



Neutral Citation Number: [2022] EWHC 125 (Ch)

Claim No.: IL-2019-000117

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INTELLECTUAL PROPERTY LIST (ChD)

Royal Courts of Justice

The Rolls Building

7 Rolls Buildings

London

EC4A 1NL

Date: Thursday, 20th January 2022

Before:

MR. JUSTICE ADAM JOHNSON

Between:

(1) COMBE INTERNATIONAL LLC

**(a company incorporated under the laws of the State of Delaware,
USA)**

(2) COMBE INTERNATIONAL LIMITED

- and -

(1) DR AUGUST WOLFF GMBH & CO. KG ARZNEIMITTEL

(a company incorporated under the laws of Germany)

(2) ACDOCO LIMITED

MR. MARK VANHEGAN QC and MR. THEO BARCLAY (instructed by

Stobbs Ip Limited) appeared for the **Claimants**.

MR. ANDREW NORRIS QC and MS. ASHTON CHANTRIELLE (instructed by **Lewis Silkin LLP**)
appeared for the **Defendants**.

Approved Judgment

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MR. JUSTICE ADAM JOHNSON:

1.

The defendants in this action seek a stay pending appeal, or at least pending consideration by the Court of Appeal of an application they intend to make for permission to appeal. Additionally, as a fallback, the defendants say that they need to start a rebranding exercise, and seek a stay or suspension of any injunction made today for a period of 21 weeks in order for the rebranding process to be completed.

2.

As I indicated to counsel in argument, it seems to me that these submissions give rise to two different streams of analysis and require to be looked at separately. I will therefore deal with them in turn.

3.

To begin with, and leaving aside the possibility of any appeal, I am not persuaded by the logic of suspending the operation of any order I am otherwise inclined to make for a period of 21 weeks in order to allow the proposed rebranding exercise to be undertaken. Looking at the substance of it, what is objectionable about this from the claimants' point of view is not so much the time taken, or proposed to be taken, in relation to rebranding, but instead what the defendants submit is the corollary of that, namely that, in the meantime, and while the rebranding exercise is ongoing, they should be permitted to continue to market the products which, as the Court has now determined, infringe the claimants' registered trade marks.

4.

On this point of principle, I prefer the claimants' submissions. The court would, in effect, in granting the suspension sought, be authorising the continued infringement of the claimants' marks despite the claimants now having established at trial that the defendants' actions are unlawful. Absent any appeal, on the facts of this case, I see no real justification for doing so.

5.

I understand on the authorities that the decision whether to grant an injunction is a discretionary one. I have been referred to the decision of Henry Carr J in TQ Delta LLC v Zyxel[2019] EWHC 745 (Patent), at paragraph 15. There, Henry Carr J said that *prima facie*, an injunction should follow and should not be stayed unless there are solid reasons for doing so.

6.

In this case, I am not persuaded that there are solid reasons.

7.

The defendants say that unless given time to rebrand with continuity of supply in the meantime, they will suffer losses on stock which they have ordered and which they will not be able to sell, and/or will otherwise suffer a loss of goodwill or of market reputation.

8.

Leaving aside the fact that the calculation of the loss figure advanced by the defendants is rather obscure (they identify a figure of £1.4 million, but it is unclear on the evidence how that figure is made up) - even leaving aside that fact, I am not at persuaded, as a matter of principle, that such losses would in any event provide a solid reason for suspending the operation of an injunction.

9.

Even if the defendants suffer losses of the type they describe, that is not, it seems to me, something they can legitimately complain about, because such losses would only arise out of activities the claimants have now established were, and are, unlawful. I do not see, as a matter of logic and principle, how a defendant can ask to be allowed to continue to carry out unlawful activities on the basis that if he is required to stop in relatively short order, he will be inconvenienced and disadvantaged. The answer must surely be that if the wrongdoer is disadvantaged in some sense, then so be it.

10.

Neither am I persuaded on the evidence by the other main point developed by the defendants in their submissions, namely, that an indulgence should be granted because consumers rely on the defendants' products. The same overall logic applies, it seems to me. If the products are infringing and therefore unlawful, it is no real justification for their continued distribution to say that some consumers desire to make use of them. In any event, I am satisfied that alternative products are available to consumers who have the health problems referred to by the defendants. That may involve such consumers having to buy two or more substitute products, as Mr. Norris QC for the defendants has submitted, but again, if so, then so be it.

11.

To summarise, it seems to me that what are essentially the commercial interests of the defendants do not justify the continued presence on the market of products which the Court has now determined are infringing products, pending the proposed rebranding exercise.

12.

I move on, though, to consider the question of a possible appeal. At the hearing today, I have refused permission to appeal, but the defendants of course are entitled to apply for permission to the Court of Appeal and, via counsel, have indicated that their intention is to do so. Thus, there is a degree of present uncertainty and at least the possibility that my findings, which would otherwise require a rebranding, will be overturned.

13.

To my mind, this gives rise to a different analysis. It is not a question of granting the defendants an indulgence, but, as has been indicated in the cases, a matter of assessing the possibility of the unfairness or injustice which may result if an order is made now, and which has effect now, but which may in due course of time be overturned, thus requiring any re-branding exercise which is undertaken in the meantime to be unscrambled.

14.

In the present case, one can see the potential for injustice to the defendants if they are eventually successful on any appeal, but in the meantime have been required to rebrand. That, however, would need to be balanced against the potential for injustice to the successful claimants if any appeal fails and if, in the meantime, because a stay is in place, products are sold by the defendants which are affirmed in due course to have been infringing products all along.

15.

As I say, however, I have myself refused permission to appeal so I do not consider it is for me to form a determination on that question. I am prepared, though, to make an order, as the claimants have suggested in the course of their submissions, which will at least hold the ring between the parties until the defendants' intended permission application is resolved by the Court of Appeal. I therefore

propose to order that execution of the order flowing from my judgment should be stayed pending determination by the Court of Appeal of the defendants' intended application for permission, and pending consideration by the Court of Appeal of the question whether there should be a continuing stay of execution (if permission is granted by them) until any appeal is concluded. The defendants will therefore need to make an application for a stay to the Court of Appeal.

16.

The overall effect is that if the proposed application for permission is dismissed, then the stay I have ordered will fall away. If permission is granted, it will be for the Court of Appeal to determine whether there is any ongoing stay.

17.

As to timing, I am sympathetic to the need for the matter to be resolved with reasonable expedition. Mr. Vanhegan QC has proposed that the Claimants be given to a period of three weeks to apply for permission and obtain an on ongoing stay. That seems to me a reasonable starting point. Subject to any indication now to be given by Mr. Norris QC, I propose to grant a stay on those terms and on the basis that the defendants will seek permission and appropriate directions from the Court of Appeal with suitable alacrity. If, in the event, it turns out that three weeks is insufficient, the defendants can come back to me and seek appropriate further time. So long as they have acted with reasonable expedition, I will be sympathetic to any such request.

(AFTER FURTHER SUBMISSIONS)

18.

I need to deal with the question of costs arising from the trial before me. The defendants make the submission that there should be a reduction in the costs recovery on the part of the claimants in the amount of 20% of their overall costs. The claimants say there should be no reduction or at any rate a very limited one.

19.

The defendants, in advancing their case, rely on four factors. There are two main factors and two subsidiary ones. The two main factors are effectively interrelated and arise from the decision made by the claimants, announced on day 1 of the trial, to abandon, or at least not pursue, two claims which previously had been part of their case, that is to say, their claim for passing off and their claim for registered trade mark infringement under section 10(3) of the Trade Marks Act.

20.

The two subsidiary points are, first of all, what the defendants characterise as their success in obtaining an order which narrowed the scope of the VAGISIL marks; and secondly, they rely on the failure on the part of the claimants to register their licence.

21.

Having heard submissions from both counsel on these points, I have come to the conclusion that there should be an overall reduction of 10% in the recoverable costs available to the claimants. I say that for the following reasons.

22.

It seems to me that necessarily some costs will have been wasted or thrown away as a result of the decision not to pursue the passing off and section 10(3) infringement claims. The difficulty is in identifying a figure in relation to those costs.

23.

The defendants have submitted a witness statement from Mr. Craggs, their solicitor. He has undertaken an exercise of seeking to identify an amount for costs incurred on those issues, by reference to the work done in respect of them. A major item relates to disclosure. Mr Craggs identifies a number of categories of disclosure sought by the claimants in relation to the section 10(3) Trade Marks Act claim. The defendants advance the submission that the costs in relation to such items were substantially, if not entirely, wasted.

24.

It seems to me that that main point is a difficult one, however. As Mr. Vanhegan QC has made clear in the course of his submissions, and as in any event seems clear to me in the light of my own knowledge of the manner in which the trial was conducted, the disclosure identified by Mr. Craggs, although notionally sought in connection with the section 10(3) claim, had other purposes as well and many, if not all, of the documents referred to were relevant to the 10(2) claim which the claimants did advance and were eventually successful on at trial. It seems to me, therefore, that this main point is not, on analysis, one of any real weight or merit.

25.

On the other hand, I recognise that necessarily work will have been conducted by counsel preparing to deal with the claims which were abandoned. That will have included work undertaken in relation to the opening statement and skeleton argument, and no doubt lines of cross-examination will have been prepared as well, in the event needlessly. In addition to that, work will have been undertaken in relation to the pleadings and some evidence was led dealing specifically with the passing off and section 10(3) cases.

26.

It seems to me appropriate, as I think Mr. Vanhegan QC recognises, to make an allowance for those factors. Mr. Vanhegan QC says, however, that the allowance should be minimal, because the costs referable to the work counsel conducted were wrapped up in their brief fees, and even in an alternative world in which the passing off and trade mark infringement cases had never been advanced, the brief fees would likely have been the same or not materially different.

27.

I am not persuaded by that particular point since it invites me to speculate on what the level of brief fee would have been in an alternative case, which is not the case actually advanced by the claimants in this trial.

28.

That deals sufficiently, I think, with the two main matters of principle relied on by the defendants.

29.

As to the further matters, I am not persuaded that they require any material adjustment to the overall level of costs recoverable by the claimants. Although it is true, looking at the first point, that an order was made narrowing the scope of the VAGISIL marks, the scope of that order flowed largely from exchanges with one of the defendants' witnesses conducted during the course of cross-examination. It therefore does not seem to me accurate to say that the defendants were successful on that point.

30.

As to the question of the failure to register the licence, although technically I accept there was a failure, that was not a point that was relied on at trial. No one has suggested to that any particular

damage or prejudice was caused by the failure to register the licence. I will make an allowance for that point, but it seems to me it should be minimal.

31.

In any event, as both parties have accepted, the exercise I have to conduct is necessarily a rough and ready one. Taking into account all the points I have mentioned, it seems to me that 10% is a fair and proportionate figure overall. The recoverable costs available to the claimants will be reduced by that amount.

(AFTER FURTHER SUBMISSIONS)

32.

The successful claimants in this case seek an order for costs on the indemnity basis. The parties have referred me to the relevant test, which is common ground between them and in any event is well-known. The court, in order to award indemnity costs, needs to be satisfied that the case is sufficiently "out of the norm": see, for example, *Excelsior v Salisbury* [2002] EWCA 879. As is also well-established, the question whether a case is one out of the norm will turn on the facts of that case.

33.

In this case, four points are relied upon by the claimants as justifying an order for indemnity costs. I will take them in turn.

34.

First, it is said that the defendants vociferously argued at trial that there was no likelihood of confusion or any actual confusion, despite knowing that there had been extensive actual confusion and despite them exacerbating that conclusion.

35.

In my judgment, at paragraph 11, I referred to the defendants' principal witness having a blinkered attitude to the accumulating evidence of confusion when she was presented with that evidence during the period 2017-2019. Then later in my judgment, at paragraph 264, in dealing with the case advanced on section 11(2)(b) of the Trade Marks Act, I agreed with the claimants' submission that the defendants knew that their use of VAGISAN was likely to use confusion, but nonetheless carried on when that realisation dawned on them.

36.

The question is whether these matters justify an order for indemnity costs. I have come to the view that they do not. I say that for this reason. Although it is true that a party who deliberately advances a dishonest case is likely to be ordered to pay costs on the indemnity basis, that does not seem to me to be the present case. Although my judgment contains, in effect, a finding of commercial bad faith, I was not persuaded, and am not persuaded, that there was a deliberate misleading in any of the evidence given. Rather, it seems to me that unfortunately, and perhaps because of the hard-fought nature of the disputes involving the parties' respective brands in many jurisdictions and over a number of years, the defendants have been infected by a degree of "group think" or perhaps institutional conditioning and were not able, effectively and objectively, to evaluate the accumulating evidence of confusion in the way that one might have expected them to.

37.

Such conditioning, it seems to me, is not of a nature that in and of itself would warrant an order for indemnity costs. It is unfortunate, and no doubt the attitude I have described has contributed to an

increase in relation to the costs of this and perhaps other litigation, but nonetheless it seems to me that it is not a factor that takes the case out of the norm. Rather, as Mr. Norris QC has submitted, it is consistent with this being an example of very hard-fought commercial trade mark litigation in which the commercial significance of the issues to the parties has led to an entrenchment of the defendants' position. That is not out of the norm in the required sense.

38.

The second point is that the defendants' case included arguments that were sufficiently weak or thin that they should never have been pleaded. A number of instances are given in the annex to the claimants' skeleton argument at paragraph 6. These are examples of arguments which were considered in my judgment and, on one basis or another, dismissed. Nonetheless, again, I am not persuaded that these matters justify an award of indemnity costs. They are consistent once more with the idea of this being hard-fought commercial trade mark litigation. The points were not sufficiently weak or thin for any attempt to have been made during the course of the proceedings to strike them out, which would, one assumes, have been a course available to the claimants.

39.

The claimants point to the accumulation of arguments which were dismissed, that is to say the number of them, making the observation that taking one or two bad points might not merit an order for indemnity costs, but taken together, the accumulation of points in this case has resulted in a wastage of the court's time and the parties' money.

40.

Of course that is true in one sense, but the issue again is whether it takes the case out of the norm. Again, it seems to me that the accumulation of points was simply a reflection of the hard-fought nature of this litigation on both sides and a reflection of the commercial importance of the overall issue to both parties. It does not seem to me that points were advanced in a deliberately cynical way in order to accumulate costs or to act as a disincentive to the claimants advancing their case through to trial. Rather, given the commercial importance of the case from the defendants' point of view, they sought to cast the net as wide as possible in order to identify potential lines of defence. I do not consider that that takes the case out of the norm even if, as transpired, all the points were dismissed.

41.

The third point relates to conduct during the trial and two sub-points are relied upon. The first is the defendants' action in adding to the trial bundle 1,000 pages of documents during the course of the weekend before the trial commenced. These 1,000 pages comprised, as I understand it, 48 documents, but as Mr. Norris QC has pointed out, they were documents from the claimants' own disclosure.

42.

Certainly, it seems to me that the addition of this late material to the trial bundle was an unfortunate event and is not the sort of conduct which I would like to encourage. Nonetheless, it is not entirely unusual in the context of hard-fought commercial litigation and although, it seems to me, the practice ought to be deprecated, it is not, as a standalone point, sufficient to persuade me that an order for indemnity costs is justified.

43.

The second sub-point arises from an issue that arose in the course of Mr. Santini's cross-examination. This is described in my judgment between paragraphs 227 and 234. The particular point made is that counsel for the defendants baselessly made an accusation of dishonesty against Mr. Santini. Again, it

seems to me that that is something which ought to be deprecated, but against that, the particular evidence given by Mr. Santini arose late during the course of his re-examination. As it seemed to me at the time, the accusation made by the defendants' counsel was something of a knee-jerk reaction and rather more in the nature of putting down a marker than anything more substantive. In any event, as again I record in my judgment, the accusation was not long persisted in and effectively by the time of closing submissions, it had been abandoned. Again, therefore, I am not persuaded that as a standalone point, this matter justifies an award of indemnity costs.

44.

The fourth point or set of points relied on by the claimants all concern matters since the handing down of the judgment on 10th December 2021. What is said by the claimants is that since then, the defendants have undertaken further steps to infringe the claimants' trade marks, including by means of TV advertising. As to this, I am not persuaded that these matters justify an order for indemnity costs. The principal reason for saying that is that none of them contributed to the costs of the trial itself, which are the costs that I am principally concerned with today. Perhaps it is the case, as a matter of principle, that post-judgment conduct can justify, in some circumstances, an order for indemnity costs given the width of the discretion available to the court, but in this case, on the basis that the actions complained of did not, as I see it, contribute in any material way to the costs I have to determine, I do not propose to rely on them.

45.

The result is that overall I will not, in the exercise of my discretion, make an order for the award of indemnity costs.
