[2021] EWHC 2372 (Ch)

Claim Number: IL-2019-000149

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INTELLECTUAL PROPERTY LIST (Ch.D)
SHORTER TRIAL SCHEME

As from: The Rolls Building
London EC4A 1NL

26 August 2021

MR DANIEL ALEXANDER QC
(Sitting as a Deputy Judge of the Chancery Division)

B E T W E E N: -

PHILIP WARREN & SON LIMITED **Claimant**

- and -

(1) LIDL GREAT BRITAIN LTD
(2) LIDL UK GmbH
(3) LIDL STIFTUNG & CO KG **Defendants**

Nicholas Bacon QC (on costs) and Andrew Lomas
instructed by Stobbs IP for the Claimant
Benet Brandreth QC and Tristan Sherliker (of Bird & Bird)
instructed by Bird & Bird for the Defendants

Hearing date: 1 June 2021 with further written submissions on 16 and 26 July 2021.

COVID-19: This judgment was handed down remotely by circulation to the parties' representatives by email. It will also be released for publication on BAILII and other websites. The date and time for hand-down is deemed to be 10.00am on 26 August 2021.

APPROVED JUDGMENT

I direct that pursuant to CPR PD 39A para 6.1 no official shorthand note shall be taken of this Judgment and that copies of this version as handed down may be treated as authentic.

MR DANIEL ALEXANDER QC

INTRODUCTION

1. By a judgment dated 30 April 2021 ([2021] EWHC 1097 (Ch)) the court dismissed the claimant's ("PWS's") claim and the defendants' ("Lidl's") counterclaim for passing off. Three issues arose at the consequential hearing on 1 June 2020: (i) costs; (ii) whether a publicity order should be made in accordance with *Samsung v. Apple* and (iii) permission to appeal. This decision is long because of the multiple points raised on costs and issues of approach to a publicity order. It gives fuller background, which is part of the context for both issues.

Procedural history of this aspect of the case

2. This consequentials judgment has had an unusual procedural history. Following the hearing on 1 June 2021, the court provided a confidential draft judgment on 14 June 2021 for handing down on 18 June 2021. On 17 June 2021, the court received a note from counsel for Lidl inviting account to be taken of a number of points in the final judgment and for handing down to be postponed by 7 days, which was done. No submissions were received on behalf of PWS at that stage. However, in addressing Lidl's points, I concluded that further brief submissions should be permitted, for a number of reasons, which I gave in a short summary. These included the fact the parties had not referred to all of the potentially relevant authorities (of which some were referred to in the draft judgment) and that argument on behalf of PWS specifically on the basis upon which costs should be awarded had been brief. I deal with some of the other points raised below. In the circumstances, it was desirable to give the parties an opportunity to advance any additional submissions and/or authorities in favour of or against PWS bearing Lidl's costs on an indemnity basis, before the decision was finalised. I therefore adjourned hand-down, made an order for an interim payment for costs assessed on the standard basis, to be paid by 31 July 2021. I gave permission for the further submissions to be made in writing. However, PWS instructed additional specialist costs counsel and indicated that it may wish to have a hearing but I ruled that this would be disproportionate and instead gave permission to the parties to respond briefly to each other's supplementary submissions by 26 July 2021. They did so and I am grateful to the parties for their submissions, which are now very comprehensive. In particular, Mr Nicholas Bacon QC, who had not been previously involved in the case, assisted with the extensive subsequent written submissions on costs on behalf of PWS. In the light of the overall decision I have reached, it has not been necessary to address all of the points made in these additional submissions but I have taken account of some of the points made in also adjusting the language to clarify certain points.

3. I indicated that Lidl's application for a publicity order would be refused, with permission to re-apply by that date, for reasons to be given in a composite judgment, dealing with all of the issues. In the event, Lidl did not reapply for

a publicity order. I had originally drafted the decision in a somewhat more colloquial style than is conventional, since Lidl had asked for an order publicizing the main decision in the popular press as well as linking to it and it seemed appropriate to try to make this decision as accessible as possible in case that was sought to be linked as well. Since that relief is not pursued, I have somewhat redrafted and shortened the text, particularly since parts of the decision relating to the publicity order are now largely of historical interest and chiefly only to the parties.

4. At the hearing on 1 June 2021, permission to appeal from the main judgment was granted on certain limited grounds set out in the draft Grounds of Appeal and an extension of time for the Notice of Appeal was ordered to 31 July 2021. This has since been extended further, in the light of the timetable for further submissions.

5. Part of the reason for devoting more attention than usual to this issue is that the case has some hallmarks of one which has been brought in what Lidl has described as a speculative investment in the hope that PWS and its lawyers will receive very large returns. Having considered the evidence at trial and what PWS's lawyers previously said, by implication, about its likely value in justifying the particular damages-based agreement made to pursue the case, there is a significant likelihood that even if the claim had succeeded (or ultimately succeeds following an appeal and any further proceedings) the sum awarded would not be materially different from that offered by Lidl to settle the whole case in October 2020. I had originally thought that, partly because it was not possible to say definitively at this stage that the claim was exaggerated and that PWS was unreasonable to have refused Lidl's offer to settle it, it would be wrong to award indemnity costs. I have not changed that view fundamentally, as a result of the further submissions for reasons explained more fully below, but have concluded that the better approach is to make a somewhat different order which will enable the court to address this issue and provide fuller compensation on costs, should it turn out that the preliminary view of the merits of the financial claim is correct. In that event, the entire proceedings, including the need to take steps to address the reporting of them (which are addressed in the publicity order aspect of this decision) would have not been a fruitful use of time and money since October 2020, in the light of a reasonable offer to settle the case made at that stage. Without that adjustment, Lidl would be at risk of both being significantly out of pocket in that event and insufficiently rewarded for having made a reasonable attempt to settle the case at an early stage. In principle, the making of early reasonable offers should be incentivized and refusing them should be a high risk strategy. If no opportunity to address this is given, PWS may ultimately be in a position in which it would not be liable to pay the full costs of having pursued a claim which should not have been pursued in the light of that offer. It, and its lawyers, would therefore have been able to take advantage of the chance of a potentially large (albeit unlikely) claim but without having to bear the full costs which doing so imposes on others if it fails. In my view that general approach is not mandated by but is broadly consistent with the case law cited by the parties since the hearing.

BACKGROUND

6. In order that this decision can be understood on its own, I first summarise some of the key substantive aspects of the case, highlighting those which matter most for this judgment.

7. PWS is an award-winning Launceston-based family butcher with a predominantly local retail business and a significant wholesale business, supplying, among others, well-known high-end restaurants in London and elsewhere. It has used various forms of branding, but most recently predominantly in the form

PHILIP
WARREN

but also other branding, such as PHILIP WARREN AND SON.

8. In 2014, Lidl decided to rebrand its main fresh meat range to use the mark WARREN & SONS largely in this form.

WARREN & SONS

9. On the evidence, Lidl did not choose the mark because of PWS or to imitate it and PWS did not contend that Lidl had done so. However, in replacing an earlier Lidl own brand, Lidl wanted an own-brand mark redolent of an English provincial butcher. WARREN & SONS was one choice out of several fictional ones and was not at the top of its list. Problems with other potential choices meant that Lidl adopted WARREN & SONS but, on the evidence, it appeared likely that there would have been a range of “traditional” sounding options. Lidl did find out about PWS’s existence before deciding to use the brand, but PWS did not have a registered trade mark and Lidl did not think PWS would have a right to object. Lidl registered a trade mark for WARREN & SONS without complaint and products bearing that mark started to be sold in June 2015.

10. From 2015 to 2020, when the WARREN & SONS brand was abandoned, hundreds of millions of packs of this brand were sold in the hundreds of Lidl stores around the country. Other than an isolated communication, no problems of possible confusion with PWS came to Lidl’s attention.

11. Lidl’s change of branding was known to PWS in late 2015 from a wrongly directed customer e-mail, which suggested some confusion. There were further occasional reports of confusion which caused annoyance and upset but were dealt with by PWS as they arose. The problem was not mentioned to Lidl at the time. PWS explained that this was because they did not know that they may have been able to do something about it until they met specialist solicitors, Stobbs. Having been informed that a claim might be possible in 2017, PWS did not raise the matter with Lidl right away. PWS and Stobbs spent considerable time making damages-based agreements for payment for

legal services and obtaining insurance to enable a case to be brought inter alia for significant financial relief.

12. By the time PWS wrote to Lidl at the end of 2019 with a detailed letter before action indicating that large compensation would be sought, the WARREN & SONS brand was already on the way to being abandoned as a result of a decision taken independently by Lidl in 2018 to rebrand the whole range. Lidl told PWS this in early 2020 in response to the letter before action. The brand was phased out completely a few months later (although there was some Covid-related delay in finalizing this) and the registered trade mark was given up by Lidl in late 2020. This did not satisfy PWS and, as the correspondence at the form of order hearing has now made clear, the only reason the trial went ahead was that PWS is seeking a large sum in compensation. Instead of bringing the claim in IPEC, which is designed for SMEs and provides for a costs cap of £50,000, PWS and its lawyers decided to bring a case in the High Court where there is no cap on recovery.

13. The case was quite complex for a number of reasons, including PWS's limited trading outside the Launceston area and in wholesale business at the relevant date for assessment of goodwill in 2015 and the different markets to which the respective businesses were directed. The case focused on three kinds of PWS's customers/potential customers who might have been deceived by Lidl's branding. First, those local to Launceston and region where there was some second-hand evidence that some thought (or more strictly, may have thought, since the evidence was not properly testable) that PWS's products may have become available in Lidl. Second, those in the specialist high-end wholesale trade who, on the limited evidence as there was from those in this area, had not thought that there was a connection and who had not been troubled by Lidl's continued use of WARREN & SONS, even though they may have been particularly sensitive to any perceived connection with Lidl. Third, mainly Lidl retail customers around the country who appeared to have found PWS on the internet after purchase of a WARREN & SONS product where a few had contacted PWS instead of Lidl by mistake or where they were not sure who to contact. There was a small number of these. Lidl's evidence was that no confusion had come to light where they would have expected that to show up most readily, namely near Launceston.

14. The court therefore had to decide whether this was a solid enough evidential foundation to find Lidl liable for causing materially damaging (and operative) deception of the public into a connection with PWS such as to damage PWS's goodwill. The judgment took the view that the evidence was not strong enough in the various domains where goodwill subsisted to say that there was significant operative misrepresentation causing material damage to PWS's goodwill.

15. The law of passing off differs from registered trade mark law, which confers quasi-monopoly rights in a mark. It requires courts to focus on whether there is a misrepresentation as to trade origin, looking at the whole picture and requires distinctions to be made between misrepresentation and "mere confusion" in markets. Some case law distinguishes between situations where

customers assume there is a connection between two brands and those where they only wonder whether there is. The law requires evaluation of whether any misrepresentation is likely to damage a claimant's goodwill to a material extent. Reasonable people and courts differ as to where these lines are drawn. An allegation of passing off in a case of this kind requires proof that the defendant has misrepresented its products as being connected with a specific undertaking. It is not sufficient, in general, that a supermarket may have suggested that products come from (say) a local English butcher, thereby causing people to buy the brand because it carries a general sense of "high street authenticity" or because it is perceived not to be a supermarket brand. Some think such brands misleading but others like them, because they have a better "look" and appear less supermarkety, making them more acceptable to be taken to a barbecue, to adopt the words of one document.

16. Given that Lidl was stopping use of the WARREN & SONS brand before PWS wrote to complain and did so about a year before the trial, the case was ultimately focused on the claim for historic compensation. However, this stage of the case was about liability alone, because the parties adopted a conventional split trial with compensation to be evaluated later if the case was successful. Inevitably, because damage is an ingredient of the tort of passing off, it featured to some limited extent and the earlier judgment made some (non-binding) comments on the plausibility of the very large financial claim.

17. One matter relevant to the argument on costs is that assessing compensation for passing off is not easy. It is not even easy in cases of registered trade mark infringement. PWS did not allege that they had lost any sales as a result of Lidl's actions and its business had never done better than during the years in which Lidl was alleged to have been damaging its goodwill. There is, however, case law indicating possible bases for compensation which may include profits made by a defendant or a reasonable royalty but it is not clear to what extent it applies in a case like the present. Quantification is more complicated in this case by the issue of whether any benefit obtained by Lidl, if there was passing off, was gained specifically at the expense of PWS, as opposed to other traders. Courts in other cases in the broad area have given indications that compensation should not be out of proportion to the actual benefit obtained by a defendant's use of a mark or the loss suffered by a claimant as a result.

18. There is also a question of the relevance of delay on this issue. On PWS's approach to compensation, the more and the longer the public was deceived by Lidl, the more PWS would gain. So too its lawyers who were acting pursuant to a damages based agreement (or DBA) which provides for lawyers to be able to share in up to 50% of compensation ordered or agreed. I should make it clear that this is not to suggest that raising the claim was delayed in order to increase the damages payable, merely that this is a paradoxical effect of delay in a case like this. It is unclear what the courts would do in a situation of this kind.

19. PWS's claim was not successful and Lidl's counterclaim was also not successful. The main judgment explains the reasoning more fully and it was

far from a frivolous case. It is possible that the Court of Appeal would take a different view, if it progresses. However, at the consequentials hearing on 1 June 2021, rival Part 36 offers to settle were revealed. These offers, which related to financial relief, were put before the court without objection from either side, although quantum had not been determined or the case on this fully developed.

20. Despite denying liability, it appeared that in October 2020, Lidl had been amenable to resolution without the need for the trial, including paying compensation and offering essentially all the other relief PWS had been asking for. As well as abandoning the brand and surrendering the trade mark, Lidl offered PWS compensation of £230,000 and all PWS's legal costs at that time in a total settlement package of about £1/2 million. This would have resulted in PWS and its lawyers being reasonably well compensated and would have avoided the significant costs of trial. It is possible that Lidl might have been prepared to pay somewhat more. The sum offered (it was only later explained) bore some relationship to profits from shops in the local Launceston area. Had terms been agreed along these lines, PWS would have received much more than nominal compensation for something PWS had not previously complained about and which had caused no loss of sales. It would have saved large costs. Few would have said that was fundamentally unfair.

21. However, PWS and its lawyers on its behalf clearly wanted – and thought they were entitled to - much more: PWS's claim is (or was) for some £38 million although it made two Part 36 offers to accept less. PWS says that Lidl should have mediated the case and that there was a reasonable prospect of reaching a settlement which would have bridged the enormous gap. Lidl says that it was reasonable not to do so given the gulf between the parties' positions, although it did not shut the door on settlement discussions. It says that it had made an offer with which PWS should have engaged more fully at the time and that it appeared that PWS and its lawyers appeared determined to hold out for huge sums, while threatening damage to Lidl's reputation if a trial went ahead. So, Lidl say, it was reasonable not to deal with them on this basis. Whatever the rights and wrongs, it is regrettable that this case was not resolved earlier, as it could have been, relatively easily, if everything had been kept in proportion at the outset. That has consequences for the orders sought now and for the future.

The Mail on Sunday/Mail Online and other articles following the trial

22. There is a further matter which has come to divide the parties. After trial, but before judgment, Mr Ian Warren of PWS and Mr Julius Stobbs of PWS's solicitors assisted a journalist from the *Mail on Sunday/Mail Online* with an article of which a key part of the headline was "Fake Moos?". It focused almost entirely on the case and was given nationwide publicity. The story was picked up by other papers, including in Cornwall. It did not paint a flattering picture of Lidl's conduct, using material supplied by PWS and its lawyers, including the tendentious skeleton arguments deployed by PWS at trial. The overall message of the *Mail on Sunday/Mail Online* article (albeit less so others, as I explain in detail below) was that Lidl was being accused of deliberately taking the WARREN & SONS brand from PWS with a view to

using PWS's good name to sell poorer quality produce. It also portrayed Lidl as having had little of merit to say in their defence at the trial. The *Mail Online* article resulted in numerous adverse comments below the line ("BTL") about Lidl, some of which were of a kind no retailer would want to see, including threatening not to shop there again. Some would describe it as a "BTL hammering". PWS say that it was not their fault or Stobbs' fault that the articles appeared in those terms, that the publications were not unfair as a whole and that Lidl could have countered them but declined to do so.

23. Again, whatever the origin and cause, the effect has been criticism of Lidl which neither side contends to have been based on a complete presentation of the situation and both sides agree went, in some key respects, too far or was so incomplete as to be misleading. The unfortunate effect is that, as regards branding of this kind Lidl was also portrayed as being worse than its competitors (who in some cases also have been reported as having adopted branding which has been criticized as inauthentic) when in fact, unlike others, it abandoned the brand complained of some time ago and had even offered to pay a substantial sum in compensation. The upshot is that it is likely that the manner in which the case has been given publicity may have resulted in Lidl's reputation being damaged in a way which neither PWS nor its lawyers suggests is justified and for which it is not suggested there is any realistic or easy remedy.

24. I have set out the background at reasonable length partly to demonstrate that even an incomplete summary of the respective positions to try to give a picture of what has gone on takes multiple paragraphs. That is relevant to the decision I reached as to the publicity order as well as to the costs evaluation.

The applications

25. The applications were as follows:

26. As to **costs**, Lidl said that it should have its costs on an indemnity basis. PWS's main point at the hearing was that there should be a substantial reduction to take account of various factors, including its partial success but of which the biggest was Lidl's allegedly unreasonable failure to agree to mediation. It also said that the assessment of costs sought by Lidl, which it is accepted should be summary, was too high in various respects. PWS also argued (albeit that this was not really pressed with vigour at the hearing, recognizing that this was not realistic) that there should be no order as to costs, despite the fact that its claim had failed.

27. As to **publicity order**, Lidl said that the reporting of its conduct has been so unfair as a result of PWS and Stobbs' communications to the press that it would be just for the result of the case and a link to it to be published at PWS's expense in the same outlets to set the record straight. This was, to my mind the hardest issue at the time and required consideration of some case law and principles not cited by the parties.

28. There was also an application for **permission to appeal** which I granted in a more limited form than sought at the hearing.

29. There were also a few other more minor applications, addressed below.

A. COSTS

30. I deal with the respective costs claims in turn and have addressed the further post-hearing submissions in a separate section, so that the parties can see how the thinking has developed in the light of them.

(i) Lidl's claim for indemnity costs

26. The main basis upon which indemnity costs were sought was that PWS had failed to beat a Part 36 offer made by Lidl in October 2020. There are also other points about PWS's conduct said to justify such costs.

27. The recent decision of Fraser J in *Beattie Passive Norse Ltd & Anor v Canham Consulting Ltd (No. 2 Costs)* [2021] EWHC 1414 (TCC) at [11]-[24] conveniently summarises the principles by reference to which indemnity costs are awarded in a situation such as the present, from which the following is distilled:

General

28. First, CPR Rule 44.2, under the heading "Court's discretion as to costs" provides:

> "(2) If the court decides to make an order about costs –
>
> (a) the general rule is that the unsuccessful party will be ordered to pay the costs of the successful party; but
>
> (b) the court may make a different order."
>
> Rule 44.2(4) provides:
>
> "(4) In deciding what order (if any) to make about costs, the court must have regard to all the circumstances, including –
>
> (a) the conduct of all the parties;
>
> (b) whether a party has succeeded on part of his case, even if that party has not been wholly successful; and
>
> (c) any admissible offer to settle made by a party which is drawn to the court's attention, and which is not an offer to which costs consequences under Part 36 apply."

29. Second, CPR Part 36.17(1) makes clear that Part 36.17 applies where a claimant fails to obtain a judgment more advantageous than a Part 36 offer made by a defendant. (3) states:

"(3) Subject to paragraphs (7) and (8), where paragraph 1(a) applies, the court must, unless it considers it unjust to do so, order that the defendant is entitled to: -

(a) Costs (including any recoverable pre-action costs) from the date on which the relevant period expired; and

(b) Interest on those costs".

Indemnity costs where a Part 36 offer is not beaten

30. In *Lejonvarn v Burgess* [2020] EWCA Civ 114, Coulson LJ said at [43]:

> "…a defendant (such as the appellant in the present case) who beats his or her own Part 36 offer, is not automatically entitled to indemnity costs. But a defendant can seek an order for indemnity costs if he or she can show that, in all the circumstances of the case, the claimant's refusal to accept that offer was unreasonable such as to be "out of the norm". Moreover, if the claimant's refusal to accept the offer comes against the background of a speculative, weak, opportunistic or thin claim, then an order for indemnity costs may very well be made. That is what happened in *Excelsior*."

He added:

> "[80] When a defendant beats its own Part 36 offer, the court should always consider whether, in consequence, the claimant's conduct in refusing that offer took the case out of the norm. Sometimes it will; sometimes it won't. Mr Cohen articulated the question that had to be asked in these terms:
>
> 'At any stage from the date of the offer to the date of the outcome, was there a point when the reasonable claimant would have concluded that the offer represented a better outcome than the likely outcome at trial?'"

General factors relevant to costs

31. The court is obliged to consider 'all the circumstances of the case' but these fall predominantly into the categories of:-

    1. Conduct before and during the proceedings (Part 44.2(5)(a))

    2. The reasonableness of the claimant's decision to pursue a particular allegation or issue (Part 44.2(5)(b))

    3. The manner in which a claimant has pursued its case (Part 44.2(5)(c))

    4. The extent to which a claimant has exaggerated its claim (Part 44.2(5)(d))

32. In *Excelsior Commercial & Industrial Holdings Ltd v Salisbury Hammer Aspden & Johnson and another* [2002] EWCA Civ 879 the Lord Chief Justice said:

> "[31] … those paragraphs set out the need for there to be something more than merely a non-acceptance of a payment into court, or an offer of payment, by a defendant before it is appropriate to make an indemnity order for costs…However, I would point out the obvious fact that the circumstances with which the courts may be concerned where there is a

payment into court may vary considerably. An indemnity order may be justified not only because of the conduct of the parties, but also because of other particular circumstances of the litigation. I give as an example a situation where a party is involved in proceedings as a test case although, so far as that party is concerned, he has no other interest than the issue that arises in that case, but is drawn into expensive litigation. If he is successful, a court may well say that an indemnity order was appropriate, although it could not be suggested that anyone's conduct in the case had been unreasonable. Equally there may be situations where the nature of the litigation means that the parties could not be expected to conduct the litigation in a proportionate manner. Again the conduct would not be unreasonable and it seems to me that the court would be entitled to take into account that sort of situation in deciding that an indemnity order was appropriate.

[32] I take those two examples only for the purpose of illustrating the fact that there is an infinite variety of situations which can come before the courts and which justify the making of an indemnity order…This court can do no more than draw attention to the width of the discretion of the trial judge and re-emphasise the point that has already been made that, before an indemnity order can be made, there must be some conduct or some circumstance which takes the case out of the norm. That is the critical requirement."

33. In *Excalibur Ventures LLC v Texas Keystone Inc and others* [2013] EWHC 4278 (Comm), Christopher Clarke LJ set out relevant factors which included where a party:

"(a) advances and aggressively pursues serious and wide-ranging allegations of dishonesty or impropriety over an extended period of time.

(b) advances and aggressively pursues such allegations despite the lack of any foundation in the documentary evidence for those allegations and maintains the allegations without apology to the bitter end.

(c) actively seeks to court publicity for its serious allegations both before and during the trial.

(d) turns a case into an unprecedented factual inquiry by the pursuit of an unjustified case.

(e) pursues a claim which is to put it most charitably thin, and in some respects far-fetched.

(f) pursues a claim which is irreconcilable with the contemporaneous documents.

(g) commences and pursues large scale and expensive litigation in circumstances calculated to exert commercial pressure on a defendant and during the course of the trial of the action the claimant resorts to advancing a constantly changing case in order to justify the allegations which it had made, only then to suffer a resounding defeat." (see also *European Strategic Fund Limited v Skandinaviska Enskilda Banken AB* [2012] EWHC 749 (Comm))

Lidl's position and the background

34. Lidl relies primarily on the fact that it made a Part 36 offer to settle the case in October 2020, which would have given PWS more than the result it has achieved. Some background is relevant to whether it was unreasonable of PWS not to have accepted that offer and, because it is relevant to other aspects as well, I set it out more fully.

35. The claim was originally advanced by a lengthy letter before action, dated 22 November 2019, enclosing some 400 pages of documents. As to financial remedies, although not explicit, it said: "For present purposes, our client will be proceeding on the basis that the profit figure upon which an account of profits would be based will be in the region of £47 million". This, and other aspects of the letter, suggested that PWS would be making a claim closely based on Lidl's entire profits on the WARREN & SONS range over the whole period of sales. This letter had obviously been worked up over a considerable period.

36. Despite PWS not having mentioned the alleged problem at all over the previous 4 years, the letter demanded detailed undertakings, submission to an inquiry as to damages or an account of profits and a response in 14 days. Lidl answered (by its solicitors, Bird & Bird) on 6 December 2019 saying that time was needed to take instructions. The letter noted that PWS's claim appeared to have been prepared over some 6 months and that the activity of which the letter complained had been ongoing for several years, with PWS's knowledge and without objection. Lidl said they would respond by 10 January 2020. Despite this, without waiting for a substantive answer, PWS commenced proceedings straight away, which PWS says was appropriate. However, this initial exchange set something of the tone for the rest of the case which then developed and which, as the Part 36 correspondence has revealed, has heavily focused on a very large financial claim which was, in various ways, said by PWS to be all but inevitable.

PWS's first Part 36 offer

37. ADR was suggested at various points by PWS's solicitors (see further below) which looked to be something of a tactic to try to procure an early advantageous settlement. This was not taken up by Lidl but, on 31 July 2020, Lidl's solicitors wrote to Stobbs indicating that they were assessing whether to make a settlement offer. This was Lidl being proactive in seeking information to try to resolve the case, as a reasonable defendant would be expected to do. They asked for confirmation of PWS's costs. This was met a few weeks later with an unsolicited Valuation Report from Mr Robert Sharp of Valuation Consulting under cover of a letter from Stobbs on behalf of PWS. Stobbs wrote both on a without prejudice save as to costs and open basis to express confidence in PWS's case and said that, on the basis of this Valuation Report, (which I have not considered but of which the detail does not matter for this purpose):

"…our client is confident that upon electing for an account of profits it will be awarded c. £38.3 million" and that in the unlikely event that Lidl succeed in persuading the court that PWS should be restricted to damages only (for which there is no arguable basis), then our client is confident that it will be awarded damages of £17.7 million."

Stobbs said that this was the "minimum that our client can be expected to be awarded".

It therefore made a Part 36 offer which had the following key terms:

(a) Payment by Lidl of the sum of £28,699,840 within 14 days;
(b) Lidl ceasing use of the mark WARREN & SONS for meat products from 30 September 2020;
(c) Lidl ceasing and desisting in the future from passing themselves or their goods off as those of PWS or as being in any way connected with PWS or its business and not causing, enabling or permitting others to do so;
(d) Surrendering the UK Trade Mark WARREN & SONS in class 29
(e) The offer took into account the counterclaim but the settlement sum did not include costs.

There were other terms concerning liability for costs and interest.

35. The letter said that the sum PWS was prepared to accept was a significant (25%) discount "on the total sum that our client has been advised that it will be entitled to receive at trial by way of an account of profits" and that it was "extremely generous in the circumstances". This description of the proposed settlement terms was, to put the matter charitably, questionable since it contemplated payment by Lidl of a sum which vastly exceeded the profits made by PWS over the whole of its existence. It would also have involved payment of some £14 million to Stobbs/counsel (because of the DBA for compensation to PWS's lawyers for their legal services). That, some may say, could fairly be described as "extremely generous", inter alia, to PWS's lawyers, given that they were also saying that this was a straightforward, short, case for which ordinary compensation for legal services in dealing with it would not approach that sum. It appeared to proceed on the basis that Lidl should disgorge to PWS the bulk (or at least a significant proportion) of its profits on the entirety of the WARREN & SONS range over the lifetime of the brand, regardless of whether a significant number (or any) consumers had bought the product on the basis of a perceived connection with PWS or had ever heard of them, in so doing. It was, in effect if not in terms, saying, that without knowing it, Lidl had spent the whole of 2015 to 2020 selling all its meat of this kind substantially (or at least in significant part) for the benefit of PWS and its lawyers who, on this basis should, instead of Lidl, profit from Lidl's alleged deception of the public that this was a local butcher's brand, to the tune of millions of pounds. Such a claim involved the underlying proposition that a brand owner could sit back, not mention that there was any potential problem, even after knowing that a claim would be advanced and hit a retailer which did not think it had done anything wrong with a vast

profits/royalties claim which it and its lawyers could share out between them. In the event, Lidl clearly did not think that a claim of this kind was in the right ball-park.

36. Further without prejudice save as to costs correspondence from Stobbs on 26 August 2020 indicated, inter alia, a preparedness to provide details of their costs only at a time when there were genuine prospects of settlement of the substantive claim being agreed but Stobbs confirmed that instructions would be taken in respect of any proposal for settlement of the claim. On 8 September 2020, Stobbs indicated that its costs to that date were a total of £228,600.

Lidl's Part 36 offer

37. Although Lidl had not previously agreed to mediation, on 8 October 2020, following up on earlier correspondence, it made a Part 36 Offer to settle the whole claim. The letter said that PWS's claim was being maintained out of opportunism but, given the potential costs, they proposed payment of £230,000 in full and final settlement. They also indicated that Lidl had already ceased use of the sign WARREN & SONS, were prepared to undertake not to resume selling products under the sign WARREN & SONS and had surrendered the registered trade mark.

38. Since it was a Part 36 offer, had it been accepted, PWS would have been entitled to its costs down to the relevant date. Stobbs sought clarification of the offer on 12 October 2020 and, in particular, as to whether the sum offered was a rounded up figure of costs and disbursements. Bird & Bird's letter provided limited clarification on 14 October 2020, explaining that the similarity of the figures was co-incidental and that Lidl had arrived at the sum as being one which they considered would likely exceed the sum which would be awarded by way of an account of profits.

PWS's second Part 36 offer

39. PWS did not accept this offer but they did again propose mediation, which again was not taken up by Lidl. PWS did not make a further Part 36 counter-offer until 29 January 2021, when they wrote again saying that they now had a "full picture against which to reassess their position on the merits of our client's claim and your client's liability". This letter explained in some detail that PWS considered that it would be entitled to an account of profits but made an offer on the basis of user-principle damages (referring to a PCC/IPEC case *National Guild of Removers* [2011] FSR 9 and an Australian case, *Winnebago Industries Inc. v. Knott Investments Pty Ltd (No.4)* [2015] FCA 1327) and the Valuation Report. The letter contained a similar request for other relief as before, save that it said the sum PWS was prepared to accept to avoid a trial was now £15 million. That was said to amount to a c. 60% discount on the figure for an account of profits and a more modest (15%) discount on the valuation consultant's figure for a notional royalty (of £17.7 million). Stobbs' letter said that Lidl could not reasonably expect to achieve a

more favourable outcome, given its “extremely weak” position on liability. The letter concluded with the following paragraph:

> “In the circumstances, the Offer is extremely generous, and represents your clients’ final opportunity to dispose of our client’s claim without the cost and reputational harm that will inevitably result from the inevitably unfavourable outcome at trial.”

40. That reference to the “inevitably” unfavourable outcome at trial may have been at variance with the less certain chances of success given by Stobbs to its ATE insurers which appeared to have acknowledged that there was at least some chance of losing (in that the prospects of success were estimated as greater than 75%). This further “extremely generous” offer would also have left PWS receiving by way of damages more than it had made in its entire lifetime of existence from selling products (although half would have gone to its lawyers) and it would have provided that Stobbs/counsel share in compensation for their legal services a sum approximately 15 times greater than they have more recently asserted would be reasonable for the conduct of the case up to that point. As noted, the letter said that, unless Lidl paid PWS the £15 million requested within 14 days, pursuing the case to trial meant that damage to Lidl’s reputation was “inevitable”. Like other high street retailers, Lidl is sensitive to its reputation as the evidence on the applications showed. This letter therefore gives a flavour of the pressure, only indirectly related to the underlying merits of the claim, which PWS was seeking to put on Lidl to settle the case for a very large sum. It was of a piece with the tone of the previous correspondence. Lidl could reasonably have reached the conclusion that there was no point in having a mediation because PWS would never accept (or be advised by Stobbs or counsel to accept) sums of the order they may be prepared to pay. Lidl may well also have thought that, since Stobbs and counsel were to share half, it was unlikely that they would advise PWS to accept a much lower figure than £15 million especially since they had expressed such repeated confidence in their position. I emphasise that Mr Stobbs has said (and I accept) that this claim was pursued on clients’ instructions and I have not concluded that this claim was driven by lawyers wishing to obtain large sums. However, the parties remained nearly two orders of magnitude apart even in January 2021. That is relevant to PWS’s claim for a reduction in costs for failure to mediate, discussed below.

Part 36 and indemnity costs

41. Reverting to the indemnity costs point, with the benefit of hindsight, it is regrettable that PWS did not engage more seriously with Lidl’s earlier Part 36 offer of October 2020, but the question is whether this alone justifies indemnity costs.

42. I consider not. With some hesitation, I have reached the view that a reasonable claimant would not have concluded that Lidl’s offer at that stage represented a better outcome than the likely outcome at trial. I say so, with hesitation, because it was not an unreasonable offer in all the circumstances. However, PWS had obtained an independent expert valuation report which put the claim

much higher. The references to a first instance case and an Australian case made the basis for a higher claim (sort of) arguable. Because of the uncertainties, including those relating to the approach to quantum in a passing off claim, I am not satisfied that PWS can be said to have been unreasonable in thinking that they at least might do better by pressing ahead and perhaps pushing Lidl up a bit before trial. Other aspects of Lidl's correspondence had also hinted that any offer made may be at a higher level than approximately the level of costs, which this was not. So, prima facie, PWS's failure to accept Lidl's Part 36 offer does not justify an order for indemnity costs. My hesitation arises because this was (in my view) a reasonable offer and the making and acceptance of reasonable offers should, in principle, be incentivized (and refusing them strongly disincentivised), especially when the alternative is to continue expensive litigation which imposes significant costs on opposing parties.

43. It seems clear to me that Lidl's Part 36 offer was at least in the right ball park. Two matters seem to support that conclusion. First, it seems to be in line with the kind of award and approach to it which the court considered appropriate in *32Red* (see also below) albeit in a case where user damages were held to be appropriate. Second, Stobbs had said, to justify a 50% percentage on a DBA (the maximum permissible), that it was "conceivable" that the payment received by Stobbs "might" exceed the likely costs that would be charged pursuant to an ordinary retainer but there was a risk of Stobbs not being paid at all. That suggests that Stobbs may have recognised earlier on that a sum roughly of the order of legal costs as compensation would be appropriate, otherwise they would have found it harder to justify a 50% claim to damages under a DBA. So the fact that PWS might have been entitled to reject the Part 36 offer on the footing that they might have got a little more at trial does not involve saying that what they and Stobbs were proposing should be paid at a later stage was realistic. I return to this point below in considering the post-hearing submissions.

(ii) Other aspects of PWS's conduct

44. Lidl relied on numerous other points in support of the claim for indemnity costs, with which I can deal relatively briefly because I was not persuaded that individually or collectively (or taken together with the refusal to accept the Part 36 offer) they came close to justifying indemnity costs. They were dealt with exhaustively at the hearing and in evidence from Bird & Bird and a helpful table from PWS's counsel responding to this. I do not need to consider them at equal length here. Some points argued were swept up in the point on the Part 36 offers. The other main ones are as follows, with my assessment of them:

   a. *That the allegation of misrepresentation was based on no solid evidence or thin evidence.* It is true that this is what the main judgment holds and I adhere to the view that, where a passing off claim is made for historical compensation of tens of millions of pounds and an allegation is made against a well-respected company that it has been deceiving the public to a material degree over a lengthy period during which this has not been noticed by it or mentioned to it, no loss of sales are suggested and the claimant's business has never been stronger than during the period of alleged passing off, the claim should be based on sufficient solid evidence. The evidence at trial was, in my evaluation, not of that quality. However, I do not think that this suffices to take the case out of the norm. It is fairer, on the whole, to say that PWS did not win the case on its evidence rather than that Lidl won it convincingly.

b. *That the allegation of damage was made in the face of PWS's own evidence as to the lack of damage and that the claim for damages in the tens of millions was "implausible".* Again, while true that PWS did not claim loss of sales, the authorities on compensation for these kinds of cases are sufficiently equivocal that advancing such a case, while in my view implausible, was not improper. It is reasonably clear that it was done in an attempt to persuade Lidl to agree a higher sum in settlement and Lidl did not explain to PWS in correspondence exactly why, at that stage, in its view, the value PWS had placed on the claim was unreasonable, although it had explained its position somewhat briefly in response to the letter before action and Lidl's arguments at trial made that considerably clearer. I remain of the view, for a range of reasons, that the claim for compensation is likely to be regarded as disproportionate, whatever the merits on liability but that does not mean that it was improper to advance it. Perhaps others will disagree if the case is fought to the bitter end, although I consider this unlikely. Lidl did not, in its response at that stage, reject the suggestion that a profits-based approach would have some merit in principle although it had made the general point elsewhere that such an approach was inappropriate. Where PWS may have gone wrong is not to step back and consider whether, in accordance with the general case law and the specific case law relevant to compensation in cases of this kind, its claim was proportionate to the loss suffered or the benefit obtained as a result of a misrepresentation of a connection specifically with PWS. But that is, in my view, no more than a failure to engage in realistic thinking on the part of PWS and its advisors, based on the case law as a whole, rather than isolated snippets from some. That is not something to take the case out of the norm. However, I consider the impact of my view that the claim is likely to be exaggerated in the light of the further submissions on costs below. The course I am now taking means that PWS might be obliged to compensate Lidl on a more generous basis in costs, if its evaluation of the quantum of the claim was erroneous.

c. *That PWS alleged that Lidl had created a "fake" brand and sought to "imitate" PWS deliberately to deceive customers which was not sustained on the evidence.* It is true that Lidl did not imitate specifically PWS deliberately to deceive customers but, equally, Lidl created a brand which was designed to appear as though the products were from a traditional English local butcher when they were in fact Lidl own brand, in some cases sourced from overseas. The distinction between imitation of a specific brand and choice of a fictional brand which is similar to an existing brand is a subtle – albeit important – one. The evidence showed that Lidl did not make it particularly easy to distinguish own brand from third party brands in store or on pack. PWS's pursuit of the claim in this regard was not such as to take the case out of the norm.

d. *The mismatch between the e-mails and the evidence under cross-examination and that cross-examination proceeded on the basis of PWS's counsel's opinion.* In certain respects, PWS's witnesses did not come up exactly to proof when their evidence was tested – but this was more a matter of nuance of their evidence. Some of the cross-examination missed the mark but that often happens in litigation. None of this rendered the case or its pursuit inappropriate or out of the norm. I do not consider that the fact that cross-examination was conducted on a given basis affects the position.

e. *That PWS evinced absolute belief in the merits of its position.* Again, there is nothing in this point. Lidl too said that they were going to win and valued the claim at zero. It often happens that lawyers write letters to each other expressing complete confidence in their respective positions. That is litigation life. Many such lawyers' letters are taken with a pinch of salt by the recipient. Writing them does not take the case out of the norm.

f. *That PWS tried to force a settlement by raising a threat of negative publicity as part of its argument including raising somewhat graphic material at a late stage.* I was more troubled by this point, since PWS's January 2021 Part 36 offer to settle for £15 million suggested that reputational damage would follow if it was not paid. However, I think it was only really a somewhat strong lawyers "please settle" letter (as many written on PWS's behalf had been) pointing out that Lidl should pay because the trial would reveal Lidl's conduct. It fell within the "rough and tumble" of litigation run, admittedly rather aggressively, on a no-win, no-fee basis and does not take the case out of the norm.

g. *That PWS courted publicity for its serious allegations in the national and local media.* I do not think PWS courted publicity (see below) but equally did not turn down the opportunity when it presented itself. None of this takes the litigation out of the norm. Lawyers and litigants often speak with the press about cases and, as the coverage shows, this case was of legitimate public interest. The problem with the publicity was, as I discuss below, the detail of what it said not the principle of giving publicity to the dispute.

h. *That PWS's lawyers made mountains out of molehills, overegging evidence and disclosure on admitted goodwill taking a bad point* *on a missed evidence deadline and repeatedly engaging in lengthy and combative correspondence.* None of that takes the case out of the norm. As I read the correspondence, this was a hard fought case on both sides. I also think it was reasonable to include relevant documents on goodwill since they provided a more complete picture of the extent of PWS's trading and were (in some respects) of assistance to evaluating the extent to which there was operative confusion.

i. *PWS seeking to amend and then abandoning amendment of its case before trial after comments from the court; seeking to "ambush" Lidl late with more than 700 pages of new cross examination documents some of which were not what they at first appeared to be which had to be dealt with by Lidl and the court; and introducing certain other materials into the case at a late stage.* While that took up some time and some of it was designed to be prejudicial, it was not much, the court was able to ignore the prejudice, and this does not take the case out of the norm.

j. *PWS changing its evidence before the PTR.* Again, although perhaps regrettable, this seems an aspect of the rough and tumble of hard-fought litigation. This material did reveal one point, namely that a reason why PWS brought proceedings in the High Court rather than IPEC was because PWS's legal advisers wanted to be able to have the possibility of recovering a larger amount under the DBA than would have been the case in IPEC where the sum recoverable would have been limited (possibly, depending upon one's view of the case, to only that which was reasonable and proportionate) but PWS's costs liability would also have been limited to less than 1/10th of what it is now being asked to pay as a result of not being successful. So, what the lawyers and PWS would potentially gain would come at a price for PWS by way of exposure to costs liability. None of that, however, takes the case out of the norm.

k. There are several other points relied on including (a) *a dispute over ownership of goodwill which was ultimately resolved but which required attention (b) PWS's allegedly misconceived application to strike out the counterclaim which it says it did not make (c) the disclosure requests which the court rejected (d) putting Lidl and its solicitors to a substantial factual enquiry.* Again, perhaps some of these were, with the benefit of hindsight, sub-optimal but they are all part of hard fought High Court litigation.

General points

45. The following further general points make an award of indemnity costs inappropriate.

46. First, it may have been better and possibly more productive of an early settlement had the litigation been conducted at lower intensity, including as to

choice of court. However, that may be a characteristic of litigation which is conducted by a metaphorical “little person” against a “big corporation” where a claimant feels the need to shout to be heard. Second, until its October 2020 offer, Lidl had not undertaken not to use WARREN & SONS again and had not surrendered the registered trade mark. Third, to some extent, Lidl brought this case upon itself by its branding strategy which involved choosing a fictional brand to make its products more attractive and not troubling too much about whether it might affect the business of an undertaking with a similar name. There is nothing which required Lidl to take that approach to branding and the brand has now changed. Fourth, some (including me and perhaps even Lidl, since they were prepared to make a substantial offer to settle the case in October 2020) thought the case far from hopeless. Fifth, having heard from Mr Ian Warren, I am satisfied that PWS had reasonable motives for bringing the case.

47. Assuming even that PWS’s claim for financial relief was impossible rather than implausible (as to which I have not decided definitively, as opposed to indicating my preliminary view), I would have been slow to criticize PWS for pursuing it. There is an element of public interest in passing-off claims since they concern alleged deception of the public and upholding “truth in advertising/marketing”. Even if such claims are unsuccessful, there can be merit in having this issue aired. This claim also arises, as PWS counsel rightly submitted, in the context of concern about the inauthenticity of certain kinds of branding as well as legitimate debates about the need to protect smaller and especially rural businesses from perceived unfair practices by larger rivals. That said, it is important not to make too much of that in this case, given the fact that Lidl has abandoned the brand. There is here a difference between the justification for commencing the claim and the justification for continuing it in the face of a, prima facie, reasonable offer by Lidl to settle it. It is also subject to the points made below arising out of the further submissions. While there may be nothing reprehensible about pursuing prima facie unjustified sums, where a claim to such cannot be struck out, it seems to me that if a claim at a level which is prima facie implausible is pursued but fails, in the face of a reasonable offer to settle the claim, those responsible for the time and money wasted as a result should reasonably expect to pay the costs of that exercise in full.

48. For these reasons, I concluded that Lidl had not justified its claim for indemnity costs and I assessed costs down to trial on the standard basis. That decision did not affect the entitlement to interest, to which there is an entitlement where a Part 36 offer of this kind is beaten (see below as to how that is to be addressed).

Post-hearing submissions

49. As noted above, I gave permission to the parties to make further submissions on the issue of the appropriate basis for assessment of costs. My main reasons for doing so were that the draft decision had referred to some cases not referred to by the parties and that a question arose as to whether an award of indemnity costs may be appropriate if statements made in the course of

justifying the DBA in question at a 50/50 share made it sufficiently clear that the claim subsequently advanced was exaggerated, for that to be taken into account and given significant weight, despite the fact that no determination of quantum had been made at this stage. I also had regard to the developing jurisprudence relating to litigation finance which has, in various ways, expressed some concern that increasing access to justice by the various means through which that has been done in recent years may come at a price of increasing the incentives to bring claims of a kind which should not be incentivized or creating unfairness in other respects by unfairly immunizing those bringing certain kinds of speculative claims from bearing the full costs and risks which they impose on others.

50. Lidl's submissions largely followed its earlier points and submitted that both the facts and observations in *Lejonvarn,* to which it had not previously referred, supported its claim for indemnity costs. It also submitted, and I agree, that the mere fact that a substantial claim is pursued using a DBA could not justify costs being assessed on that basis. To that extent, whether or not there is a DBA, they submitted, was not relevant on the issue of indemnity costs. That is uncontroversaial and no-one had suggested otherwise.

51. However, Lidl also submitted that DBA and ATE funding was capable of creating or increasing incentives to pursue speculative or opportunistic litigation and that pursuit of litigation using a DBA and ATE insurance may create scenarios in which cases become harder to settle because one side was at "no risk of loss on damages while pursuing a claim with the chance of vast winnings". Such litigation may become, in Lidl's submission, "an investment vehicle" where, because there is no apparent downside to an insured claimant advancing a claim under a DBA, it may as well pursue the case to trial (and beyond), making what amounts to a "bet without any stake". This potentially imposes unjustified costs both on an opposing party and the court, disincentivises the acceptance of reasonable offers and, if not adequately addressed in costs, enables a claimant to obtain the full benefit of its large claim if it succeeds but (on the assumption that it was not obliged to pay indemnity costs if it loses) may leave a successful defendant, or one which has made a reasonable offer to settle at an early stage, significantly out of pocket if the claimant fails to do better. The effect of such a claim would therefore be for a claimant to appropriate the fruits of success but externalize (to a large extent) the costs of failure, as well as reducing the incentive to a defendant to make reasonable offers to settle cases at the actual value of the claim at an early stage.

52. I think there is a further factor in play here, as the authorities cited by the parties suggest. Historically, it was regarded as contrary to public policy for lawyers to engage in what are kinds of joint venture to pursue claims, making payment for legal services contingent upon the outcome. However, with diminishing public financing for claims, the approach to financing litigation has liberalized considerably, first to enable cases to be brought using conditional fee agreements and, more recently, permitting certain DBAs. The litigation financing market has also developed, with undertakings using claims as (sort of) investment vehicles. Without getting into the myriad complexities

of the justification for these approaches and the, often difficult, economic (including game theoretic) issues which these can raise, there are two broad reasons why that is desirable. First, it can enable access to justice, permitting cases to be brought which would otherwise not be maintainable because of the risks and costs involved. That can ensure that, in particular, smaller litigants which may be less able to bear the risks of uncertain litigation are placed on a more equal footing with larger undertakings. Second, it accords more with principles of freedom of contract.

53. However, as the authorities also show, that may have a price in some cases. Facilitating lower risk litigation, where remuneration for legal services is paid out of damages can also facilitate speculative investment claims. It can also encourage lawyers to make agreements in which they (in effect) contribute their labour and skill and litigants contribute the claim and their evidence in the hope of a large return. Again, I am not persuaded on the state of the authorities that this can be criticized as such and Lidl has made it clear, in agreement with PWS, that it does not do so. It can nonetheless be more problematic if such claims are pursued which impose large irrecoverable costs on a defendant to address, even if successful or if a defendant has made a reasonable offer to settle. A defendant's irrecoverable costs represent a burden which the pursuit of the return by the claimant imposes on a defendant. It is not clear that, as a matter of principle, it is desirable for the court to support an approach to encouraging claims which do not have a high prospect of success (of winning or of beating reasonable offer) but which risk leaving a defendant with significant irrecoverable costs. While that is a consequence of litigation of this kind, regardless of whether it is pursued using a DBA, it may be anomalous for the court to take an approach to costs awards which facilitates claimants and their lawyers pursuing agreements which enable them both to appropriate large gains if the speculation pays off but to leave defendants with irrecoverable losses if the speculation fails. That, it seems to me, can risk allocating litigation risks and rewards in an unfair and unbalanced way and create a range of undesirable incentives – including to run litigation in a more expensive way to a defendant and refuse reasonable offers to settle. This thinking does not point to the court preventing arguable – even weak - claims: if arguable, they may properly be brought and pursued. However, it does point towards ensuring that, if such a claim fails and large costs have been incurred on the way, knowing that the claim is weak or speculative, those should be paid in full. That, in turn, suggests that, for failed claims of that kind, indemnity costs awards are more appropriate.

54. However, the question then arises as to whether the court is in a position reliably to determine that the claim in question is unjustifiable or whether an offer made to settle the case was a reasonable one, in circumstances where there is an order for a split trial. A claimant which has failed at the liability stage of such a claim can often say with justification (because quantum has not been determined and may be heavily contested) that it is impossible to tell sufficiently reliably whether the claim was excessive and thereby contend that an award of indemnity costs was inappropriate. However, that itself potentially imposes unfair costs on a defendant and somewhat skews any negotiating balance because a defendant will know at the outset that the best it

may be left with, even if wholly successful on liability, is a potentially significant amount of irrecoverable costs. It also knows that if it loses on liability, it may have to pay significant costs which may never be recoverable even if it wins on quantum (say by exceeding a reasonable offer). This puts an effective “floor” on the rational settlement figure of approximately a sum lower than the probably irrecoverable costs. In substantial litigation, that can run to hundreds of thousands of pounds. So, if the court does not take steps to address that position, a claimant (and its lawyers) will know that the worst it can rationally get for them, give the uncertainties of litigation and the fact that litigation imposes large costs on a defendant in terms of management time (and sometimes reputation risks), is that a defendant will be incentivized to pay the claimant the difference, while preserving the upside of a potentially large speculative claim. So the litigation becomes in effect “no lose” in the sense that the rational expectation of recovery ranges from a reasonably substantial sum to a massive one, in which neither may bear a real relationship to the actual value of the claim. The consequence is that claimants and their lawyers can participate in a limited risk investment strategy but where the actual costs of that strategy are unlikely to be borne by them. It may also disincentivise making (or accepting) reasonable offers to settle.

55. Cases such as *Excalibur Ventures LLC v Texas Keystone Inc* [2016] EWCA Civ 1144, [2017] 1 W.L.R. 2221, although an extreme example of this, illustrate some of the undesirable features of certain large claims advanced using complex litigation finance which it would be a stretch to describe as “facilitating access to justice”. They are high-risk litigation investments pursued at great cost to others. As the Court of Appeal pointed out there, some modern funding arrangements facilitate access to justice, but others do not have that aim at heart. They are really speculative investment vehicles in which those involved in litigation seek to share the profits from a potentially substantial claim. The Court of Appeal pointed out that facilitation of access to justice was an “incidental by-product of commercial funding, but that is not the essential motivation of the commercial funder. The commercial funder is an investor who hopes to make a return on his investment. For that reason, justice will usually require that, if the funded proceedings fail, the funder or funders must pay the successful party's costs…” There is nothing in the judgments in that case which suggests that, where such claims fail, it is desirable to leave defendants with significant losses by way of unrecoverable costs. To the contrary, the message I take from the decisions taken as a whole is that where a case appears to be one which is not really an “access to justice” case but a commercial investment (as to which the boundary may admittedly not always be easy to determine) there is a greater justification for ensuring that others are not left to bear the costs of the claimant’s investment strategy which they have had imposed on them. In some cases, that can best be done (as it was in *Excalibur*) by ensuring that the potential beneficiaries of the failed investment (in that case, the litigation funders) share the costs burden, if appropriate, on an indemnity basis. This approach is fair in that it ensures that those who stand to gain from the investment do not leave others taking unjustified losses.

56. That general approach is also consistent with the concerns expressed in other recent cases (again not directly on point for the present case) such as *Paccar v Road Haulage Association* [2021] EWCA Civ 299 in which the Court of Appeal drew attention to the potential for abuse to which the regime for collective proceedings could lead. The court referred at [17] to the judgment of Lord Sales and Lord Leggatt in the Supreme Court, *Merricks v MasterCard Inc* [2020] UKSC 51 at [98], [2021] Bus. L.R. 25, which made similar points about the potential for class actions to be used oppressively or unfairly and the opportunities provided for profit for litigation funders.

57. The trend discernable from the developing case law is that, while creative forms of litigation financing enabling claims to be pursued will be permitted and in some cases actively encouraged, the courts should take account of the possibilities for such to lead to abuse and unfairness and seek to address that so far as possible. Lidl drew attention to two aspects of litigation funding regimes which mitigate against the risks of such. First, in the context of collective proceedings, the Group Litigation provisions of CPR19, including requiring a group litigation order to proceed. Those are not relevant here. Second, the observations by the Court of Appeal in *Excalibur* at [31] to the effect that "on-going review of the progress of litigation through the medium of lawyers independent of those conducting the litigation, a fortiori those conducting it on a conditional fee agreement, seems to me not just prudent but often essential in order to reduce the risk of orders for indemnity costs being made against the unsuccessful funded party." In my view, the rationale underlying this observation applies with no less force to cases conducted pursuant to a DBA, and may be more important where the sums in question sought by lawyers is, by any standards, very large and, in particular, is very large compared with what those lawyers themselves suggested would be the right order of magnitude when making the DBA arrangements in the first place. In such cases, it seems to me incumbent on lawyers to undertake a particularly dispassionate review of whether the claim being advanced and from which they allege they should stand to benefit on a large scale is really justifiable on the authorities and on the facts. That is no more than encouraging what might be described as responsible DBA litigation. I do not exclude the possibility that lawyers may conclude with their clients that, even if a claim is speculative, the risk is worth taking. It is not for the court to police the risk appetite of litigants and lawyers, which may well be higher than that which the court may consider prudent. However, if the claim at that level is not ultimately justified, it seems to me, in principle, right that the costs of that should not fall on the party which has been forced to incur them to demonstrate that fact. More specifically, there is a public interest in the court making litigants face up to the real costs that rejection of a reasonable offer may impose on others.

58. There is a further factor in play here. One of the problems with this kind of high risk/high reward litigation particularly in which multiple undertakings have a stake is that such cases can become harder to settle. The more undertakings involved, the greater the risk of conflicts arising. Not even litigants and their own lawyers may share the same risk appetite, which can in any event, diverge during proceedings especially if it appears that the likely

return is not as great as may have been thought. It is one thing for costs risks in the millions to be taken if a claim is worth tens of millions. It is quite another if it is worth two orders of magnitude less. Moreover, partly because the nature of litigation funding for cases of this kind, successful claimants may have to bear direct and immediate financial costs. Sometimes, as Lidl points out, victory can even be more expensive than defeat. An example of this comes from a case to which Lidl drew attention in the context of intellectual property litigation, *Global Energy Horizons Corp v Winros Partnership (Formerly Rosenblatt Solicitors)* [2020] 8 WLUK 247. That case was mainly focused on testing the validity of a funding arrangement between a party and its solicitors. Global Energy Horizons ('GEHC') was the claimant in patent action in which damages were estimated by their (former) solicitors in the hundreds of millions. Several conditional fee agreements were agreed and there was a funding arrangement in respect of other costs. The claimant won on liability but damages were then estimated by an expert as being only up to $15 Million. The upshot of the various complex funding arrangements was that, if the valuation of the claim really was only $15 million or thereabouts, it was likely that nothing would be left once legal costs had been accounted for and the investors who had funded the case so far would be unlikely to recover their costs outlay, let alone any compensation for supporting GEHC. This created an intolerable conflict which ultimately led to a lengthy and itself costly dispute between GEHC and its solicitors. The main action became, effectively, impossible to settle. Because the fee arrangements had been affected by the over-estimate of recoverable damages, a claimant in such a situation could be better off having lost (and thereby incurring no costs), than it would have been in accepting a settlement offer even of the full $15 Million (with the possible consequence of being liable to solicitors for their legal costs-plus-success fee, which may exceed the damages, leaving "nothing left", in the words of the Court of Appeal).

59. While the present case is very different on the facts, it is a matter of common knowledge that (for example) ATE insurance premiums can become payable on victory. Unless a claimant recovers more in compensation than the total payments which it is required to make under the various funding arrangements, it can find itself no better off winning than losing. That is all the more so because it seems to me that if such a case is pursued to the bitter end and a damages award is made at a lower level, a claimant may become liable for large costs to a defendant, especially in the face of a reasonable Part 36 offer made at a much earlier stage of the proceedings. So victory may, as a case develops, become almost as risky for a claimant as defeat, sometimes more so.

60. In this case, I accept PWS's submission that, because it is impossible at this stage to tell precisely what the right level of quantum would be and the case has not been developed, it is not possible properly to say definitively whether the claim advanced is excessive and whether it was unreasonable to refuse the Part 36 offer in the sense required by the case law. That does not mean the court should say nothing about it. First, this is a case in which a claim for an account of profits at the level sought faces numerous hurdles and it is well known that accounts of profits in intellectual property cases are problematic

generally and specifically where (as would inevitably be the case here) there are numerous reasons why profits may be made as a result of a product bearing a given mark being sold in a supermarket, most of which would have nothing to do with the precise branding or any connection it signalled. There was, moreover, no evidence that any customer had bought any of the WARREN & SONS products on the strength of any perceived connection with PWS. As regards the claim for user based damages, apart from the difficult legal question as to whether such damages would be appropriate at all in a case of this kind (and if so to what extent), on the facts, this is a case in which (as in the well-known case of *32Red*) Lidl would have had numerous alternative marks, some redolent of high street butchers, from which to choose which would have significantly affected what a reasonable licence fee would have been. The justification for a comparatively modest figure would have been increased by the fact that, on the evidence, PWS were insufficiently troubled by Lidl's WARREN & SONS brand to raise the matter in correspondence until a long time after they knew they might have a right to complain. There are numerous other factors which mean that this is not a case which has the hallmarks of a very large claim, on the basis of the existing case law.

61. Lidl submits that this is a case in which there ought to have been a more objective independent review of the merits of the case, including as to quantum. I am not persuaded that I can reach the conclusion that there had been insufficient review. Other than the solicitors' correspondence expressing confidence in the financial merits of the claim in the Part 36 offers, there is no material upon which I can safely conclude that PWS was not advised that the case may well only result in a more modest financial award. Thus, for all one knows at this stage, the financial claim may have been known to be weak, whatever the position as regards liability. As I have indicated above, it may nonetheless have been perceived to be worth fighting on, in the sense that Lidl might have been prepared to settle for more. As indicated, I cannot at this stage say that PWS's approach to compensation is unarguable, especially given that there is no application formally to determine that. I am conscious that saying this risks blighting this dispute with the curse of the arguable case, which can encourage a claimant to chase the tail of the probability distribution of possible outcomes, because the court is not equipped to sever it early, throwing good money after bad. However, the decision I am making will ensure that the costs of that tail-chasing, if it is done, are not borne by the defendant here if Lidl's approach is shown to have been reasonable all along.

62. In a case such as the present, where it is easy to envisage realistic scenarios in which PWS and Lidl might both be considerably worse off financially by pressing the dispute to its conclusion than by settling it now (albeit ones in which perhaps one or other set of lawyers might be better off), it is not doing litigants a service not to draw attention to the potential problems.

63. As to the role of the DBA, while I accept the submissions made on behalf of PWS about the desirability and utility of DBAs, the authorities also draw attention to a range of situations in which they can have less desirable consequences (see above). In my view the court should seek to encourage

claims which are genuinely concerned with providing access to justice, including in its approach to the award of costs, but at the same time seek to mitigate any unfairness which may result from the way in which they can be used to cast unreasonable risks onto a defendant, reduce the incentives to make and accept reasonable settlement offers, or to incentivise unmeritorious claims.

64. PWS, in agreement with Lidl, submitted that whether or not a case was advanced with the benefit of a DBA was irrelevant to the basis upon which costs should be assessed as such. It drew attention to CPR 44.18 which provides:

> III DAMAGES-BASED AGREEMENTS
> Award of costs where there is a damages-based agreement
> 44.18
> (1) The fact that a party has entered into a damages-based agreement will not affect the making of any order for costs which otherwise would be made in favour of that party.
> (2) Where costs are to be assessed in favour of a party who has entered into a damages-based agreement –
> (a) the party's recoverable costs will be assessed in accordance with rule 44.3; and
> (b) the party may not recover by way of costs more than the total amount payable by that party under the damages-based agreement for legal services provided under that agreement.

65. PWS submitted that this meant that the fact that it had chosen to instruct lawyers under a lawful DBA must not affect the Court's approach to the question of costs that it would otherwise have taken under CPR 44.2 in determining the incidence of costs and whether costs should be awarded on the standard or indemnity basis and that to do so would be wrong it law, since it would involve the court taking into account matters which it should not take into account.

66. Given that I accept that submission (and the general submissions on the value of DBAs in enabling access to justice in many kinds of case) as far as they go it is unnecessary to address this point at length. It does not, however, quite meet the point made by Lidl and which was concerning me, which is not whether the mere pursuit of the case using a DBA justifies a different basis of assessment but rather whether what was said by Stobbs in justifying the *particular* DBA terms, which provided for 50/50 damages between PWS and its lawyers, provided a guide to whether the claim subsequently advanced was excessive (even absent determination of such) and should have been appreciated to be at the time that Lidl's October 2020 Part 36 offer was made. However, as to that, point, my view has not been changed by the recent submissions, namely that what was said does not sufficiently justify that conclusion at this stage.

The overall impact of the post-hearing submissions

67. Taken as a whole, the post-hearing submissions have not persuaded me that the basis upon which I have assessed costs (namely the standard basis) at this stage should be changed. To that extent, I accept PWS's submissions and continue to take the view that the continuation of the claim in the face of Lidl's Part 36 offer of October 2021 was not such as to justify an award of indemnity costs. It may not have been evident at that time that the evidence would fall short and it may have been less clear to PWS then than it may be now that, even if there was liability, there was a serious risk (at least) that a likely award of damages would be modest relative to that claimed and that Lidl's offer was quite reasonable. It is now possible to predict with greater confidence that, if the case is pursued, it is unlikely to result in an award of compensation materially higher than that offered by Lidl in October 2020. I cannot, at this stage, say that it is impossible for the reasons summarised by PWS, but there would be significant hurdles to overcome both in law and on the facts.

68. Accordingly, justice requires an adjustment to the order I was proposing to make namely to provide that there should be permission to Lidl to apply to vary the order made as to costs in future. I will not impose strictures on the circumstances in which that may be done but indicate that a paradigm situation would be if the litigation had not produced an outcome for PWS significantly more favourable than it would have enjoyed had it accepted Lidl's October 2020 offer. In those circumstances, the entire litigation (over liability and quantum) would have involved a significant waste of time and costs since October 2020 and it would seem appropriate that Lidl should not have to bear more than the inevitable minimum of costs relating to the whole of it regardless of whether it had enjoyed a measure of success on given points which were expensive to determine. For reasons given below, I hope it will not come to that since it seems to me clear that this case should be resolved without devoting further time and cost to it.

69. However, that adjustment to the proposed order will put the court into a position to do better justice, should the case proceed and will mean that the case is not pursued without PWS (and its lawyers) bearing the real risks relating to it and potentially having to bear the full consequences of the decision not to accept that offer, if it fails in main objective. It will ensure that if they wish to take the risk in the hope of a significant return, the cost of doing so is not cast onto others. On the material I have seen, including the fact that it has been said that PWS is asset-rich, it also does not seem unfair in the sense of diminishing access to justice. It will have the side-effect of ensuring that Lidl, PWS, its lawyers and ATE insurers can proceed (if they chose to) in the knowledge of the risks and returns or do something about the position they now face before significant further costs are incurred and the case becomes unsettlable (or more messy). In so saying I recognise that if the Court of Appeal alters the approach this costs award may be changed anyway.

(ii) PWS's application for a reduction in costs

70. PWS contends that any costs award should be reduced by a significant percentage on a number of bases and that they are in any event too high for the various stages.

71. Although PWS made it clear that it is not making an offer as to what costs should be paid, the overall effect of its arguments is a submission that the costs payable to Lidl down to trial should be reduced from some £777,000 to £230,000 (since trial those costs have increased). The largest single reduction (50%) is said to arise as a result of Lidl's failure to mediate. I deal with that in greater detail since it raises issues of approach where parties appear to be far apart but both have made offers to settle.

(a) Shorter trials scheme

72. First, PWS submits that Lidl's costs are disproportionate for proceedings brought under the shorter trial scheme. This, PWS says, should attract a 10% discount. I am unable to accept that submission.

73. There is, at present, no cap on costs in the shorter trials scheme although proposals for such have been mooted. Moreover, PWS chose to pursue this claim in the High Court when it could have proceeded in IPEC where there would have been a £50,000 costs cap. The reason it did not do so was because of the prospect of larger compensation both for PWS and its lawyers. I do not think it is reasonable to choose a non-costs capped forum with a claim that is by no means certain to succeed (so that a financial claim providing sums which appear, on the face of it, to provide disproportionate remuneration both to litigants and lawyers) and then complain about the costs in that forum when a defendant devotes significant resources to the case in the normal way in the forum chosen by the claimant itself to advance that prima facie disproportionate claim.

74. Where a large claim is made which is said by a claimant to be significant to the defendant's reputation and the claimant keeps saying that the defendant is bound to lose, that inevitably forces a defendant to spend significant sums in addressing it. Moreover, the costs I have assessed mean that in total they are only about 20% higher than they would be with a £500,000 STS costs cap. So I do not think the point really hits home.

(b) PWS's partial success

75. Second, PWS submits that Lidl's success was partial and time was spent on issues on which Lidl was not successful at trial. The main points relied on are (i) the findings as regards a wider goodwill (ii) the counterclaim and (iii) knowledge on the part of customers of whether WARREN & SONS was an own-brand. There are some other, more minor, points which occupied comparatively little time at trial (such as the date of assessment of goodwill, delay, similarity of signs, and a sub-issue on assignment of goodwill which

ultimately PWS was required to address by an assignment back from the bank and cannot be said to have “won”).

76. It is well established that the court must identify sufficiently isolable issues on which the otherwise unsuccessful party won to justify percentage reductions in costs. With one exception, none of the issues identified are both sufficiently isolable and ones on which PWS was clearly successful which merit a reduction in costs.

77. First, passing off cases require an overall evaluation, where evidence going to the extent of goodwill and misrepresentation/damage is hard to separate. The findings as to wider goodwill were more nuanced. They did not accept the contention that, just because PWS had some wider goodwill, passing off took place or was likely. The issue required examination of the nature of PWS’s goodwill and whether that made operative misrepresentation causing damage likely.

78. Second, on delay, which is in principle a separable issue, that may re-emerge in any discussion of quantification of compensation depending on the basis advanced, should the case proceed, so PWS cannot be said to have “won” on it yet. This was relevant to the overall evaluation of whether there had really been an operative misrepresentation causing material damage to goodwill or whether this was a situation of merely occasional confusion/wondering which, in so far as it took place, was quickly cleared up. The delay in raising the matter gave additional weight to Lidl’s submission that any confusion was unlikely to have been significantly damaging to PWS’s goodwill because, had PWS believed that its customers or others were being significantly misled and its goodwill seriously damaged, it is likely that it would have raised the matter with Lidl earlier, especially after it knew that it may be able to do something about it.

79. Third, Lidl was, however, unsuccessful on its counterclaim. Although it was framed conditionally and was tactical, had it succeeded it would have restricted PWS’s activities outside Launceston and the surrounding area. It did not have a sound basis.

80. Whatever the nature of PWS’s goodwill further afield than the Launceston area, PWS had started to supply products well before Lidl’s first use of WARREN & SONS. While it did not add very significantly to the costs, it attracted a dispute before the first CMC over whether it should be struck out (it wasn’t) so it took up time at the earlier stages as well as increasing the costs of the case generally.

81. Neither side has submitted evidence on the percentage reduction which would be appropriate. Doing the best I can, having read the correspondence, evidence and skeletons including some of the material around the CMC, this should be reflected by a 10% reduction in the costs payable to Lidl on the basis that this was a counterclaim which PWS clearly won, as to which it should, in principle have its own costs as well as not having to pay a

percentage of Lidl's and the documents suggest that its inclusion required some serious work to address it at various points in the case.

(c) Failure to mediate

82. Third, PWS submits that Lidl unreasonably refused to mediate and that its costs should be reduced by 50% as a result.

Principles

83. The principles for determining whether (i) a refusal to engage in ADR was unreasonable and (ii) the costs consequences of this are well established.

84. As to whether refusal was unreasonable, these were set out in *Halsey v Milton Keynes General NHS Trust* [2004] EWCA Civ 576. The court will have regard to: (a) the nature of the dispute; (b) the merits of the case; (c) the extent to which other settlement methods have been attempted; (d) whether the costs of the ADR would be disproportionately high; (e) whether any delay in setting up and attending the ADR would have been prejudicial; and (f) whether the ADR had a reasonable prospect of success. As was there said: the burden "…is placed on the unsuccessful party to show that there was a reasonable prospect that mediation would have been successful. This is not an unduly onerous burden to discharge: he does not have to prove that a mediation would in fact have succeeded. It is significantly easier for the unsuccessful party to prove that there was a reasonable prospect that a mediation would have succeeded than for the successful party to prove the contrary."

85. A finding that a party has unreasonably refused even to engage in ADR does not result in an automatic costs penalty. It is an aspect of the party's conduct which may be taken into account in evaluating reasonableness. In *Gore v Naheed & Anor* [2017] EWCA Civ 369, Patten LJ in the Court of Appeal said:

> "Mr McNae referred us to the decision of this Court in *PGF II SA v OMFS Company 1 Ltd* in which Briggs LJ emphasised the need, as he saw it, for the courts to encourage parties to embark on ADR in appropriate cases and said that silence in the face of an invitation to participate in ADR should, as a general rule, be treated as unreasonable regardless of whether a refusal to mediate might in the circumstances have been justified. Speaking for myself, I have some difficulty in accepting that the desire of a party to have his rights determined by a court of law in preference to mediation can be said to be unreasonable conduct particularly when, as here, those rights are ultimately vindicated. But, as Briggs LJ makes clear in his judgment, a failure to engage, even if unreasonable, does not automatically result in a costs penalty. It is simply a factor to be taken into account by the judge when exercising his costs discretion."

86. In some cases, of which *Northrop Grumman Mission Systems Europe Ltd v BAE Systems (Al Diriyah C4I) Ltd (No 2)* [2014] EWHC 3148 (TCC) is an example, even if a successful party's conduct in refusing mediation is unreasonable but the party has made a Part 36 offer which has not been beaten, these can effectively cancel each other out or more strictly, the

conduct of the parties in this respect is treated as a neutral factor. Ramsey J said at [74]: "A refusal to mediate means that the parties have lost the opportunity of resolving the case without there being a hearing. A failure to accept the offer has equally meant that the parties have lost the opportunity of resolving the case without a hearing." So the issue of failure to mediate cannot be looked at in isolation.

Reasonableness in this case

87. *Nature of the case.* PWS submits that the nature of the dispute made it suitable for mediation. I agree. Although Lidl had not provided all the relief sought at the earlier stage, this was a case (as framed by the lawyers) largely about historical compensation. As PWS submits, there is a wide range of skilled mediators experienced in the field who would have been able to assist with that.

88. However, I think there is an additional reason why this case was particularly suited to mediation. It has undertones of what might be loosely described as "respect for the English (or Cornish) high street", and all that involves culturally and aesthetically. There is a fundamental sentiment underlying it which I thought came through in the evidence and of which it was easy to lose sight in the debate about large sums of money and/or Lidl perceiving this as a situation where it had to limit the perceived downside risk from a no-win no-fee claim. This case is not, despite appearances, just about money, although no-one would say that a no-risk way of possibly making (say) £38 million or even half that is something any businessperson would turn down. The case is also about culture and authenticity. Some would say that it is not cricket for a large retail undertaking not only to place the high street under a kind of commercial threat but do so flying the high street's traditional colours. Mediation would have been a suitable forum for addressing some of these deep and genuinely felt concerns, which I think at least partly underlay Mr Ian Warren taking a stand with the case. But I still think it would have failed (see below) because the case had been so "lawyerised" and turned into an IP monetization exercise in which the focus would have been unlikely to be on these issues.

89. *Merits of the case.* The fact that a party reasonably believes that it has a strong case is relevant to the question whether it has acted reasonably in refusing ADR but borderline cases are often regarded as suitable for ADR unless there are significant countervailing factors. Again, I agree with PWS that this was not a nuisance claim. It raised legitimate questions. The merits did not make it unsuitable for mediation.

90. *What alternative methods were available.* Here, alternative methods were available (namely a Part 36 offer) and were used.

91. *Whether the costs of the ADR would be disproportionately high/delay.* The likely costs of a mediation (c. £4,000 of a mediator plus costs of the parties) were not very high compared with the costs of the proceedings. There would not have been material delay.

92. *Whether mediation would have stood a reasonable prospect of success.* While there is evidence that mediations are a successful means of settling disputes (recent CEDR figures give a success rate of 93% overall) the parties here were far apart on money. So, the big question is whether the parties were capable at that point of being herded onto the same page by a skilled mediator. PWS submits that really what PWS wanted was an opportunity to be taken seriously, not a corporate "brush off". I can see that but really the mediation would have been largely focused on money since that was all the dispute had come down to and was the terrain onto which PWS was seeking to put the case.

The pre-Valuation Report proposals for mediation

93. PWS wrote and suggested ADR/mediation on 9 April 2020, 12 May 2020, 26 May 2020 and 24 July 2020. PWS relies particularly on the 24 July 2020 offer which set out a detailed proposal, including dates and a suggested mediator. At that stage, PWS had put forward a financial claim which, albeit unquantified, would have been taken to run to tens of millions of pounds on the footing that this was the basis advanced in its letter before claim. Lidl would have been reasonable in considering that there was no prospect of making an offer close to the sums which PWS would be prepared to settle for and that to engage in mediation would encourage PWS and its lawyers to think that it should press on with the financial claim.

The post-Valuation Report proposals for mediation

94. On 19 October 2020, PWS wrote again with a specific invitation to mediation to bridge the gap. However, at that stage, it would have appeared that there was not just a gap but a chasm in perception of financial value. PWS had submitted a Valuation Report under cover of correspondence that said (in effect) that Lidl was bound to lose and that suggesting even that user damages rather than an account of profits should be paid was unarguable (although it was a basis which they said they were prepared to accept just a few months later). Lidl had made an offer of a significant sum plus costs but it was about two orders of magnitude lower. Lidl was entitled to take the view that this would be unbridgeable, no matter how skilled the mediator.

95. The presence of the DBA and the fact that the claim was specifically brought to enable larger financial relief to be recovered would have enhanced the belief that it was impossible. I do not believe that the DBA point was, as PWS submits, little more than a fig-leaf to cover Lidl's refusal to avoid ADR. DBAs have benefits in enabling claims to be brought by those who would otherwise not be able to. But they have costs as well including in making it look like the case is entirely about money and that it might be "driven" by the lawyers, especially with clients who are not regular court users.

96. For this case, the DBA arrangements may have created a disincentive to settlement. If settlement with PWS would inevitably have meant benefitting PWS's lawyers as well as PWS at a level which, regardless of PWS's position,

Lidl was not prepared to do (possibly because of the incentive element for other DBA-based claims) that may have been perceived as an obstacle to reasonable terms. There is some evidence from Mr Unterhalter that Lidl wished to ensure that it was not an attractive target for meritless no-win no-fee claims. PWS's £15 million Part 36 offer made shortly before trial supports the fact that there would have remained an unbridgeable gap at that stage, rendering litigation inevitable. On the correspondence as a whole, Lidl could also have taken the view that they were being encouraged to mediate under reputational duress. They would have been reasonable in being unprepared to do that.

97. I do not agree with PWS that the only barrier to settlement at that time was determining an appropriate discount to an estimated gross profit figure. The parties were fundamentally divided as to whether the claim merited any payment at all, still less one at the extravagant levels claimed. PWS wanted sums apparently based on sales of WARREN & SONS products in every Lidl in the country over some 5 years, including places where PWS would have been unknown to Lidl's customers. That is itself at some remove from the basis in which damages awards have been made in the past.

98. I am also not persuaded that PWS or its lawyers would have been perceived by Lidl as having engaged with the issue of what they respectively had done to deserve the large sums claimed on the bases put forward in either a moral or legal sense, both of which may be important for persuasion in a mediation. To take one example, it is unclear what answer Stobbs/counsel would have had to the obvious question which would have arisen in Lidl's mind (even if not necessarily expressed in this way): "Why should we pay your clients on a basis which would mean you got to share a financial pot of such a size? What message would we be sending to-win no-fee lawyers generally if we did that? How do you suggest we justify paying out a sum which would have that consequence, knowing of our customers and employees who have worked hard for low pay for many years and who would not see earnings like that in a lifetime?" In the absence of a good answer to such questions and some indication that PWS/Stobbs/counsel would have been prepared to moderate their demands to a level which all would have found reasonable, of which there was no obvious sign at that stage, mediation would not have succeeded.

99. Moreover, it does not follow that even if Lidl had diverted sales *to* itself by the use of WARREN & SONS that it had diverted sales *from* PWS. It may have diverted them from another supermarket or a local high street butcher (on this theory). Why, it would have been asked, should PWS and Stobbs/counsel be paid the profits which PWS was asserting had been made at the expense of other butchers up and down the country who would otherwise have been in the frame for the trade, by the allegedly wrongful pretence that Lidl was selling the produce of another local English butcher? It would have been, in effect asking Lidl to treat PWS/Stobbs/counsel as having engaged in a notional 50/50 profit sharing joint venture to run and take the (or a significant proportion of) the profits from the whole of Lidl's meat business over a period of years without any of them having actually done so. I do not think that would have been very persuasive in inducing Lidl to settle the case in a

mediation. PWS would have needed to do better than repeating the legal dicta in their correspondence, which were themselves of questionable universal application (and on which some doubt had been cast by the Court of Appeal) from the limited number of first instance cases on quite different facts. They would have had limited moral or legal negotiating leverage other than to say, in effect, "pay or it will look bad for you at trial" which would not, in my judgment, have moved Lidl and, in the event, did not move Lidl when that message was delivered in their second Part 36 offer. I do not detect from the correspondence or the conduct of the case any real sense of preparedness, at that stage, on the part of PWS/Stobbs/counsel to think about matters in a more realistic way. PWS's lawyers appear to have been focused at that time on treating the case as akin to a straightforward royalty collection exercise for infringement of a statutory intellectual property right where, as a sort of collection agency, they would take half the proceeds, albeit one where the notional licensee had never been told that they might need a license or were accruing a liability and where, had they been told, they may have been able to make it clearer (for example) that WARREN & SONS was a Lidl own brand or taken other steps which would have avoided the issue altogether.

100. All told, I do not think that mediation at that stage would have had good prospects of success: the parties were not thinking about the case in the same way and were very far apart.

Summary on mediation

101. There is some prospect that mediation may have resolved the case earlier but I think, at that stage, it would have had a rather low chance of doing so. Lidl was not unreasonable in not taking up the invitation to mediate at that time. Even if it had been, the analysis of Ramsey J referred to above is apposite. Both parties took different steps to try to avoid a trial, including making offers. Conduct in this respect is therefore a neutral factor in costs. There is therefore no basis for the 50% reduction claimed by PWS or any reduction on this account.

(d) Other aspects of conduct

102. Finally, PWS criticises Lidl's conduct of the proceedings and the fact that it has made unwarranted accusations of PWS manipulating evidence and its legal team acting in their own interests rather than those of PWS in pursuing a large financial claim. I do not think the accusations are justified but they have not contributed to a material increase in costs. PWS also made various accusations against Lidl and sought to introduce a considerable amount of material to act as a platform for criticizing Lidl generally. I do not think there is a basis for a conduct-based deduction.

Summary on reduction in costs

103. Accordingly, Lidl is entitled to 90% of its costs on the standard basis. In case it is not sufficiently clear, I therefore reject PWS's position that there should be no order as to costs. That would not reflect the justice of the situation, as I believe was implicitly recognized by Counsel for PWS who did

not press that suggestion with any vigour either in written or oral submissions. While it is true that this remained, the primary position of PWS, argument focused on the proposed reductions in costs addressed above.

Quantification/summary assessment of costs

104. The evidence upon which I am asked to make a summary assessment of standard costs is limited and I will therefore be guided principally by an imperfect comparison in the parties' level of costs (reflecting time spent) at various stages. PWS makes the following main points on quantum.

105. First, that Lidl's costs were too high at the first and second CMCs (PWS's costs were some £30,000; Lidl's were about £142,000, some explained by different charging rates). The difficulty with evaluating PWS's submission is that I did not hear the CMC and costs were in the case. It is said that costs were driven by Lidl's abandoned application and a failure to engage with disclosure in advance of the first hearing. Lidl's view is different. I have read the correspondence relating to this and the schedule of costs. I think it was reasonable for Lidl to devote significant resources to this CMC but the total hours spent and the overall costs seem disproportionately high, having regard to PWS's costs. I think c. 70% of these costs were reasonable and proportionate.

106. Second, the PTR and CPR 31.14 Application of which it is said that Lidl's costs (c. £45,000) were too high as compared with PWS's (c. £20,000). The issues arising at this hearing were not completely straightforward, reflected in the fact that both sides incurred quite significant costs. The application resulted in partial success on each side and amendments/additions to evidence concerning the funding of the case. PWS says that the right figure here is £28,000. Given the difference in hourly and other rates, I do not think this discrepancy is as great as it first appears. I am prepared to make a more modest reduction to reflect the fact that the sums are significantly different. I think a reduction to c. 70% is appropriate here as well.

107. Third, it is said that the costs of trial (c. £229,000) were too high in that they were double PWS's (c. £136,000). Again, much of this is accounted for in the fact that Lidl's solicitors' and counsel's rates are higher than PWS's and Lidl elected to instruct leading counsel as well as a junior. But for that, they would have been broadly comparable. I do not think that, overall, it was unreasonable to devote resources of this kind to the trial. However, this is a situation in which the question is not whether it was reasonable for Lidl to spend the time and money they did but whether PWS should be obliged to pay for all of it. The main reason for a discrepancy in the figures arises from the decision by Lidl to use two counsel (albeit one internal to Bird & Bird) and because, it is said, counsel's fees were about 25% too high. Given the nature of the claim and the matters said by PWS to be at stake, I do not think these were unreasonable as such. There was a considerable volume of documentation to consider, some of which arose at the last minute. However, it does seem that the hours spent were excessive given the extensive earlier involvement of those concerned. This is hard to evaluate with precision and,

on this, a rule of thumb of percentage recovery (c. 65-75%) of costs seems appropriate. So again, I will make a reduction to 70% of the claimed costs of preparation. I have also made a small reduction in ADR costs since mediation did not take place and it is not clear what this is for.

108. Given that this was, in effect, one phase of a claim said by PWS to be worth c. £38 million and for which they said they would settle for no less than £15 million, it is also (on PWS's case) proportionate. Given also the impossibility of accuracy, I have kept the figures round (erring on the lower end) and approximate and at a level which, had the case been subject to costs budgeting, it would probably have been budgeted. It is also reasonable in that it is an overall figure not far away from PWS's costs and represents recovery of approximately ¾ of Lidl's costs, which is well within a normal range for costs assessments, especially given the partial success discount. The rival contentions are set out in the table below.

Phase	**PWS**	**Lidl**	***Assesment***
Pre action costs	£37,225.00	£28,175.20	£25,000.00
Issue / stm of case	£63,645.99	£84,267.80	£80,000.00
CMC - c.70%	£30,070.21	£142,380.60	£100,000.00
Disclosure	£103,282.86	£110,367.60	£110,000.00
Witness stms	£90,729.83	£102,750.80	£100,000.00
Experts reports	-	£1,675.20	£1,500.00
PTR - c. 70%	£20,148.45	£45,447.60	£30,000.00
Trial prep. - c. 70%	£117,088.08	£172,486.00	£120,000.00
Trial	£18,760.00	£56,398.00	£55,000.00
ADR	-	£10,083.60	£5,000.00
Post-trial	£1,105.67	£13,729.60	£10,000.00
Disbursements	-	£9,928.30	£9,928.30
TOTAL	**£482,056.09**	**£777,690.30**	**£646,428.30**
STS Discount		0%	**£646,428.30**
Partial success		10%	**£581,785.47**
Mediation		0%	**£581,785.47**
Conduct		0%	**£581,785.47**

The overall result is a summary assessment of costs on the standard basis of £581,785.47.

109. In the further submissions, Lidl contends that I should have awarded the costs of arguing about costs to it and that the decision to make no order in that

respect was insufficiently justified. The reason for addressing the costs of the consequentials hearing in a different way was that it concerned properly isolable issues (indemnity costs/costs reduction and publicity order). They were issues upon which there was no clear winner. The approach I am taking above to the question of costs means that, should Lidl's position ultimately be vindicated, it will be in a position to make a further application for costs of the whole proceedings.

B. PUBLICITY ORDER

110. Lidl seeks an order that the outcome of the main judgment is given publicity in a range of ways at PWS's expense, by notices in the form set out at Schedules 1 and 2 of the draft Order in various publications.

Facts giving rise to the application

111. It is necessary to record the facts giving rise to this application in some detail. They are largely taken from the witness statements of Mr David Unterhalter (Head of Legal and compliance for one of the Lidl companies) and Mr Julius Stobbs (sole director and shareholder of Stobbs (IP) Limited, PWS's solicitors). Mr Stobbs did not have day to day conduct of the case and appears from the Statements of Costs to have done no significant work on it but work took place under his general oversight. He is an experienced solicitor in the field of intellectual property.

The reputation aspect of the case

112. Mr Unterhalter explains the background, including the risks the action posed to Lidl. He says that Lidl's perception of the original letter before claim was that Lidl was heading for litigation unless they made immediate capitulation. Lidl regarded the claim as presenting, among other things, reputational risk, because Stobbs' initial letter had alleged that Lidl's actions were "a deliberate attempt to mislead consumers into believing that [their] meat products are sourced from a local UK and family-run butcher." The letter referred to high profile product recalls and an incident involving poisoning of a child by e-coli in France in 2011, which was nothing to do with the companies concerned in this case.

113. Mr Unterhalter took the view that the claim was framed so as to extract money from Lidl and he was concerned because, as he says, "the question of negative publicity was (and is) especially concerning for a supermarket business that retails to the general public in a very competitive sector". Lidl was also concerned about the allegations of "fake branding" because Lidl had strong links with British farming and a commitment to it. An allegation of selling "fake" products would, if not properly countered, be damaging to Lidl in various ways.

114. He explains that, as the case progressed, PWS increased the pressure, saying frequently in correspondence that Lidl was bound to lose and making it clear that the case would be run in such a way as to try to cause damage to

Lidl's reputation. For example, PWS unsuccessfully sought disclosure of all negative publicity relating to any aspect of its business, whether related to WARREN & SONS or not, with a view to raising that at trial.

115. On several occasions, PWS said it would be seeking a publicity order and maintained that it would do so even after no WARREN & SONS products remained on sale. I have referred above to the Part 36 offer in January 2021 which said that "reputational harm" would inevitably result from the trial. That reflects the overall approach Stobbs sought to convey throughout, to persuade Lidl to settle for large sums. The pressure increased further shortly before trial, when Stobbs served a 700 page cross-examination bundle which included videos of livestock being physically abused which, as Mr Unterhalter says, appeared to have nothing to do with the issues but, had they been shown in court would have created something of a spectacle. Ultimately, following indications from the court, the cross-examination bundle was winnowed down to sensible proportions and none of this material was deployed.

116. Mr Unterhalter is therefore justified in saying that the threat of negative publicity was kept at the forefront of the case by Stobbs throughout. He was, in my view, reasonable to consider that Lidl would need to take the risk of reputational harm seriously: a finding that Lidl had behaved particularly badly would tarnish its reputation and potentially affect its standing with the public and with suppliers as compared with its competitors, potentially over a long period. It is against that background that the publicity order arises because Lidl's position is that, since PWS (with the assistance of its lawyers) set out to cause – and in fact caused – unjustifiably bad publicity for Lidl, even though the trial has been resolved in Lidl's favour, the fact that Lidl won the case should, among other things, be made widely known.

The genesis of the Mail on Sunday/Mail Online Article

117. At some point shortly after the trial, while judgment was in preparation (the date is not given) a journalist from the Mail on Sunday contacted Stobbs and asked to speak to the person dealing with litigation against Aldi and Lidl. She explained her particular interest in claims involving beauty brands. Mr Stobbs called her back. He had two brief telephone discussions in which the topic of supermarket copycats was discussed "in very general terms". The first focused on the trend for supermarkets to use copycat packaging to imitate the packaging of well-known brands and he provided an explanation of a case Stobbs was working on against Aldi. The journalist knew of the background to the current case from court documents but Mr Stobbs explained why it was a different case to the others discussed, because it was not one which involved the imitation of the packaging of a well known brand. He says: "I specifically made the point that Lidl had not chosen the brand to deliberately imitate the Claimant (in the way that supermarkets frequently do with look-alike packaging of well-known brands), but in an attempt to give the impression of being from an English butcher (which consumers would associate with quality and provenance)".

118. In a further telephone call on 16 March 2021, the journalist made contact with Mr Stobbs again, having made further investigations. She was keen to pick the story back up. Mr Stobbs introduced the journalist to PWS's PR representative, having been informed that she had been primed to handle press enquiries. Mr Stobbs says that, in these discussions, he expressed his genuinely held view as to the basis for the passing off claim but did not go into detail. However, at some point, the journalist was provided by Stobbs with a copy of PWS's skeleton arguments (but not Lidl's). Those skeletons inevitably present the position from PWS's perspective and the case is put quite high in them, including as to the alleged lack of merit in Lidl's defence. Mr Stobbs is very clear that he did not make any accusation that Lidl was "imitating award-winning family butcher to sell its cheap meat" (as the headline in one of the articles stated was the allegation in issue) and that he did not make any false or misleading statement to any journalist concerning the case, Lidl or its representatives.

119. Lidl was contacted by the journalist at *The Mail on Sunday* on 19 March 2021 and invited to comment either on or off the record. They responded that they were unable to provide comment because there was an ongoing court case pending judgment. Lidl's evidence is that it did not feel it appropriate to vent its side of the argument at the time the court was making factual findings which might have gone against them and that it would have been disrespectful to PWS and the court.

The articles are published and republished/references

120. On 28 April 2021, just before Easter, an article came out in the *Mail on Sunday* and the *Scottish Mail on Sunday* ("the Mail Article"). It was a reasonably prominent full-page story but somewhat buried in the later parts of the physical paper. The physical paper article is at Annex 1. The story was picked up by the Daily Telegraph and several other publications which put out their own articles on the same subject. The *Mail Online* version was in similar terms but the others ("the Subsequent Articles") were all somewhat different and, of particular relevance, did not have the same headline. Publications in which other articles appeared included prominent regional and trade press (Western Morning News; Cornish and Devon Post; Cornish Herald; Plymouth Herald; Meat Management Magazine) and some online publications (MSN Lifestyle, Cornwall Live, Plymouth Live, Meat Management Magazine Online, Western Daily Press). There were re-publications and references in electronic media on Stobbs' web-site and counsel's LinkedIn account. Some appeared after a draft of the main decision was circulated.

121. I focus on the Mail Article because it is said to be the most problematic for Lidl in reputation terms, partly because of its content and the comments it attracted, which may themselves have been widely viewed and partly because of its wide circulation. *The Mail on Sunday* is reported as being the most read Sunday paper in the UK with a readership of 2,000,000 adults every week. *MailOnline* is said to be the most widely-read English news source in the world since 2012. Publishers' figures report an audience of 25 million and 76% are the main shopper for their household. It is less clear what the

prominence or circulation of the Subsequent Articles was. There was a further problem with the Mail Article. In the print edition, by chance, it appeared in the same newspaper as advertisements of Lidl's main competitors and did so at a key meat buying time just before Easter. So the effect of the paper as a whole was that it contained much positive publicity for Lidl's competitors alongside (in effect) negative publicity for Lidl, which specifically referred to the poor quality of Lidl's meat.

The content of the Mail Article

122. One of the first problems in a case of this kind is determining what the Mail Article would have been understood to a reader. Here I proceed with caution because there is jurisprudence, of which none was cited by the parties, on how this is done in defamation contexts, including that relating to the so-called *Chase* levels where allegations are reported (see *Chase v. News Groups* [2003] EMLR 11 and *Brown v. Bower* [2018] EMLR 9). This is potentially relevant to that evaluation in the context of reports of this kind. I do not purport to determine or to bind any other tribunal as to the meaning of the Mail Article or any part of it, not least because I was not addressed on it specifically. However, it is necessary in assessing what (if any) counter-publication should be required in the context of the separate publicity order jurisdiction to consider what the publication said to give rise to what it was saying. The *Chase* approach is useful as a framework for this case but I have not applied it precisely here.

123. The Mail Article had a prominent headline:

> *"Fake Moos? Lidl 'imitates family butcher to sell its cheap meat'"*

124. This headline was however raising a question and carried the allegation in quotations suggesting that this was merely an allegation the truth of which remained to be determined. The article then referred to the allegation in the case that Lidl was:

> *"…trying to deceive consumers into believing the meat was sourced from an English butcher".*

125. There were specific references to a range of confusion and to damage. There was a reference to "tricking" customers and Mr Ian Warren was quoted as saying:

> *"Lidl set out to create a brand and make customers believe they're buying a provincial English butcher's product. To do that and sell products with foreign meat baffles me. They're puling the wool over customers' eyes…"*

126. Although, like the headline, this did not specifically refer to PWS, because PWS was the only English butcher mentioned at least some ordinary readers would have taken this as allegation that Lidl had specifically taken PWS's brand to make customers believe that the meat they were buying was PWS's

meat. That would have been reinforced by the quotation from Mr Julius Stobbs as follows:

> *"Philip Warren & Son is a real David and Goliath case. As time has gone by the supermarkets – and there are a few that don't do this – have got bolder about creating copycat products."*

127. This would have reinforced the message that this was a case of a "copycat" product and one in which Lidl had copied PWS's branding deliberately. Two further matters would I think also have been taken into account readers, which would have delivered the same message. First, the quote from the Lidl design brief asking designers to:

> *"…hone in on the provincial English butchers".*

128. Again, this would probably have been understood as Lidl having given an instruction to hone in specifically on PWS, since no other English butcher was mentioned, reinforcing the message that this was a situation of deliberate copying of PWS.

129. Second, the article said:

> *"Lidl claimed in court that the complaint was filed too late after the brand's launch and said the butcher was too small to be badly affected. Lidl GB said "This is an ongoing court case so we cannot comment""*

130. I think this is relevant, because it is a report of Lidl's defence and its allegedly limited nature.

131. Taken as a whole, an ordinary reader of the Mail Article would be likely to have understood that there were at least grounds to suppose (sufficient to have come to trial) that Lidl had done the acts of which it was accused in the headline, in particular that Lidl had deliberately imitated PWS's name, targeting them because of their good reputation as a local English butcher for the purpose of misleading Lidl's customers into buying its poor quality produce on the basis of a belief that it originated with the (higher quality) PWS. Second, that Lidl's use of the WARREN & SONS mark had caused material confusion in the marketplace over a period and had done damage to PWS's reputation and business. Third, that Lidl had not put forward a good substantive defence to the case, relying instead on two points; that the claim had been advanced too late and that PWS was too small to be seriously damaged. These points need to be taken together, because if an allegation would be taken to be that there are "grounds to investigate" whether the undertaking has done the act but it is then coupled with a factual claim that the undertaking has not denied them that may convert a "lower" level allegation (that a claim has been made) implicitly into a higher level one in the public mind – namely that the allegation is correct. The allegation becomes one which says: "X has been accused of a wrongdoing…and has not denied it".

132. As to the first of these messages, it is common ground that, on the evidence at trial, this is not what Lidl had done. It is also common ground that it was not what Lidl was being accused of having done or that there were grounds to investigate whether that was what Lidl had done. As to the second, there was, throughout the case, legitimate debate as to the extent of PWS's goodwill, whether there was misrepresentation and whether this was sufficiently serious to damage that goodwill. As to the third, the points identified of Lidl's defence were, at best, a version so distorted by brevity of the basis on which Lidl was defending the case as not to have captured Lidl's position accurately. At least some readers would have assumed from the article that the merits were all one way, Lidl had nothing to say for itself, had done nothing to remedy the position and that judgment in PWS's favour was inevitable.

133. I emphasize at this point that these are not definitive findings, which I do not think could be appropriate without hearing from the author/publisher of the Mail Article. They are a prima facie view and they are open to being changed. This is important because it would be highly undesirable to find, as PWS has suggested was the case, that if there was something wrong with the article, it was the fault of those who published it, without them being able to comment. That is all the more so because Lidl is in effect contending that the Mail Article and other publications were sufficiently damaging to require the kind of narrative correction normally only made after a finding of defamation (see below). I am not going to make a definitive finding of a "*Chase"* or other meaning and lack of justification for such as a side-wind of a publicity order application, causing potential issues for the publishers of that material, which they do not even know about.

Public reaction

134. The public reaction to the contents of the Mail Article was generally, but not entirely, unfavourable to Lidl as reflected in the "below the line" (BTL) comments of which there were over 800, mainly from those in the UK. It is necessary to give a flavor of them since I have taken them into account to some extent in determining what meaning an ordinary reasonable reader would have taken from the Mail Article. Examples of extracts include: "There is everything legally wrong with what Lidl tried to do. You can't steal someone else's name and put it on your products"; "Despicable behaviour by Lidl…"; "…how dare they steal a hard working family brand…"; "Jeez, I feel sick…I hope they lose a lot of customers over this"; "Lidl better pay that Butcher or lose all credibility…"; "...I for one will not be shopping there anymore"; "our livestock in THIS country is precious, treasured, do not take advantage, for this I can not shop with you again, really shocked"; "heart wrenched"; "that's it, am not going to Lidl again if they treat people like this"; "as for creating a name to ruin a real butcher that is really underhand and then to claim that the butcher is too small a company to be affected is low"; "So Lidl isn't denying that it purposefully used a variation of the Philip Warren & Son name, so with the clear intent of financially benefitting from customers assuming the products were from the renowned family butcher. The arrogance to say the butcher is too small for it to be a problem…";

"Disgraceful behaviour! I hope Lidl get taken to the cleaners for this blatant "theft" of representational identity and long-standing excellent reputation of another company. Which is why they "stole" it of course. I hope the family butchers get Lidl hung, drawn and quartered."; "I don't believe this was an accident, but either way, I am not going into Lidls again until this is sorted out and damages have been paid…"; "What a nerve to say the butcher was too small to be badly affected. I hope the butcher gets compensation…"; "Too small to be badly affected? How exceptionally arrogant!"; "Worst excuse ever that they're [too] small for it to make a difference to them? Well it already is if people are complaining to them about a product people think are theirs. Hopefully [Lidl] get taken to the cleaners"; "Despicable practice by Lidl – the blatant ripping off and plagiarism of the Warren family's good name, together with the reputational damage caused by the inferiority of the Lidl product is just outrageous".

135. Criticism focused on two key points which a significant number of commentators took from the article: (i) that Lidl had "stolen" the mark from PWS deliberately to represent that its goods were specifically from PWS and (ii) that Lidl had advanced a meritless defence. However, a number of the comments were not only critical of Lidl for "stealing" PWS's brand. They took issue with more general conduct such as Lidl representing that their products were made in the UK (if they were not) or sourced from a particular kind of farm. In the words of one BTL comment it was: "appalling, sneering cynicism towards their customers" for marketing a range of food stuffs "that appeared to be from a specific farm" and referred to the practice of other supermarkets doing similar things. One said: "Using names to imply a bucolic life for the animal prior to slaughter is misleading in the extreme". Another said: "They're all at it. Giving what used to be the economy line names like "Blahblah Farm" so people think its some homely, British product. Crazy that it's not illegal." Yet another: "All the supermarkets use made up producers names which is really just lying" (although another comment said that Waitrose was an exception). A further comment: "This practice is used by most of the big supermarkets and should be made illegal. How arrogant of Lidl to downplay it with the farmer and his family."

136. There were other comments of a more generally critical nature referring to various supermarkets' practices. But there were some more favourable to Lidl with a typical remark of this (smaller) category being "I am not a fan of copycat branding that Aldi and Lidl do, however in this case I believe the names are sufficiently different and it would open a whole can of worms if the court sided with the Butchers". One referred to a "PR own goal" for Lidl and referred to excellent publicity for the real Philip Warren & Son.

137. One cannot make too much of BTL comments or treat them individually as representative. However, the spread of views shows that sections of the public may not only be critical of the things that Lidl had not done and were not accused by PWS of doing (namely "stealing" PWS's brand) but also of things that Lidl did do (and admitted doing) namely deliberately choosing a brand which looked like one of a provincial English butchers' when, in fact, it was a Lidl own-brand and was used to sell products that were, in some cases,

not of British origin. One comment is instructive in the distinction it made and encapsulates an important distinction running throughout the case:

> "It is one thing to create a brand name that conjures up visions of a quality small local company when in fact you are a large conglomerate, this happens all the time but to more or less copy a genuine quality small local company is bang out of order…"

138. This suggests that the particularly reprehensible conduct of deliberate "stealing" of the PWS brand, which was (it is accepted on behalf of PWS) wrongly attributed to Lidl, may have caused more public concern than the less blameworthy act of creating a brand which conjured up the vision of a small local butcher, even if that was itself creating a sort of illusion.

Subsequent Articles

139. Lidl also complains of a number of Subsequent Articles. I will not go into these in detail but they appeared in the journals/ newspapers referred to above. They did not contain the headline referred to above and, in my view, presented a picture that was less clearly critical of Lidl in a number of respects. They probably did not have a circulation, even taken together, as wide as the Mail Article. Some noted that this general issue had arisen with other retailers' brands.

The submissions on the Mail Article

140. In evidence and at the hearing PWS's representatives did not ultimately defend the strict accuracy of the Mail Article headline as such but they said that the overall contents were not unfair – particularly since the article was simply reporting an allegation to be tested at trial. Mr Stobbs explained that he did not make any accusation that Lidl was imitating award-winning family butcher to sell its cheap meat – nor had done so – and distanced himself from the headline message. In my view, PWS was right to accept that the headline and the overall message were too extreme in that they suggested that Lidl was being accused of deliberately copying PWS's branding, when PWS had not done so. It was, however, specifically this to which many comments took strong exception. PWS submitted that the article was fair overall but, in my view, it did not present a complete representation of either PWS's or Lidl's position at trial. Lidl's case was not that PWS was too small to be seriously damaged. It had a number of points but on this aspect a key argument was that PWS's retail goodwill was predominantly local at the relevant time and national sales were only just starting which was one reason why there was not passing off. Although Lidl contended that aspects of the claim would be barred by delay, its argument was more nuanced than presented in the article. Lidl contended, among other things, that the fact that PWS had not raised the matter for 4 years (and did not do so even after it knew that it may have a right to object) cast doubt on the seriousness of damage to PWS's goodwill and would at least bar a claim to recover all or some of Lidl's profits.

Points not mentioned in the article

141. The Mail Article also did not refer to a number of points, such as Lidl's main arguments about the absence of operative misrepresentation causing sufficiently serious damage to PWS's more limited goodwill. It did not mention (and could not have done because it was confidential at that point) that, while denying liability, Lidl had offered PWS all of the relief it was seeking in the action as regards the WARREN & SONS mark months before trial, including payment of substantial compensation and payment of PWS's full legal costs (although there was a major dispute about compensation). The article did not (and could not) explain that the reason the case had been fought through to trial was because PWS had indicated that it was not willing to accept less than £15 million a few weeks beforehand or that Lidl considered that to be out of proportion. In its reference to the product being taken off the shelves, the article also suggested that Lidl had been prompted by the claim to abandon the brand, but without explaining that they had intended to do so before the matter was raised.

142. Overall, I think the message which would have been taken from this media presentation was that Lidl's conduct was much worse than that of other retailers in that it had deliberately targeted PWS and had done nothing about it. In fact, Lidl had done something about it – the brand was going and they had offered compensation. So in this respect they may have been "better" than others, but people would not have taken that from the article.

How did the article come to appear in the form it did?

143. It is unclear how the Mail Article came to be written in the way it was and there is of no direct evidence as to this from the journalist, who may not, even now, know that her article is under scrutiny.

144. I think there are three reasons why the Mail Article (and possibly some others) were likely to have been written in the terms in which they appeared. The first was that much of the material was drawn from PWS's (tendentious) skeleton arguments from which it would have been possible to get the impression that Lidl had done what the headline was accusing it of having done. Second, the discussions with Mr Stobbs including about "copycats" and the quotation from Mr Stobbs in the Mail Article (which it is not said that he did not say) which suggested that this was a "copying" case which Mr Stobbs has not sought to justify. Third, Lidl chose not to engage with the journalists, for understandable reasons and could not have told the whole side of its story, including that judgment was awaited. Lidl would have reasonably considered that litigating a case of this kind in the press was likely to be, at best, sub-optimal. If Lidl's side of the story had been (or could have been) more fully described, it is possible that the negative reaction to Lidl may have been more balanced. Put another way, an article could as easily have been written whose central message was (roughly) as follows: "Lidl takes a lead among retailers in abandoning an allegedly "fake" brand in 2019 before a problem is drawn to its attention. Despite the 4 year delay in raising the issue and without accepting it was wrong, Lidl offered substantial compensation and payment of PWS full legal costs well before trial in a package worth about £1/2 million thereby avoiding the need for the SME to go to trial. The only reason the case

went to court was that PWS, assisted by its no-win no-fee lawyers who stand to profit from 50% of any compensation, have been pressing a claim for nearly two orders of magnitude more (£15 million) despite the fact that PWS has said it had never been more successful than during the period when the alleged damage was done." In some respects, that would have been a more complete (if still highly incomplete) narrative. It may have resulted in a different set of responses to those which the Mail Article in fact received. I have deliberately here summarized a fictional "narrative" (at which some may take umbrage) but which, as the Mail Article did, selects isolated truths from the case.

APPROACH

145. The debate about the Mail Article shows that this situation differs from a more conventional intellectual property case in which a publicity order is sought by a successful defendant. In some such cases, the need arises to ensure that customers are not left with the impression that they would be doing something wrong in buying or using a particular product, to remove the blight from the previously asserted right (see *Samsung v. Apple* discussed below). Here, however, the real issue is whether the narrative about the case in the Mail Article was complete. There is no question of people not buying the products said to be subject of the intellectual property rights: they are no longer on sale at all. Lidl's main complaint is that it has been portrayed by the Mail Article as a sort of "Goliath" which deliberately took the good name of PWS without any arguable justification so as to trick its customers into buying its cheap meat, while PWS was portrayed as a "David" trying to keep up standards of quality and authenticity in the face of unprovoked supermarket attack. Lidl say that if all of the true facts were known, this crude narrative of villiany and heroism presented in the Mail Article would (at least) be more balanced and people would understand that Lidl had a point. The question therefore arises as to whether it is appropriate for the court to attempt to adjust that narrative and, in effect, force PWS to ask newspapers to carry a counter-narrative, in exercising its powers to make publicity orders in intellectual property cases. I use the term "adjust" rather than "re-write" because neither side suggests that the whole of the Mail Article is wrong.

146. The situation gives rise to several sub-issues. First, PWS and its solicitors contend that they were not responsible (or sufficiently responsible) for the inaccurate way in which the dispute and Lidl's conduct was represented and that this should be taken up with the publications concerned. Second, the precise terms in which such an order should be made, if appropriate in principle, are not clear, given the nuanced nature of the case. As to that, Lidl has proposed a draft of an advertisement which it contends should be published, which it realistically recognized may require adjustment. Third, Lidl seeks a publicity order against Stobbs who are not parties to these proceedings. That raises novel questions both as to the jurisdiction to make such an order against a non-party and the circumstances in which that power, if it exists, should be exercised. Fourth, since the order is sought to correct an impression left by publications by third parties, any decision of this court may implicitly affect those third parties and fairness may require an opportunity to

be given to those third parties to make submissions. Fifth, the temperature has been rising during the course of the litigation, perhaps fueled by the size of the claim for monetary compensation. Making non-consensual orders for publicity of decisions against that background carries risks of the court itself encouraging continuation of litigation, potentially drawing in third parties as well as prolonging a potentially un-winning media war.

147. I have therefore approached this part of the case with caution. Also, at the hearing, more of the day was taken up with argument over costs and less time was devoted to this issue. Having considered the matter after the hearing, it became clear that there was a further line of relevant authority relating to defamation and privacy law which had not been considered which had a bearing on whether a publicity order should be granted. I considered reverting to the parties for further submissions but, given the course I am taking, that is not necessary and neither side in post judgment submissions has suggested that I should have done.

Law

Samsung v. Apple

148. The relevant principles concerning publicity orders in intellectual property cases were discussed by the Court of Appeal in the *Samsung v. Apple* litigation. I was referred to the two judgments of the Court of Appeal which set out the general principles and of which the main one is *Samsung Electronics (UK) Ltd v Apple Inc* [2012] EWCA Civ 1339 but it is useful also to consider what happened in that litigation somewhat more fully than just those two decisions.

149. The publicity orders in that case, arose out of a finding that certain Samsung tablets did not infringe a Registered Community Design owned by Apple. Although, in broad terms, the issue was whether an intellectual property right had been used, it was a right which did not require proof of copying for infringement. However, the previous year, Apple was reported (in the Daily Mail) as having said that "this kind of blatant copying is wrong, and we need to protect Apple's intellectual property when companies steal our ideas."

150. The judge held that there was no infringement. At the consequentials hearing ([2012] EWHC 2049), the judge ordered that Apple publish a notice in a series of newspapers stating that certain tablets did not infringe the relevant right. HH Judge Birss (as he then was) said that the more frequently and loudly a rights holder has asserted infringement, the more useful it was to have a clear public statement to the contrary. He took into account a wide range of factors, including that Apple was continuing to assert that there was infringement and that he could not rule out that there might be diversion of sales to Samsung although he seriously doubted whether there would be. He concluded that the fair answer would be that Apple should be required to put advertisements in the relevant newspapers and to put an a statement on their UK web-site for a period.

151. Apple applied to stay the order pending appeal and, in the meantime HH Judge Birss's ruling on publicity orders (like his judgment relating to the non-infringement of registered design) attracted widespread comment. There was therefore significant public awareness of Samsung's success. The media coverage both of the substantive ruling on non-infringement and of the publicity order was described as "extraordinarily extensive". Press comments included observations that the publicity order was a "shameful punishment", "humiliating" and "extremely embarrassing" for Apple. A stay of that order was granted by the Court of Appeal ([2012] EWCA 1223), with a leading judgment given by Kitchin LJ as he then was, who held in essence that a stay was necessary to avoid rendering the appeal nugatory. He also said that "public humiliation formed no part of the judge's reasoning in deciding to make the order and I do not think it would be right to condemn Apple to such a fate before it has had an opportunity to argue its case on appeal." Sir Robin Jacob, who agreed, considered that this was a worldwide battle between two "grown-up" companies and that it was not useful to publicise the decision after what had happened in the press already.

152. The substantive appeal in the registered design case and the appeal from the publicity order ruling were heard some months after the original judgment and publicity order ruling. Judgment was given on 18 October 2012 some months after the original decision. The Court of Appeal upheld HH Judge Birss' judgment on non-infringement and also upheld the making of a publicity order but on a rather different basis. The Court of Appeal's reasoning was nuanced and was largely based on the fact that the impact of parallel proceedings in Germany had led to uncertainty in the marketplace as to whether Samsung's products were lawfully sold. A publicity order was needed in the light of that to assure the public and trade that they were and, despite the time that had elapsed, one was granted. But for that special situation the court was not persuaded that a publicity order would have been appropriate. Apple published the notice but not in exactly the form made by the court. It interspersed additional material about the judgment and added material about judgments of courts in other jurisdictions. This led to a further hearing at which the court sought to ensure that its original order was followed.

153. That case and the multiple hearings relating to the matter illustrates two problems about publicity orders. They can themselves be the subject of comment as to their humiliating nature and can lead to a motivation for undertakings subject to them to add their own narrative (in that case in the notice itself but, in other cases, in other ways) with additional material to place the publicity order into context and, perhaps, draw its sting. That is particularly so if the party in question is unhappy with the result and, all the more so, where it has won a similar case elsewhere. Further, the impact of such an order may be the reverse of what is intended by it. It does not or may not "kill" an incorrect story. To the contrary, it provides or may provide an occasion for a counter-counter-narrative which may ultimately leave the public in a state of greater uncertainty.

154. I also note that, in the main *Samsung v. Apple* decision, Sir Robin Jacob giving the judgment of the Court of Appeal said: "Mr Michael Beloff QC for Apple submitted that Apple could not be held responsible for inaccurate reporting by journalists. But it can, if it contributed to that inaccuracy by inaccurate statements and false innuendo in the Contested Notice as I consider it did." I revert to the issue of responsibility below.

155. Before summarizing the principles, I must also mention some of the recent case law.

The Duchess of Sussex/Daily Mail litigation

156. Although neither party referred to it, the recent decision of Warby J in the dispute between HRH The Duchess of Sussex and Associated Newspapers over copyright and confidential information in a letter written by her is also relevant (*HRH The Duchess of Sussex v Associated Newspapers Ltd* [2021] EWHC 510 (Ch)).

157. The infringement decision was widely publicised, including by the Mail on Sunday. Nonetheless, the court made a publicity order as well that the defendant should, at its expense, publish a notice in similar prominence to that of certain articles about the case stating the court had found that the defendant had misused her private information and infringed her copyright. That was a case where infringement (rather than non-infringement) had been found and the jurisdiction was therefore being exercised pursuant to the Enforcement Directive (Directive 2004/48/EC) and the Part 63 Practice Direction rather than s. 37 of the Senior Courts Act. The following points of relevance to the present case emerge from the decision at [51]-[70].

158. First, Warby J referred to the authorities which indicated that it was, in his view, common practice (by which he did not mean universally done) to make such orders in IP litigation and that policy favoured doing so in view of the difficulties in identifying and successfully pursuing infringers. That consideration is however not relevant in a "non-infringement" case.

159. Second, he took into account, in particular, deterrence of the infringing defendant and other infringers and, in that case, the extensive publication, prominence and sensationalist terms of the infringing articles. That was a case in which, (unlike here) the infringer was the newspaper responsible for the infringement. Again, that is not a factor in this case.

160. Third, factors against the grant of such an order included the strength of the policy grounds on the particular facts of the case and any procedure or practice obstacles to making an effective and proportionate order. Warby J said that the claimant would need to present the court with a "precise form of order and a workable solution". That is of some relevance in the present case because Lidl accepts that the wording it has provided may require adjustment to be more fully reflective of the outcome of the case and, because of the timing of the application, PWS had not really developed its thinking on drafting, if an order was in principle justified.

161. Fourth, Warby J referred to the extent to which it would be necessary to secure third party co-operation to achieve what was sought and that it would be easy to do so in that case. In contrast, this may not be completely straightforward in the present case either since Associated Newspapers (which is an undertaking potentially affected by any order made in this case, being the publisher of the Mail Articles) argued in *Duchess of Sussex* (and Warby J accepted in principle) that a discursive remedy of this kind was an interference with its autonomous control over what it puts in these publications. That is an important consideration in a case of the present kind, which involves correction of a narrative of wrongdoing. In the case of (say) a determination of non-infringement of a technical intellectual property right, there may be no real issue or difficulty in putting notices in the relevant trade press. Such may raise no journalistic questions and the press may be happy to have the technical truth told. In cases of the present kind, which have a newsworthy element, newspapers may have a view as to whether they want to publish a commercially driven rebuttal or follow up advertisement relating to a story they have previously published. There may be policy issues relating to how reluctant/keen such newspapers are to carry corrections even in conventional defamation cases. I make no observations on that position, since it has not been argued, save to say that these are matters to be taken into account.

162. Fifth, Warby J referred to the line of authority relating to section 12, Defamation Act 2013 and that discursive remedies of this kind had not yet become standard in defamation and privacy actions (see per Nicklin J in *Monir v Wood* [2018] EWHC 3525 (QB) [239-240] and Gatley on Libel and Slander 5th which suggests that "orders under s 12 may be expected to become standard when judgment is given in favour of the claimant" (para 9.46) but were not yet). Warby J observed that the grant of discursive remedies had been relatively unusual in privacy litigation and there was no coherent scheme governing their availability. He noted that in *Shakil-Ur-Rahman v Ary Network Ltd* [2016] EWHC 3570 (QB) Sir David Eady had granted a s.12 order, observing that many of viewers of the defendant's TV output would not otherwise know what had happened in the case and to the powers in the data protection legislation that allowed the court to grant similar relief, where appropriate (*Aven and ors v Orbis Business Intelligence Ltd* [2020] EWHC 1812 (QB) [188-190]). It is clear from this summary that orders of publication of summaries of judgments may become more prevalent but are not automatic even in such actions. Moreover, s.12(2)-(3) provide that "(2) The wording of any summary and the time, manner, form and place of its publication are to be for the parties to agree. (3) If the parties cannot agree on the wording, the wording is to be settled by the court." The court must therefore provide sufficient opportunity for the parties to agree wording and practicalities where such an order is contemplated in that context. There is no reason for a difference in approach to cases such as the present, even if not specifically governed by statute.

163. Section 12 only comes into play when the court has given "judgment for the claimant in an action for defamation", and not even to all such judgments, which suggests that particular caution is needed before exercising what is, in

effect, a more general, parallel, court-developed power under s.37 of the Senior Courts Act 1981 to correct prior incorrect reporting of intellectual property disputes. In this case, there has been no judgment for Lidl in any action for defamation and, it might be said that unless and until that happens, the grant of a corrective remedy of this kind would not be justified.

164. Sixth, such orders are likely to engage Convention rights, including under Article 10. They represent a potential interference with freedom of expression, which must be justified as in accordance with law, and necessary and proportionate in pursuit of a legitimate aim. Warby J noted that where the wrong consists of publication to the public at large in a newspaper or online medium, redress via the same medium and to the same audience appears "intrinsically appropriate". He said that this was not in itself, an objectionable or disproportionate interference with free speech to require a newspaper that has made a wrongful publication to publish a supplementary statement, be it a correction or a reference to the court's judgment. However, the position is less clear where it is said that a party to litigation should, in effect, procure a correction by a newspaper which may know nothing about the existence of a dispute over reporting which was said by another party to litigation to have gone too far. I have noted above that none of the publishers of the articles in question were given notice of the application.

165. Seventh, as Warby J also observed, a decision on whether to grant this remedy, and in what terms, is one that engages not only Article 10 of the Convention but also section 12 of the Human Rights Act 1998. He had regard to the extent to which information is or is about to enter the public domain; the extent to which it would be in the public interest; and "any relevant privacy code" and paid particular attention to the publicity the judgment in question already had.

166. Eighth, notwithstanding the publicity which had been given to the judgment, Warby J held that it was appropriate in all the circumstances of that case to make an order that reflected the claimant's success on the specific issues in the copyright claim that he had resolved in the Duchess' favour and that it would have "genuine utility". He was not persuaded that all the detail of what was proposed is necessary and proportionate and that there was room for adjustment and refinement. He held that the proposed publication would involve "measured incursions into the defendant's freedom to decide what it publishes and does not publish, that are justified in pursuit of the legitimate aim I have identified, and proportionate to that aim". I take from this that all of these factors need to be taken into account in a case such as the present one.

Principles and factors

167. The relevant principles can therefore be summarised as follows:

a. There is an equitable discretionary power under s.37 of the Senior Courts Act 1981 to make publicity orders in favour of a successful defendant when it is just and convenient to do so.

b. Publicity orders should not be the norm and should only be granted when it is necessary and proportionate.

c. The test in the case of an order sought with respect to a non-infringing product is whether there is a need to dispel commercial uncertainty in the marketplace.

d. The purpose of such an order is not to punish a party, make it "grovel" or lose face. In particular, it is not right to condemn a party to public humiliation before it has had an opportunity to argue its case on appeal.

e. Where the need to do so arises as a result of inaccurate reporting by journalists, a party will only be held responsible for such (and therefore liable to seek and pay for the publicity ordered to be provided) if it contributed to that inaccuracy by inaccurate statements and false innuendo.

f. The effect of the authorities is that the court is also likely to take into account the following factors:

    i. The extent of publicity given to the case and its outcome, apart from the publicity order;
    ii. Whether any decision the subject of a publicity order may be subject to appeal;
    iii. The extent to which there is or may be a dispute or agreement over the terms in which any notice should appear;
    iv. Whether the order would involve more than a measured incursion into any publication's freedom to decide what it publishes and does not publish, and is justified in pursuit of a legitimate aim.

168. Although not the subject of express prior guidance, in determining whether an order is necessary and proportionate, it seems to me appropriate to take into account at least the following further factors:

    i. Whether it is straightforward adequately to encapsulate the effect of a court decision in a brief notice or whether balance requires more by way of narrative;
    ii. The risk that the order may result in an inaccurate impression, including as to whether the court has endorsed or criticized the conduct of the parties or third parties;
    iii. The overall effectiveness and impact of a publicity order at remedying the matter said to require such an order;
    iv. Whether other practical and legal remedies are or may be available to address the issue;
    v. What impact a publicity order may have on third parties;
    vi. Whether a publicity order made at a given stage in the proceedings, if they have not reached finality, would risk creating a further issue which may make it harder for the

parties to settle a case, especially if the parties have indicated a wish to do.

169. There is one further matter, perhaps too obvious to mention, namely the importance of appropriate judicial modesty when it comes to actions which may be perceived as the court trying to insert itself into the process of press reporting, to try to force a change of narrative.

Application of principles

Lidl's arguments

170. Lidl submitted (in essence) that the Mail Article and Subsequent Articles gave an unfair impression of Lidl's conduct which, especially in the case of the Mail Article, has contributed to significant adverse comment and that there was a clear case for a publicity order. The commercial uncertainty created was as to whether (and in what respects) Lidl had acted wrongfully with respect to the WARREN & SONS brand and there was or may be real damage done in the marketplace as a result of the various.

171. They submitted that, partly because the outcome of the case had not received widespread publicity, the case for such here was a powerful one – at least as strong as in *Samsung v. Apple.* In that case, the publicity surrounding the case had alerted the public to what had happened. Here, there has been relative press silence since the Mail Article and other articles, possibly leaving the public with the wrong impression. So, they submitted, unless such an order was made, the public will be left with an impression, which not even PWS contended was entirely accurate and the public may assume that Lidl was (put colloquially) "guilty as charged". Lidl was however open to revisions to its proposed order but considered that it would be a clear way of alerting the public to the fact that they were not held liable.

PWS's arguments

172. First, PWS said that it did not actively seek out or commission publicity from the press or give anything other than fair comment on the case and its skeleton arguments. PWS therefore submitted that the threshold requirements for making a publicity order against it were not satisfied. It submitted that there was a fundamental difference between a situation in which a litigant courts the press and one in which it is a passive participant, responding to press inquiries but an unfair article results. If there is a perceived problem, it said, this should be taken up with the publications responsible.

173. Second, PWS said that this case is also different from one concerning a product blighted by widespread reporting of alleged intellectual property right infringement. There was no relevant commercial uncertainty and no one was waiting to be told that they are clear to buy a specific product the subject of a claim, partly because the products are no longer on sale.

174. Third, PWS implicitly submitted (although it did not put it exactly like this) that, particularly in a case where permission has been given to appeal it would be wrong to require PWS at this stage (and particularly not at its own expense) to publicise a loss. This, it was said, would be humiliating (or be perceived as such) and unfair. Mr Ian Warren was, they say, genuinely motivated to bring these proceedings by a desire to protect the PWS's business and brand, and has not conducted himself in any way other than consistent with the norms of litigation. Moreover, a claim of passing off engages the public interest and PWS was entitled to bring it to public attention for evaluation. The fact that passing off may have not been found does not mean that there was no problem to investigate, or that Lidl has been exonerated in every respect or that the court has given any kind of seal of approval to its practices. They implicitly drew attention to the fact that the choice of brand to imitate a local butcher (regardless of whether to imitate PWS) was regarded adversely by some members of the public of whom some go as far as to describe this practice as lying. So, PWS submitted, if a publicity order was made, it would swing the pendulum too far the other way and, by the time the matter was concluded, public interest will have moved on and PWS will have unfairly have been portrayed as losing and in some way been unjustified in bringing the case, even if a further order is made at a later stage.

175. Fourth, PWS submitted that the press reports (including the Mail Article) were substantially correct and, in so far as they went too far, they either carried a kernel of truth or the matter complained of was only presented as an allegation under consideration by the court. In PWS's skeleton it was said that the Mail Article was neutral but, during oral submissions, PWS accepted (in my view, correctly) that it did not fairly represent either side's position, albeit that it was also said that it was not as serious as suggested.

176. Fifth, PWS submitted that, unlike *Samsung v. Apple* which generated a great deal of international press coverage, and where Apple was said to have misrepresented the decisions of other courts and tried to get around orders of the English court, this case has received limited coverage and requires no counter-measures. PWS's counsel described the case as "parochial". Moreover, PWS argued that countering the narrative would require a more nuanced account than the proposed order contemplated and would need to bring into play a fuller picture of Lidl's activities.

177. Sixth, even if an order was appropriate in relation to the Mail Article, PWS said that no such order should be granted in any wider respect either for other Subsequent Artcles ior with respect to Stobbs' website. It also relies on delay in raising the matter.

Evaluation

178. First, this is not a conventional intellectual property case concerning a product which has been widely publicized as infringing a relevant right. In such cases, the approach of *Samsung v. Apple* clearly applies, where the test focuses on whether it is necessary to remove commercial uncertainty with

respect to a specific product. That was a major factor in persuading the Court of Appeal to grant the order in the *Samsung v. Apple* case since Apple was using a decision of the German court to suggest that the products were infringing, which the English court had held were not.

179. Second, in the present case, no allegedly infringing products have been on the market for over a year. It is not clear that the *Samsung v. Apple* approach is applicable in exactly the same way in such cases. Although the power exists to make corrective orders with respect to such cases, the rationale for doing so is not the same.

180. Third, despite these differences, several factors point in favour of making a publicity order. The parties agree that the Mail Article gave an inaccurate and incomplete impression of the allegations made and Lidl's defences to them. The Mail Article has had relatively wide publicity throughout the country and has attracted strongly adverse comments, especially as a result of it going too far in the respects in which both parties agree that it did. In the *Mail Online* the critical comments on the article have also been given wide publicity and readers may have been left with the impression that Lidl's position was not seriously defensible. Even if the court had not given judgment, the "jury" of commenting opinion had done so and its verdict was adverse to Lidl. That, in principle, is the kind of allegation concerning a product which the court may intervene to correct.

181. However, even with those strong prima facie arguments, the factors on the other side presented by counsel for PWS are, in my view, more compelling. I give particular weight to the following:

a. The responsibility for the aspects of the Mail Article complained of is unclear. Mr Stobbs and Mr Warren were involved in providing material for the Mail Article and others and in effect embraced the bouquet of publicity when offered, even if they did not seek it out. However, this is a different situation from that in *Samsung v. Apple* where Apple itself had said that Samsung was infringing. Without greater clarity over responsibility, it would be wrong to make PWS pay for the correction of a narrative for which PWS was (or may have been) only partially responsible and where it has said that it was not responsible for the way the case was presented in the Mail Article. PWS submitted at the hearing that "as much as anything" the Mail on Sunday had "misrepresented our views and overstated what we have said". In those circumstances, I think it is not appropriate to decide on responsibility without giving them an opportunity to be heard.

b. Although publicity was given to the Mail Article, it has not been to the main judgment so to that extent there has not been "correction". That is a powerful factor in favour of an order. However, while the Mail Article was quite prominent, it was not a lead story. Nor were the others. It did not have a huge splash. If an order were made publishing a counter-note on (say) p34 of the *Mail on Sunday*, it would hardly help.

c. Permission has been given to appeal so, if the case goes forward and a different decision is reached, there may need to be a "counter" publicity order, which may make matters worse. A publicity order would be likely to give the perception of the court criticising PWS for bringing the case. The court does not do so. The outcome can more fairly be described as Lidl "not losing" the case, coupled with some obiter remarks about whether the financial remedies sought are realistic rather than Lidl "winning" it. There was nothing wrong in PWS advancing the case in the interests of its business and brand as such and I think an order in this case may carry an implication that there was or be perceived as some kind of humiliation when that would be wrong.

d. There is no agreement as to the form of wording and the parties had not really engaged on that issue. I could foresee agreement being quite hard with the prospect of the court then having to impose a non-consensual narrative on one party or the other.

e. It is also unclear that the *Mail on Sunday/Mail Online* or the other undertakings responsible would be prepared to accept, without more, an advertisement which (implicitly) suggested that a previous article of theirs had been incomplete or inaccurate. There is no evidence as to the attitude of the relevant publications and they have not been contacted. Implicit criticism of a publication without hearing from them would be wrong. It is not possible to tell whether the order would be a material incursion into the publishers' freedom since they have not been asked to comment on it but there is at least a risk that they may object.

f. A balanced publicity order would need to do more than simply state the outcome of the case in the terms suggested and provide a link to the judgment. The proposed draft is selective in what is said about the case and it would not be right for the court to make an order which required publication of something which was not appropriately nuanced. The order sought would give the impression rather baldly that Lidl had "won" but without all of the narrative which explained why, even if they were unsuccessful in the action for passing off, PWS's position was nonetheless understandable. So, in order to modify the narrative, there would need to be a counter narrative. It is not appropriate for the court to require PWS to seek publication of narrative running account of proceedings, which may change in future.

g. There are potential alternative remedies available, both practical and legal (including approaching the relevant publications with an agreed request that the articles should be corrected or perhaps even taken down). Moreover, the orders contemplated appear to involve the court ordering that notices be published that state that previous publications by the papers/websites concerned were wrong and unjustifiable. That would not, without further argument, be appropriate in circumstances where Lidl has not suggested that no liability would attach to the publications (or others) for having done so.

h. There is also reason to question the effectiveness of a publicity order. Lidl invites the court to assume that such an order would set the record straight once and for all. I am not convinced of this. It may instead prompt further stories on the basis of the fuller information with content which may be just as critical of Lidl, leaving aside the prospect of appeals.

i. There is a prospect that, far from bringing things to an end, ordering publicity in the terms sought (or any terms) may keep the story going. That may not achieve the objectives said to underlie a publicity order namely to draw a line under the matter. PWS/Stobbs would be entitled to put forward a counter-counter-narrative, perhaps trying to make Lidl look worse for "forcing" PWS to publish the notice and threatening to penalize in costs a well-loved family butcher. That may, in turn, prompt a further counter-counter-narrative about whether PWS and its lawyers were being unreasonable or "greedy" for seeking the compensation in question (since that has been alleged in the case). It is unpredictable where such press war would lead. Judicial notice can be taken of the fact that media campaigns to set the record straight can rebound, especially where they are perceived to be attacks on cherished British institutions.

Promotion/hindrance of settlement

182. Finally, the court is obliged under the CPR to help parties to settle. I regard that as an important factor in deciding whether to make a publicity order in this case and provide reasons for doing so at greater length.

183. First, total legal costs already approach £1.5 million. Continuation of the case to conclusion would potentially take several years. There is every prospect that, even if the liability stage was successful on appeal, the case would end up with long wrangling over money where it is possible to predict that all may be worse off financially (and reputationally) than they would have been had they agreed the terms proposed by Lidl in October last year or similar. Awards of compensation in this area, even for registered trade mark infringement where the arguments are more straightforward, are not necessarily high: the inquiry alone in *32Red* took several days and the claim for £5 million resulted in an award of £150,000.

184. Second, the parties have both made moves to settle. Lidl's most recent position was to leave open for acceptance up to judgment the offer made in October 2020. PWS has also repeatedly indicated a desire to resolve the case and that really what it wanted was to be taken seriously by Lidl – which has obviously happened. There is a range of plain and obvious deals to be done, which all concerned would recognize as broadly fair given where matters have ended up. I think conditions for settlement now are more auspicious than they

were previously when the parties appeared to each other more entrenched over money. PWS may have taken on board that, even if formally arguable, if it presses forward it will face expensive resistance, not least in the existing case law and on the facts to a disproportionate financial claim. Lidl may have taken on board that, even if this court has been prepared to give Lidl the benefit of the doubt others (including the court of public opinion) may not, especially if it is perceived that Lidl has targeted rural high street businesses or treated them disrespectfully.

185. Third, on the available evidence, neither Lidl, in its adoption and use of WARREN & SONS, nor PWS/Stobbs in their participation in the Mail Article and the other publications intended injury to the goodwill of the other. They were each pursuing their own objectives in what they thought was a reasonable way and have by sort of accident – trodden on each other's commercial toes as a result. A case of that kind should in principle be easier to sort out if the parties are reasonable.

186. Fourth, the case has been described by Mr Unterhalter as giving rise to high financial and reputational risk for Lidl. Having had this scare, Lidl (and possibly other retailers) are likely to be more careful with their branding in future including as to the extent to which brands appear inauthentic, respect for the potential rights of others and making it clearer on pack or in store which are own brands. Lidl decided to abandon the branding in question some 3 years ago and some may hope that high street thinking is changing on the appropriateness and morality of what is said to be a kind of "cultural appropriation". The outcome should not, in my view, give rise to complacency on Lidl's side. To the contrary, the decision in the case has sent a shot over the bow of these practices which some may say Lidl was lucky to dodge. Other supermarkets have been accused of similar things and I doubt that they would take comfort from what has happened in this case either. If it is settled on reasonable terms, even if formally unsuccessful, the stand taken by Mr Ian Warren will have achieved both for PWS's and Lidl's customers, who seem keen on integrity in marketing, more than its nominally narrow financial objectives, without dragging on and risking PWS and Lidl ending up potentially worse off.

187. As to those objectives, this may be viewed as a test case by PWS and others there is reference in one of the articles complained of to the Association of Independent Meat Suppliers (AIMS) and the National Craft Butchers (NCB) congratulating PWS on their stand. While I have no submissions from them, I doubt that they would be particularly disappointed to learn (including from this decision) that this was a battle in which Lidl had planned to give up the mark before a legal shot had been fired, had abandoned the mark and had even offered substantial compensation. They and others may also be interested to learn that the only reason the trial went ahead was, in substance, because Lidl was not prepared to pay to PWS and its no-win no-fee lawyers sums by way of historical compensation at a level never before awarded in a case of this kind in the UK (so far as I am aware) and which would have resulted in them becoming multi-millionaires from sharing in the profits from alleged

deception of others (and to the alleged disadvantage of others) that they said should not have happened and to which Lidl had not been alerted for years. I do not think anyone on the sidelines would be particularly disappointed, even from that perspective, that this has not been the result or that interested third parties would regard the outcome as a blow against greater authenticity in the high street. A careful reader may rather recognize the decisions in this case as markers on the road to it. To that extent, if it can be regarded as a test case, it has already fulfilled its objectives. However, I do not think that viewing passing off cases which are dependent on specific facts as test cases is particularly sensible. Each depends on very particular circumstances and evidence.

188. Fifth, I bear in mind the position of another third party, Mr Philip Warren himself. He started the PWS business and it would be undesirable to take steps which would encourage the case continuing, possibly with increasing acrimony and risk, providing a more prolonged accompaniment to his retirement than necessary, if there is any prospect of avoiding it.

189. The court should therefore be cautious in doing anything, including making one-sided publicity orders which may make settlement harder. I took the view that if an agreement can be reached relatively soon on such terms, it may become easier to address any reputational damage to Lidl done by the recent press reports more rapidly which PWS and Stobbs (among others) may also wish to do. It would enable Lidl to explain that it was not, in this respect, "worse" than its competitors, with which it has been unfavourably compared as a result of the Mail Article, but had taken steps to address this general issue, which others may not have done. So promoting settlement is itself an alternative mechanism for addressing the points on publicity orders.

190. Both sides are, of course, free to dig in for what may become a prolonged food feud (a term I use because it seems to me that this is a case in which a relatively minor historical issue has been lawyered into a dispute on which large amounts of time and costs have been spent and which, if it continues further, is likely to involve still more being spent for limited, if any, positive return). I see limited signs that either side wants this. Given that they are a small business which may be less able to bear them than Lidl, I have drawn particular attention above to the risks PWS may face. In all the circumstances, it seems appropriate for the court to invite the parties to consider resolution more proactively than would otherwise be the case.

Timing/delay

191. Finally, delay. The Mail Article was published in late March and was, reasonably, not raised as an issue with PWS's solicitors until after a draft of the judgment was provided. Judgment was promulgated on 30 April 2021 and was not picked up by the press. The hearing to address this issue was in early June. I circulated a draft judgment in substantially the terms above on 14 June 2021 and indicated that a publicity order at the time may be perceived as old news, further diminishing its effectiveness. I think there are some situations in which time is a better healer than orders of the court.

Conclusion

192. A publicity order is discretionary. Taking all of the facts into account, while there is a case in principle for the publicity order Lidl seeks, I do not think one should be made with respect to the Mail Article. If it should not be made with respect to the Mail Article, it should not be made for the Subsequent Articles or those in other media since those would serve less purpose, they raised fewer problems of content and the other publications received less prominence.

193. It is also unnecessary in the circumstances to consider how publicity order powers can or should be exercised against lawyers where they are said to have been responsible for or have republished the allegedly problematic material. I cannot see such serving any useful purpose in this case. There are shades of unjustified attempts by Lidl to penalize Stobbs for advancing (on behalf of their clients to whom they owe professional duties to do their best) what Lidl believes to be a large opportunistic claim which would be very profitable for the firm. It would not be right, in principle, to make publicity orders against firms unless there was a clear need which there is not in this case. Although republishing an article which is now acknowledged not to be a full and fair representation even of PWS's position, let alone Lidl's is sub-optimal, I am not satisfied that any harm has been done by that or the links to the material on solicitors/counsel's social media pages.

194. I have relied in this decision on this aspect too on some authorities/approaches not argued by the parties but which have been strong factors in my decision and I therefore gave permission to Lidl to apply should it wish to renew the application at a later stage up to 31 July 2021, if efforts to resolve the case by then had proves fruitless and on the basis of a more nuanced approach to an order than has been put forward. In the event, that did not happen and this aspect of the judgment is therefore more of historical interest.

195. I considered excising this part of it in the light of the way in which matters have developed but it has some relevance to the costs aspect for the following reason. If the case is not resolved and is pressed forward, the court assessing damages may want to understand on what basis a very large award should be made to PWS and its lawyers in respect of the relatively minor annoyance caused by the WARREN & SONS brand when it is not suggested that the unfair presentation of Lidl's business and conduct to millions of readers in the Mail Article should attract no compensation. Clearly, there are no parallels jurisprudentially but, on occasion, courts seek to calibrate the order of magnitude of appropriate compensation against that which may be regarded as reasonable in other contexts. If PWS/Stobbs contend that nothing can or should be done as a result of the perception generated by the Mail Article even though it is accepted that it does not present a fair picture of Lidl's conduct and business (even on PWS's case), some courts may consider that to be one among many yardsticks by which to measure the alleged seriousness of the damage allegedly done by the use of the WARREN & SONS brand by Lidl

and whether that merits a significant compensatory award to PWS and, indirectly, its lawyers.

C. PERMISSION TO APPEAL

196. With hesitation, I granted permission to appeal on some of the (rather diffuse) grounds relating to misrepresentation and damage. My hesitation is as follows. Given the nature of the allegations in this case and the circumstances in which they were raised (including after 4 years delay), it was appropriate to subject evidence of allegedly operative misrepresentation and the claim of material damage to goodwill to critical scrutiny as to its substance and significance. Mr Stobbs is also quoted in one of the articles complained of as having said "At the end of the day though we will respect the judgment of the court". However, there is a more than fanciful prospect that the approach taken would be regarded as over-demanding in these circumstances. Since the real issue is whether a multifactorial evaluation of unclear evidence puts the case on one side or the other of unclearly drawn lines (operative misrepresentation/mere confusion etc.), the Court of Appeal is more likely to think that the principles of appellate modesty in *Fine & Country* are engaged. There is, however, in the law of passing off a potential debate as to how serious/intensive/frequent/damaging possible confusion must be before it will be treated as actionable. In my view, the evidence did not show that it was likely to be sufficiently serious/intensive/frequent/damaging but was, at best, limited short-lived, sporadic and with no real impact. However, this is an area of law in which precisely where courts place the lower boundary of seriousness can determine whether claims are plausible or not. That is a legitimate subject of appellate consideration, notwithstanding my view that this case does not get to that level. However, in my view given the fact that, at best, this is a case where very limited actual damage has been done, even on PWS's case, that court too would expect the parties to have made serious efforts to resolve the case before inviting it to re-consider an hors d'oeuvre to further expensive disputes over quantum.

D. OTHER MATTERS

197. Lidl has applied for costs to be paid directly to it and PWS has applied for a stay of any award of costs pending appeal.

198. I do not think either are justified. PWS said in correspondence that "…our client has the benefit of an ATE insurance policy which is in place specifically to cover the risk of an adverse cost order" (letter of 12 June 2020) and "…our client would have had no difficulty in using its financial resources to directly fund the litigation, including the satisfaction of an adverse cost order" (letter of 25 June 2020). Its solicitors have also referred to it as being "asset rich". There is no reason to think that ATE insurance would not cover a significant part or all of the costs, particularly since there is reference to the level of cover being increased earlier this year. It is clear from what was said to PWS's insurers by Stobbs (and one assumes also said to PWS) that all concerned were fully aware that this was a case which was represented as carrying a

material risk of being lost. If the costs order is affected on appeal, there will be no difficulty in Lidl repaying or satisfying any further award.

Stay of payment of costs order

199. However, to facilitate settlement and because I did not think that either side is likely to be prejudiced as a result, I ordered a stay (or rather extended time for payment of costs) until 4.00pm on 31 July 2021 and extended time for service of any Notice of Appeal for the same reason. This held the status quo. It provided a window in which the parties could step back and, with or without the assistance of a mediator, try to put this case, out of which both sides have already taken hits in various ways, behind them. No legal justification was provided why costs should not be paid by that date. In the event, I was not been told whether steps were taken to resolve the dispute before that date or what the outcome has been. It will be clear from this decision that steps should, in my view, be taken to do so, if they have not been taken already.

Costs of the consequentials hearing

200. I originally considered that, while it was conventional for the costs of a consequentials hearing should be swept up in the costs of the case, there was a reason to treat them differently in this case and depart from the usual approach. The costs issues and the publicity order issues are properly characterized as isolable issues involving quite separate evidence and argument, meriting a lengthy separate hearing and further submissions, upon which a separate order can and, in my view should, be made. In my view justice requires that to be done in this case (and a corresponding departure from the usual order on costs). The hearing mainly addressed two matters - the publicity order argument which raised some difficult questions. PWS won that part of the case – in the sense that no such order has been made - but they also brought the need for extended debate about it on themselves by (at least) a degree of involvement in the articles in question. The result on costs of that hearing overall was more of a draw. Lidl did not succeed in its application for indemnity costs. PWS did not succeed in its applications either for no order as to costs or for a substantial reduction. The costs of arguing about costs occupied about a day. I considered that the fair order was therefore for the parties to bear their own costs of all proceedings post trial (other than those specifically relating to assessment of costs, namely those relating to preparation of the statements of costs of the trial which are addressed in the evaluation above) and for there to be no order with respect to those other matters.

201. Lidl submitted that my conclusion was insufficiently reasoned and I have therefore provided somewhat fuller reasons for that above. Moreover, in the light of the slight adjustment I am making to the order, it is possible that Lidl will be able to apply for a more favourable order as to costs should they be put to unreasonable further costs in addressing this case, against the background of their October 2020 Part 36 offer. I am not persuaded by the further submissions that I should change this proposed order (save to the extent

indicated above) or award Lidl its costs of the hearing relating to argument about costs, a good deal of which was taken up with argument about the basis upon which costs were to be awarded and on which Lidl has not (yet) succeeded. However, for the reasons given above, this issue is partially addressed by giving permission to apply to vary the costs order and seek a more generous award.

Interest on costs

202. The parties did not expressly argue about interest on costs and I did not detect any resistance to the proposal in the draft order. No submissions to the contrary were received and I therefore ordered that interest at the judgment rate also be chargeable only from 31 July 2021.

Declaration of non-liablity

203. Lidl sought a declaration that it has not passed off. In my view, while there is something to be said for that in the light of the way the action has been presented in the press, this is a case in which a declaration is not really necessary and the judgments can stand for themselves, providing sufficient explanation as to the findings of the court

E. CONCLUSION

204. For the reasons given:

a. The claim and counterclaim are dismissed.
b. PWS must pay 90% of the costs of the claim and counterclaim down to the conclusion of the trial.
c. Those costs were summarily assessed at £581,785.47 to be paid by 4.00pm 31 July 2021 but otherwise payment is not stayed pending appeal.
d. Permission is given to Lidl to apply to vary the costs order.
e. Permission to appeal from the order was given on the grounds relating to misrepresentation and damage (not those relating to the counterclaim) and is otherwise refused.
f. Time for service of the Notice of Appeal was extended until 31 July 2021 and was further extended until 27 August 2021.
g. Interest is payable on costs in the manner provided for the in draft order save that interest at the judgment rate shall be payable from 31 July 2021 rather than from the date of the order.
h. The application for a publicity order was refused. I gave Lidl permission to apply to renew, it if so advised, no later than 31 July 2021, they did not do so and, in the circumstances no longer arises.

205. I will make a formal order dismissing the claim and counterclaim, which was not previously done, partly because the earlier consequentials order was an interim one, pending further submissions. I also extend time for making any application for permission to appeal from this decision by 14 days from the date of judgment with any such application to be made in writing.

Annex 1: The Mail Article

Fake moos? Lidl is sued over 'imitating award-winning family butcher to sell its cheap meat'

- Philip Warren & Son starting receiving complaints for a product it doesn't make
- The firm, based in Cornwall, is now suing Lidl for 'passing off' its brand name
- Lidl claimed in court that the butcher was too small to be badly affected

By AMY OLIVER
PUBLISHED: 22:09, 27 March 2021 | UPDATED: 22:45, 27 March 2021

When renowned family butchers Philip Warren & Son was suddenly hit with a wave of complaints about the quality of its meat – as well as other products it didn't even produce – the owners were perplexed.

The sixth-generation Cornish butchers pride themselves on supplying award-winning, grass-fed beef to Michelin-starred restaurants such as The Ledbury in London and Rick Stein's bistro in Padstow.

But customers started moaning that its black pudding was 'inedible' and, worse, one had found blue plastic inside its Lincolnshire sausages – a product the firm does not make.

Philip Warren & Son (pictured, Ian Warran, right and Philip Warren) began trading in 1880

The problem, as the owners of Philip Warren & Son soon discovered, was not that their standards had slipped. Instead, supermarket Lidl had created a fake brand – called Warren & Sons – to market cut-price meat products. The range also included bacon, sausages and pâtés, some of which had been produced in Czech factories. One customer complained: 'If this is the best Philip Warren can come up with, I'd give him a severe slap!'

The firm is now suing the supermarket for 'passing off' its name by trying to 'deceive consumers into believing the meat was sourced from an English butcher'.

Philip Warren & Son began trading as WW Davey in 1880 but its practices, including farming only on Bodmin Moor, are largely unchanged. Today it turns over at least £11 million a year, has a farm shop in Launceston and employs about 100 staff.

Managing director Ian Warren, 42, whose father Philip took over in 1979, said: 'We've got a great product and a loyal customer base. I can't tell you how upsetting it was to get emails complaining about poor-quality meat that was nothing to do with us.

'My father has spent 40 years trying to be the best. You work so hard to get the reputation and it's tainted overnight. What Lidl did is wrong, it's morally unfair. We had to take a stand.'

The first he knew about Lidl's Warren & Sons brand came in December 2015 when he got an email from one of the supermarket's customers in Somerset, asking if any other butchers stocked its gammon steaks because 'Lidl didn't always have them'.

The firm was sent pictures of Lidl products, asking if they had started to supply to them

He assumed it was a mistake. But emails and phone complaints began to grow. 'There were comments in the shop,' Mr Warren said. 'Friends sent me pictures of Lidl's products, asking if we were supplying them. We had never trademarked our name. It didn't occur to us we needed to.'

Documents lodged at the High Court show Lidl received complaints from customers who were confused about the origin of the products. One, ironically, voiced concern about the damage Warrens was doing to Lidl's 'good name' by 'hiding' fatty, gristly slices of meat under a good top layer. Another even suggested the supermarket should look into Warrens' packaging factory after they bought a product that 'looked mouldy and was obviously not fit to eat'. Another complaint simply said: 'Get Warren & Sons to supply better products.'

The case was heard remotely by deputy High Court judge Daniel Alexander in February. A verdict is expected within the next month.

To Mr Warren, however, the damage has been done. He said: 'Lidl set out to create a brand and make customers believe they're buying a provincial, English butcher's product. To do that and sell products with foreign meat baffles me. They're pulling the wool over customers' eyes.

Mr Warren said he did not realise he had a claim until he met an intellectual property lawyer

'I'm not anti-supermarket – they do a great job. They play their role and we play ours. But at the minute they want to play their role and have a bit of our role by tricking people.'

It was not until he met an intellectual property lawyer by chance in 2018 that he realised he had a claim.

Lawyer Julius Stobbs, founder of Stobbs IP, who took on the case, said: 'Philip Warren & Son is a real David and Goliath case. As time has gone by the supermarkets – and there are few that don't do this – have got bolder about creating copycat products.'

Meat in Lidl was sold under its Hazelmeade Farm label until 2014, when it had a rebrand, asking designers to come up a name to 'hone in on the provincial English butchers'. 'Warren & Sons' launched in 2015, but has now been removed from shelves.

Lidl claimed in court that the complaint was filed too late after the brand's launch, and said the butcher was too small to be badly affected.

Lidl GB said: 'This is an ongoing court case, so we cannot comment.'