the Companies Act 2006

In the matter of application No. 614

By Blue Sky Law Limited

For a change of company name of registration

No. 08285861

DECISION ON COSTS

Background

1. On 6 August 2013, Blue Sky Law Limited (hereafter "the applicant"), made an application under the provisions of section 69(1) of the Companies Act 2006 (the Act), for a change of name of the company registered under no.08285861. At the time of the application, the company name was BLUE SKY LEGAL SERVICES LIMITED (hereafter "the respondent"). In its application, the applicant asked for the respondent's director, Ms Molara Solanke, to be joined to the proceedings. A copy of the application was sent to the respondent's registered office on 16 August 2013, in accordance with rule 3(2) of the Company Names Adjudicator Rules 2008 ("the rules") and a period expiring on 16 September 2013 was allowed for a defence to be filed. On the same date, the Tribunal wrote to Ms Solanke informing her of the applicant's request to join her to the proceedings and allowing her until 16 September 2013 to comment upon the request.

2. On 16 September 2013, Ms Solanke wrote to the Tribunal. That letter reads as follows:

> "In order to settle this matter I have changed my company name...
>
> However, I would like to make it clear that there is no geographical proximity between our two companies in practice as though my company is registered in Cheshire that is for accounting and administrative purposes only. I set my company up when I started working as a locum lawyer in 2012 and appointed a company to deal with the accounting and administrative matters at that time. The company is based in Cheshire and, as I understand it, such arrangements are common place in the world of locum lawyers. My company's services are London based (and have been since the company was created). My company has never provided any services in or near the geographical area where the complainant's services are located and there is no evidence that there has ever been any confusion between the two companies or that the complainant has suffered disadvantage on account of the similarities in name. Certainly I have never received any enquiry for Blue Sky Law Limited."

Attached to Ms Solanke's letter was a *Certificate of Incorporation on Change of Name* issued by Companies House on 16 September 2013, indicating that the respondent had changed its name to TOP NOTCH LEGAL SERVICES LIMITED. As can be seen from the above, Ms Solanke did not comment on the applicant's request to join her to the proceedings.

3. The Tribunal wrote to the parties on 1 November 2013, indicating that as the name TOP NOTCH LEGAL SERVICES LIMITED did not appear to be an offending name, the application now appeared to be without object and the Tribunal was minded to close the case; the parties were allowed until 15 November 2013 to comment upon this approach. As it appeared that no response to this letter had been received from either party, the Tribunal, on 9 December 2013, wrote to the parties indicating that the case had been closed. However, it later transpired that the applicant had written to the Tribunal by e-mail on 6 November 2013, but that e-mail had never been linked to the official file. Whilst in that letter the applicant agreed that the application was now without object, it did not agree to the closing of the case until the Tribunal made an award of costs in its favour. The relevant parts of that letter read as follows:

> "It is considered that a costs order at least equal to the official fee paid by the applicant plus the £200 from the scale for preparing the statement is appropriate in the circumstances.
>
> No agreement has been reached between the parties.
>
> Considerable advance notice was given to the respondent as outlined in the application. The respondent and Ms Solanke had ample opportunity to change the name, without requiring the applicant to instruct a representative and incur the costs of making this application. The proceedings were not started until 6 August 2013. The respondent had indicated an intention to respond by the end of July but did not do so. Numerous attempts were made by the writer to telephone a mobile telephone number provided by Ms Solanke between 23 July and 6 August. Except on the last occasion, the mobile number rang out with no diversion to voicemail. On 6 August, a caller unavailable message was immediately received. In the circumstances, the applicant had no alternative but to initiate these proceedings if the matter was ever to be resolved.
>
> If the respondent or Ms Solanke felt they had a defence, they should have made it..."

4. On 13 December 2013, the Tribunal wrote to the parties. In view of the applicant's request for costs, the respondent and Ms Solanke were allowed until 27 December 2013 to comment upon the request. In addition, and as Ms Solanke had not commented upon the applicant's request to join her to the proceedings, in a letter of the same date, Ms Solanke was joined to the proceedings. Under rule 5(3) of the rules which reads:

> "Any party may, by filing the appropriate form, request to be heard in person before a decision is made by the adjudicator under the Act or these Rules",

Ms Solanke was allowed until 27 December 2013 to request a hearing in relation to the decision to join her to the proceedings. In an e-mail to the Tribunal dated 27 December 2013 and copied to the applicant, Ms Solanke responded to the official letters. In a letter headed: "The request for the costs in the proceedings; is opposed for the following reasons, Ms Solanke states:

> "1. Firstly because the official letter dated 09.12.2013 confirmed that the matter in question was settled and, despite now claiming that the letter was sent in error, it would be inequitable to award costs at this stage as I have relied upon the first letter which made no mention of costs.
>
> 2. Secondly the application is opposed on the basis that, as stated in my original defence [no actual defence to the application has ever been filed], the plaintiff did not suffer any disadvantage by reason of my former company name as the 2 businesses were never confused and, though the plaintiff raises concerns about potential confusion between the two companies, there was in fact no evidence of any such confusion either at the time the claim was originally filed or since.
>
> 3. As stated above in my original defence [see above] my business was set up after I was made redundant in 2012 and began working as a locum lawyer in London. I have never worked or promoted my business in the plaintiff's geographical area of interest and any concern about passing off or confusion between the two companies are unfounded and without foundation.
>
> 4. Given the above the plaintiff need not have brought the action and the plaintiff's pursuit for costs are therefore unreasonable and should not be awarded.
>
> 5. Compared to the plaintiff my company is a small operation and does not have the resources or expertise which are quite clearly at the plaintiff's disposal. To award costs to the plaintiff would effectively reward them for employing what some would regard as bully boy tactics to exert pressure on a small company which was no threat to them.
>
> 6. In addition, as a small operation, a costs order against my company could close it down. A result which would be wholly inequitable given the plaintiff has suffered no disadvantage.
>
> 7. Though I am a lawyer I am not an expert in the field of intellectual property and I have had to spend a considerable amount of time responding to the plaintiff's claims. The costs the plaintiffs seek to recover should not be considered without

> regard also given to the costs which I have had to bear as a result of the plaintiff's decision to bring the claim. For all of the above reasons the plaintiff's application for costs should be denied and each party should bear its own costs."

5. The Tribunal wrote to the parties on 11 February 2014. In that letter, the Tribunal stated:

> "I refer to the applicant's letter dated 6 November 2013, the official letter dated 13 December 2013 and the respondent's letter dated 27 December 2013. After reviewing the file, it is the preliminary view of the Adjudicator that an award of £600 in favour of the applicants would be appropriate."

6. The parties were allowed until 25 February 2014 to request a hearing if they wished to contest this decision. In an e-mail dated 25 February 2014, Ms Solanke wrote to the Tribunal. In that letter Ms Solanke stated:

> "...I am writing to formally object to the award made in the applicant's favour as set out in your letter dated 11.02.2014.
>
> My objections are as set out in my e-mail dated 27.12.2013. As mentioned there the costs I have incurred on account of the applicant's unnecessary action are considerable. If the applicant is to be awarded the amount referred to in your letter I would also like to claim my costs. I estimate that I have spent at least 30 hours on this matter and, based on an hourly rate of £25, I would therefore like to claim £750 plus VAT."

7. The Tribunal wrote to the parties on 19 March 2014. In that letter (which was sent to the respondent and Ms Solanke by both special delivery and ordinary post), the Tribunal stated:

> "...As stated in the official letter dated 11 February 2014, if either party disagrees with the preliminary view they should request a hearing by filing form CNA4.
>
> Therefore, if you wish to be heard in this matter, you should file form CNA4 which carries a fee of £100, within 7 days of the date of this letter, so should be received by us on or before 26 March 2014."

8. No response to that letter was received in the period allowed, nor, I should add, has any response been received up to the date of this decision.

Decision

9. Rule 11 of the rules states:

> "The adjudicator may, at any stage in any proceedings before him under the Act, award to any party by order such costs (in Scotland, expenses) as he considers reasonable, and direct how and by what parties they are to be paid."

10. The relevant parts of the Tribunal's Practice Direction reads as follows:

> "9.0 Voluntary change of name
>
> 9.1 New name does not appear to adjudicator to be an offending name
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> 9.2 Name changed after CNA1 served
>
> 9.2.1 The adjudicator will be minded to decide that the application is without object and the application will be closed.
>
> 9.2.2 If any of the parties object to the closing of the proceedings the adjudicator will consider the merits of the objection(s) and decide on the course of action to be followed.
>
> 9.2.3 If the company has voluntarily changed its name after the application has been filed and it had notice that an application would be made, an award of costs could still be made against the newly named company as it remains the same legal entity as the originally named company. Any award of costs would be dependent upon the applicant seeking an award of costs and satisfying the tribunal that the respondent had received sufficient notice that the application would be made (see 10.4). Requests for costs in such cases will be considered on the facts of the individual case."
>
> "10.0 Costs
>
> 10.4 Undefended applications
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> 10.4.1 If an application is undefended, an award of costs is likely to be made against the respondent, provided pre-action enquiries have been made and provided the application succeeds. It should be noted, however, that the adjudicator will not normally award costs to the applicant if the respondent, whilst not defending the application, nevertheless satisfies the tribunal that it did not receive any notice, or did not receive adequate notice, that the application would be made. The adjudicator will, likewise, normally not award costs if the applicant indicates in box 6 of the application form (CNA1) that it did not contact the company prior to making the application."

11. Question 6 on the application form (Form CNA1) asks:

> "Did you contact the company/limited liability partnership in relation to this matter prior to filing the application? If so, when did you do so and what did you say to the company/limited liability partnership?"

12. The applicant's response to this question was as follows:

> "Yes – on 27 March 2013 a letter was sent from Blue Sky Law Limited to Blue Sky Legal Services Limited. Since no reply was received our trade mark agent Sally Cooper wrote on 11 June 2013 and sent a further letter on 2 July 2013."

13. Attached to the form CNA1 is an annex containing the following documents:

- A letter from the applicant themselves sent to the respondent's registered office (addressed for the attention of Ms Solanke) dated 27 March 2013 (a copy of which was also sent to Ms Solanke at her personal address). The letter asks the respondent/Ms Solanke to confirm in writing that the respondent adopted the name BLUE SKY without being aware of the applicant's prior rights and that the respondent will cease using or planning to use any name that includes the words BLUE SKY;

- A letter from Ms Sally Cooper sent to the respondent's registered office and addressed to Ms Solanke dated 11 June 2013. This letter included a deadline of 30 June 2013 for the respondent to, inter alia, change its company name to one that does not include BLUE SKY (or any similar name), failing which, it indicates, inter alia, that an application to the Tribunal may be made;

- An e-mail from Ms Solanke to Ms Cooper dated 1 July 2013, in which Ms Solanke explains, inter alia, that: (i) she was not aware of the applicant's existence until she received Ms Cooper's letter, (ii) there are a number of companies of all types with the words "Blue Sky" in their title but none called Blue Sky Legal Services Limited, (iii) she was not aware of any confusion, (iv) the parties are in entirely different geographical locations, (v) a Google search of Blue Sky law shows Ms Cooper's clients (and not her company) and (vi), given the nature of her company she is entitled to use the words Legal Services in her company's name. Ms Solanke concludes her e-mail in the following terms: "In view of the above I trust your client will not pursue this matter further and I look forward to hearing from you with confirmation of the same."

- A letter from Ms Cooper to Ms Solanke sent by e-mail (which was also sent by post to the respondent's registered office) dated 2 July 2013, in

which the respondent/Ms Solanke is allowed until 12 July 2013 to take the action mentioned above. This letter reaffirms that if the respondent/Ms Solanke does not comply, further action may be taken by the applicant without further notice to the respondent/Ms Solanke;

- An e-mail from Ms Solanke to Ms Cooper dated 14 July 2013, in which she explains that the e-mail sent by Ms Cooper went to her spam box, she is on holiday and does not have full access to her e-mails and is unable to open attachments. Ms Solanke states: "I will let you have my substantive replies by (or if I am able to do so before) the end of July."

14. In reaching a conclusion, I will also keep in mind the comments contained in the applicant's letter of 6 November 2013, which indicates that in the period 23 July to 6 August 2013 "numerous attempts" were made by the applicant's agent to contact Ms Solanke on her mobile telephone, but without success.

15. The above chronology indicates that the applicant itself first wrote to the respondent/Ms Solanke on 27 March 2013. The respondent/Ms Solanke was contacted again in writing by the applicant's professional representative on 11 June and 2 July 2013 and "numerous attempts" were made by the applicant's representative to contact Ms Solanke by telephone in the period 23 July and 6 August 2013. As these approaches proved fruitless, an application to the Tribunal was filed on 6 August 2013. This application was served on the respondent on 16 August 2013, and the respondent's company name was changed to the non-offending name TOP NOTCH LEGAL SERVICES LIMITED on 16 September 2013. Although in her e-mail to Ms Cooper of 1 July 2013, Ms Solanke asked the applicant not to pursue the matter, the applicant's letter of 2 July 2013 made it clear quite that the applicant was intent on maintaining its position. Had Ms Solanke responded in the timescale indicated in her e-mail to Ms Cooper of 14 July 2013 i.e. by the end of July 2013 (at the latest), or had she responded to the attempts to contact her by telephone prior to 6 August 2013, the application to the Tribunal may have been avoided. However, it was not until the applicant applied to the Tribunal and the application was served on the respondent that the respondent's name was changed to the non-offending name mentioned above.

16. Whilst the Tribunal's failure to link the applicant's e-mail of 6 November 2013 to the official file was regrettable, the subsequent action taken by the Tribunal once this error came to light was clearly correct. That being the case, and as over four months had elapsed between the applicant's first contact with the respondent/Ms Solanke and the filing of the application, I have absolutely no hesitation concluding that the applicant took all reasonable steps to settle this matter by agreement before it made its application to the Tribunal. As all these steps proved unsuccessful, the application to the Tribunal was, in my view, both reasonable and proportionate, and, as a consequence, the applicant is entitled to a contribution towards the costs it incurred in

making its application. I therefore order TOP NOTCH LEGAL SERVICES LIMITED (being the same legal entity as BLUE SKY LEGAL SERVICES LIMITED) and Ms Molara Solanke being jointly and severally liable, to pay to Blue Sky Law Limited costs on the following basis:

Fee for application: £400

Statement of case: £200

Total: £600

17. As per section 74 of the Act, there is no right of appeal against this decision.

Dated this 11th day of April 2014

Christopher Bowen
Company Names Adjudicator