

Neutral Citation Number: [2021] EWHC [3505] (IPEC)

Case No: IP-2020-000138

**IN THE HIGH COURT OF JUSTICE**  
**BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES**  
**INTELLECTUAL PROPERTY ENTERPRISE COURT**

Royal Courts of Justice, Rolls Building  
Fetter Lane, London, EC4A 1NL

Date: 23 December 2021

**Before:**

**Ian Karet (sitting as a Deputy High Court Judge)**

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**Between:**

**Crafts Group LLC**

**Claimant**

**- and -**

- (1) M/S Indeutsch International**  
**(a partnership governed by the laws of the**  
**Republic of India)**
- (2) M/S KnitPro International**  
**(a partnership governed by the laws of the**  
**Republic of India)**

**Defendants**

**Michael Hicks (instructed by White & Black Limited) for the Claimant**  
**Stuart Baran (instructed by Allen & Overy) for the Defendants**

**Hearing date 23 November 2021**

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**Approved Judgment (subject to editorial corrections)**

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.  
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.

## **Ian Karet:**

### **Introduction**

1. This is an application by the Defendants (together “KnitPro”) (i) to set aside the order for service of proceedings issued by the Claimant (“Crafts”) on KnitPro out of the jurisdiction; (ii) for a declaration that the court has no jurisdiction over KnitPro; or (iii) alternatively, for a stay of proceedings pending determination of the validity of one of the trade marks in dispute by the European Union Intellectual Property Office (“EUIPO”).
2. Crafts’ claim is for unjustified threats of infringement of registered trade marks. It is part of a long-running dispute about knitting needles. The alleged threats consist of take down notices issued to Amazon UK by solicitors acting for the First Defendant in July and November 2015. The July 2015 notice concerned Crafts’ “Caspian” wooden knitting needles. The November 2015 notice concerned Crafts’ “Sunstruck” wooden knitting needles. Crafts says that the alleged threats have caused it substantial damage and that Amazon will not re-list Crafts’ products unless the notices are withdrawn or the court intervenes.
3. KnitPro have not yet served a defence and it is not yet clear which marks were relied upon in the take down notices. There are two registered trade marks upon which KnitPro may have relied. They are EU trade mark no. 8884264 filed on 15 February 2010 (the “Chevron Mark”) and EU trade mark no. 8884348 filed on 15 February 2010 (the “Symfonie Mark”).
4. On 9 January 2013, Crafts Americana Group (a predecessor of Crafts) started invalidity proceedings at the EUIPO in relation to the Chevron Mark. Those proceedings are continuing, and it appears likely that some time (possibly years) will pass before a final determination of validity.
5. In July 2015 following the first take down notice there was an exchange of correspondence between the firms then acting for the parties. KnitPro’s solicitors had the last word, sending a long rebuttal of Crafts’ position. Following that, the UK dispute went quiet. In November 2020, after a considerable time, Crafts wrote to say that they had considered this response. KnitPro say that they had considered the matter closed.
6. On 11 December 2020, as the end of the limitation period approached, Crafts issued proceedings against the First Defendant. The claim form was amended on 8 January 2021 to include reference to “comparable trade marks (EU)” which arose following Brexit. On 13 January 2021 HHJ Hacon gave permission to serve the proceedings out of the jurisdiction. Crafts then became aware that in January 2017 the assets and liabilities of the First Defendant had been transferred to the Second Defendant. The amended claim form and particulars of claim (which had not yet been served) were further amended. On 21 April 2021 Crafts applied to serve the re-amended claim form and re-amended particulars of claim out of the jurisdiction. By order dated 20 May 2021 HHJ Hacon granted the application.
7. On 3 August 2021 KnitPro were served in India with (a) a letter from the service advocate; (b) the May 2021 service order; (c) the amended and re-amended claim form; (d) the re-amended particulars of claim; and (e) the response pack.

8. The documents served on KnitPro did not include the applications for service out of the jurisdiction or the two witness statements filed in support.
9. On 26 August 2021 KnitPro filed acknowledgments of service indicating their intention to contest jurisdiction. The two application notices for leave to serve out and the evidence in support were provided to KnitPro on 7 September 2021. This application was made on 9 September 2021.
10. Mr Baran, who appears for KnitPro, argued that there have been significant failures in the attempt to serve out which should render it ineffective. Given the passing of time, it is now too late for Crafts to remedy the position and the threats claim is time barred.
11. The alleged failures are as follows. First, Crafts failed to serve on KnitPro as required the application notices and evidence for service out. Secondly, Crafts failed to make full and frank disclosure on the application to serve out. If those arguments do not succeed and there has been valid service then KnitPro argue that the court should stay this action pending the resolution of the validity proceedings in the EUIPO, applying the relevant laws on concurrent proceedings in the EUIPO and the UK courts or the court's case management powers.
12. The argument on the stay raises a question whether the Schedule 2A to the Trade Marks Act 1994 is in conformity with the UK-EU Withdrawal Agreement 2019/C 384 I/01 (the "Withdrawal Agreement"). KnitPro says that it is not, and the effect of that is that there should be an automatic stay of proceedings in respect of the Chevron Mark and that should be extended to all the proceedings.
13. Mr Hicks, for Crafts, says that if there has been any failure in service out then that can be cured under the court's case management powers by correcting any error made. He suggests that it may be appropriate to consider by analogy the test on granting relief from sanctions, even though this is not a case where sanctions arise. There should be no stay of proceedings because the relevant rules on concurrent jurisdiction are not engaged and there is no reason for such case management.

## **Service out of the jurisdiction**

### *The law*

14. Under CPR 6.36 the court may permit service out of the jurisdiction if any of the grounds set out in paragraph 3.1 of Practice Direction 6B applies. Under CPR 6.37 an application must set out the relevant ground(s) for service out, and the court will only give permission if it is satisfied that England and Wales is the proper place in which to bring the claim. CPR 6.38 provides for service out of "any other document" other than the claim form.
15. An application for service out is made under CPR 23. which provides:
  - (1) This rule applies where the court has disposed of an application which it permitted to be made without service of a copy of the application notice.

(2) Where the court makes an order, whether granting or dismissing the application, a copy of the application notice and any evidence in support must, unless the court orders otherwise, be served with the order on any party or other person –

(a) against whom the order was made; and (b) against whom the order was sought.

(3) The order must contain a statement of the right to make an application to set aside or vary the order under rule 23.10.

16. CPR 23.10 provides:

(1) A person who was not served with a copy of the application notice before an order was made under rule 23.9, may apply to have the order set aside or varied.

(2) An application under this rule must be made within 7 days after the date on which the order was served on the person making the application.

17. Where an application is made without notice the applicant is under a duty to “present fairly” matters to the court. This is often referred to as a duty of “full and frank disclosure”. There are numerous authorities dealing with applications to set aside orders on the basis that the applicant has failed to meet the “full and frank disclosure” test. Mr Baran relied on *Fundo Soberano de Angola v. Dos Santos* [2018] EWHC 2199 (Comm) at [50]-[53] and *Banca Turco Română S.A. (in liq.) v. Çörtük* [2018] EWHC 662 (Comm) where Mr Justice Popplewell considered the relevant law in relation to this obligation in the context of freezing orders.

18. In *Banca Turco Română* Popplewell J gave the following guidance:

“45. The importance of the duty of disclosure has often been emphasised. It is the necessary corollary of the court being prepared to depart from the principle that I will hear both sides before reaching a decision, which is a basic principle of fairness. Derogation from that basic principle is an exceptional course adopted in cases of extreme urgency or the need for secrecy. If the court is to adopt that procedure where justice so requires, it must be able to rely on the party who appears alone to present the evidence and argument in a way which is not merely designed to promote its own interests, but in a fair and even-handed manner, drawing attention to evidence and arguments which it can reasonably anticipate the absent party would wish to make. It is a duty owed to the court which exists in order to ensure the integrity of the court’s process. The sanction available to the court to preserve that integrity is not only to deprive the applicant of any advantage gained by the order but also to refuse to renew it. In that respect it is penal, and applies notwithstanding that even had full and fair disclosure been made the court would have made the order. The sanction operates not only to punish the applicant for the abuse of process, but also, as Christopher Clarke J observed in [*Yugraneft*], to ensure that others are deterred from such conduct in the future. Such is the importance of the duty that in the event of any substantial breach the court inclines strongly towards setting aside the order and not renewing it, even where the breach is innocent. Where the breach is deliberate, the conscious abuse of the court’s process will almost always make it appropriate to impose the sanction.”

19. Mr Baran also relied on *Libyan Investment Authority v. J.P. Morgan Markets Ltd* [2019] EWHC 1452 (Comm). This was an application to set aside service out of the jurisdiction. Bryan J cited the paragraph above from *Banca Turco Română* and then quoted from the judgment of Toulson J (as he then was) in *MRG (Japan) Limited v Engelhard Metals Japan Limited* [2003] EWHC 3418 (Comm). *MRG* also concerned an application to set aside an order for service out of the jurisdiction. Toulson J described the duty of disclosure in the context of service out as follows:

“23. The starting point is that an applicant for an order on a without notice application must make full and frank disclosure of all material facts, that is, facts known to the applicant which might reasonably be taken into account by the judge in deciding whether to grant the application: *R v Kensington Income Tax Commissioners ex parte Princess Edmund De Polignac* [1917] 1 KB 486, 514 (Scrutton LJ); *Siporex Trade SA v Comdel Commodities Limited* [1986] 2 Lloyd’s Rep 428, 437 (Bingham J); *Brink’s Mat Limited v Elcombe* [1988] 1 WLR 1350, 1356 (Ralph Gibson LJ).

24. It is for the court to determine what is material according to its own judgment and not the assessment of the applicant: *Brink’s Mat Limited v Elcombe*. This means that if the court considers there to have been material non-disclosure, it is not an answer that the applicant in good faith took a different view, although that may affect the court’s exercise of its discretion in deciding what to do in the light of the non-disclosure. It does not mean that an applicant is under a duty to disclose facts which could not reasonably have a bearing on the decision which the judge has to make.

25. Materiality therefore depends in every case on the nature of the application and the matters relevant to be known by the judge when hearing it. I was referred to a number of statements on the duty of disclosure in the context of applications for freezing injunctions. In such cases the court is being asked to make an order of an exceptional kind, prohibiting or restricting a defendant’s use of its own assets before any adjudication has been made against it. Because of its draconian nature, it is a jurisdiction which requires great caution and a wide range of factors may have a bearing on the court’s decision.

26. An application for permission to serve out of the jurisdiction is of a very different nature. The general principles about disclosure on without notice applications still apply, but the context is different. The focus of the inquiry is on whether the court should assume jurisdiction over a dispute. The court needs to be satisfied that there is a dispute properly to be heard (i.e. that there is a serious issue to be tried); that there is a good arguable case that the court has jurisdiction to hear it; and that England is clearly the appropriate forum. Beyond that, the court is not concerned with the merits of the case.

27. Authority supports this approach. In *BP Exploration Co (Libya) Limited v Hunt* [1976] 3 AER 879 (which concerned an application for leave to serve out of the jurisdiction) Kerr J said at 893:

“In my view, a failure to refer to arguments on the merits which the defendant may seek to raise in answer to the plaintiff’s claim at the trial should not generally be characterised as a failure to make a full and fair disclosure, unless

they are of such weight that their omission may mislead the court in exercising its jurisdiction under the rule and its discretion whether or not to grant leave.”

...

29. If MRG was aware of matters which might reasonably have caused the judge to have any doubt whether he should grant permission to serve out of the jurisdiction, those would have been relevant matters and therefore ought to have been disclosed. This must be so in principle, and it is implicit in the authorities to which I have referred.

30. However, Mr Gruder submitted that the duty of disclosure was wider. He submitted that if an applicant knew matters which would not on any reasonable view make any difference to whether there was a serious issue to be tried, or to any of the other questions which the judge had to consider, but which were relevant to the ultimate merits of the action, they must be disclosed. To the question “why?”, Mr Gruder’s answer was that: i) it is for the court and not for the applicant to decide what is material and ii) anything which is relevant to the merits of the claim is potentially relevant to the matters which the judge has to consider. I do not accept that submission. The first proposition is correct, but Mr Gruder seeks to apply it in such a way as to enlarge the test of materiality. It is for the court to determine what is material, but the test of materiality is that to which I have referred: whether the matter might reasonably be taken into account by the judge in deciding whether to grant the application. The second proposition goes too far. There may be many points which would be relevant to the ultimate merits of an action, but which could not on any reasonable view affect the judge in deciding the “merits threshold” question (or the ultimate question whether to grant the application).

31. Mr Gruder submitted that if the applicant is not required to disclose all matters which go to the merits of the action, but only those matters which go to the questions whether there is a serious issue to be tried, whether the court has jurisdiction to hear it and whether England is clearly the appropriate forum, the result will be to reduce the judge’s role on such an application to a “rubber stamping” exercise. I would not agree with that description, although I do agree that the issues which the judge is required to consider are limited. This is because the judge is at this stage concerned with the question whether the court should assume jurisdiction, rather than with the question who is likely to win.”

20. CPR 3.10 provides:

“Where there has been an error of procedure such as a failure to comply with a rule or practice direction—

(a) the error does not invalidate any step taken in the proceedings unless the court so orders; and

(b) the court may make an order to remedy the error.

21. The approach to relief from sanctions is set out in *Denton v TH White Ltd* [2014] EWCA Civ 906, as discussed in the White Book at paragraph 3.9.3:

“The guidance given in *Denton* may be summarised as follows: a judge should address an application for relief from sanctions in three stages. The first stage is to identify and assess the seriousness and significance of the “failure to comply with any rule, practice direction or court order” which engages r.3.9(1). If the

breach is neither serious nor significant, the court is unlikely to need to spend much time on the second and third stages. The second stage is to consider why the default occurred. The third stage is to evaluate all the circumstances of the case, so as to enable the court to deal justly with the application including r.3.9(1)(a) (b). The court also gave guidance as to the importance of penalising parties who unreasonably oppose applications for relief from sanctions.”

22. Paragraph 3.9.4 notes:

“If a judge concludes that a breach is not serious or significant, then relief from sanctions will usually be granted and it will usually be unnecessary to spend much time on the second or third stages. If, however, the court decides that the breach is serious or significant, then the second and third stages assume greater importance.”

23. Paragraph 3.9.7 notes:

“The Court of Appeal in *Denton* went on to state that litigation cannot be conducted efficiently and at proportionate cost without fostering a culture of compliance with rules, practice directions and court orders, and cooperation between the parties and their lawyers. Rule 1.3 provides that “the parties are required to help the court to further the overriding objective”. Parties who opportunistically and unreasonably oppose applications for relief from sanctions take up court time and act in breach of this obligation. The court made it plain that it is wholly inappropriate for litigants or their lawyers to take advantage of mistakes made by opposing parties in the hope that relief from sanctions will be denied and that they will obtain a windfall strike out or other litigation advantage. In a case where (a) the failure can be seen to be neither serious nor significant, (b) where a good reason is demonstrated, or (c) where it is otherwise obvious that relief from sanctions is appropriate, parties should agree that relief from sanctions be granted without the need for further costs to be expended in satellite litigation. The parties should in any event be ready to agree limited but reasonable extensions of time up to 28 days as envisaged by the new r.3.8(4). The court will be more ready in the future to penalise opportunism. It is as unacceptable for a party to try to take advantage of a minor inadvertent error, as it is for rules, orders and practice directions to be breached in the first place. Heavy costs sanctions should, therefore, be imposed on parties who behave unreasonably in refusing to agree extensions of time or unreasonably oppose applications for relief from sanctions.”

***Failure to serve documents***

24. KnitPro complain that in breach of CPR 23.9 the documents relating to the application were not served and that the order should thus be set aside under CPR 23.10. The order for service out permitted service of “any other document”, and Mr Baran suggested in argument that the inclusion of this phrase increased the obligation on Crafts to serve such documents. He also complained that when the documents were supplied, it was only shortly before this hearing. The result of setting aside service would be that the claim is now out of time.

25. Mr Hicks says that the failure to serve out was an oversight by Crafts' solicitors. There has been no prejudice to KnitPro by the late provision of the application to serve out. The correct approach is to apply CPR 3.10 to dismiss the application because there is no reason to discharge the order.
26. He notes that CPR 23.9 does not provide any sanction if the rule is not followed. However, by analogy with those rules that do, an analysis with the principles in *Denton* should lead to the same result. Applying the three-step test in *Denton*, Mr Hicks argues that the failure is not serious or significant such that the test should be resolved in Craft's favour. Further, KnitPro are being opportunistic in trying to knock out the entire case against it on a technicality, and the court should not give such a benefit to KnitPro.
27. I decline to set aside service for failure to serve the application notice and supporting evidence. KnitPro have not been significantly disadvantaged by the belated provision of the application notice and evidence given to the court on the application for service out. The making of the service out order was not conditional upon the service of those documents. A failure to serve those documents does not render the service ineffective. The permission to serve out "any other document" was a permission for service of further documents and not an obligation to serve them. KnitPro have been able to make this application in time and Mr Baran has raised detailed arguments on their behalf. The failure to serve was an error and that can be remedied by an order under CPR 3.10.
28. I reach the same conclusion if I consider *Denton* by analogy. While I do not have to decide whether to apply *Denton* in this case, it appears appropriate to do so because the result of granting the order KnitPro seek would be that the claim could no longer be continued due to the expiry of time.
29. I am not convinced that the breach of failing to serve these documents is serious or significant. If, however, it was serious or significant then I would allow the case to continue. The breach occurred by accident and has been corrected by the provision of the documents. KnitPro has not been significantly disadvantaged and the business of the court has not been affected. If I evaluate all the circumstances of the case to deal justly with the application then I would allow the claim to continue.

### ***Material non-disclosure***

30. KnitPro's second complaint is that Crafts failed in its obligation to give full and frank disclosure on the application to serve out such that it should be set aside. The alleged deficiencies were as follows:
  - i) The evidence did not fairly present to the court the fact that there was no correspondence between the parties in relation to alleged unjustified threats from July 2015, when the first takedown notice was submitted to Amazon UK, to November 2020.
  - ii) Crafts did not show the court that there had been a second takedown request submitted to Amazon in November 2015, as to which Crafts did and said nothing.



- iii) On the basis of these facts, there would at least be open to KnitPro an argument that Crafts had impliedly consented to, or acquiesced to, its takedown requests. The court was not told that.
  - iv) Crafts appeared to tell the court in general terms the subject-matter of without prejudice discussions between the parties. But the information Crafts gave was wrong. KnitPro's position was that there was no such discussion about any alleged threats action at all.
  - v) Crafts' evidence in support wrongly suggested that the threats of infringement proceedings were ongoing. Crafts incorrectly elided present threats with ongoing damage from earlier threats.
  - vi) Crafts did not inform the court that the absence of infringement proceedings in the UK could not simply be taken to indicate that the Caspian and Sunstruck needles did not in fact infringe the Chevron and Symfonie Marks, as Crafts asserted.
  - vii) Crafts' account of the EU invalidity proceedings was incomplete and imprecise. In particular, it was suggested that the Chevron Mark had been held invalid in the EUIPO Grand Board so that no valid threat could ever be made in respect of it. That was not right. KnitPro had submitted a considerable volume of material in support of its alternative case that, if the mark was not inherently distinctive, the mark had acquired distinctiveness through use. The only possible outcomes at that stage were either that the Chevron Mark was inherently distinctive, or that its distinctiveness was not yet established, as the acquired distinctiveness materials needed to be considered. So there remained open a finding that the Chevron Mark was distinctive and valid. The effect was that the court was told something about a central fact, the validity of a property right on which the dispute would focus, that was false. Validity has not been finally determined.
31. Mr Baran says that these deficiencies should be considered cumulatively. Overall, they mis-describe key matters about the case such that the court might have wished to take them into account. They include misreporting of certain key issues. Since the relevant matters were not fairly presented, the disclosure was not full and frank and the orders for service out should be set aside.
32. Mr Baran proposed a twelve point summary for assessing full and frank disclosure which combined points taken from the authorities considering freezing orders and service out. He suggested that in *Libyan Investment Authority v. Libya* the court had adopted in a service out case an approach that was in line with the freezing order cases.
33. Mr Hicks says that the evidence in support disclosed all matters of which Crafts' solicitor was aware which might have caused the judge to have any doubt as to whether he should grant permission to serve out. It was thus satisfactory. The correct test was that set out in *MRG*, and the application met that.
34. There was no suggestion in correspondence that Crafts had impliedly consented to the takedown, and Crafts was entitled to bring a claim for threats. Consent usually requires some positive act or statement.

35. There had been commercial discussions, and Crafts' evidence was accurate. In any event, that matter would not have a bearing on whether permission should be given to serve out.
36. Crafts only referred to the two take-down notices. The evidence referred to the effect of the alleged threats as continuing. That was correct as Amazon will not re-list the products unless the notices are withdrawn.
37. The EUIPO invalidity proceedings relate only to the Chevron Mark, and no statement was made about the Symphonie Mark. Crafts dispute the details of what was said about the EUIPO decision and its effect. The EUIPO proceedings only go to the merits of the case – but do not affect the allegation that actionable threats were made in the UK. KnitPro do not suggest there is something about the EUIPO proceedings which means that Crafts do not have a good arguable case which is all that is required for service out.
38. Mr Hicks concluded that the allegation of material non-disclosure should therefore be rejected. If, however, I were to conclude that there had been a material non-disclosure, then Crafts submitted that the facts now known make it clear that permission to serve out would still have been given. The White Book notes at 6.37.4 that it is not uncommon for applications to set aside orders for service out to be dismissed on the ground that, although there was material non-disclosure, if the full facts had been before the judge, permission would still have been given.
39. I decline to set aside service on the basis of material non-disclosure.
40. In my view the correct test for full and frank disclosure on an application for service out is that set out by Toulson J in *MRG* as applied by Bryan J in *Libyan Investment Authority*. The reference in *Libyan Investment Authority* to *Banca Turco Română* is not intended to raise the standard of disclosure required in service out applications. The test which Mr Baran proposes is not appropriate because it combines the approaches to be taken in different contexts (as identified by Toulson J) and would raise the bar on applications for service out. That would increase substantially the work of the court in considering them.
41. While the evidence in support of service in this case may have mis-described matters, this was by mistake. The complaints KnitPro raise about the evidence do not go to the question of whether this court has jurisdiction over the alleged threats. Instead, they are matters that may be raised in defence to the threats claim. KnitPro are in effect adopting the unsuccessful approach which Toulson J dismissed in *MRG* of concentrating upon matters that may be relevant to the ultimate merits of the action rather than whether there was a serious issue to be tried. Accordingly I do not think there has been material non-disclosure in this context.
42. If there had been material non-disclosure then I would also have dismissed the application on the basis that the judge would have given permission had the full facts been before him.

## **Stay of proceedings**

### *The issue*

43. The next question to consider is whether this court should stay proceedings pending the resolution of trade mark validity issues concerning the Chevron Mark at the EUIPO. The Symfonie Mark is not the subject of EUIPO proceedings.
44. KnitPro say that the proceedings against the First Defendant fall to be assessed under the regime governing related actions set out in the European Trade Mark Regulation 2017/1001 (the “EUTMR”). The action as against the First Defendant was issued before the UK’s final exit from the European Union on 31 December 2020. Those proceedings are therefore “pending proceedings” within the meaning of the Withdrawal Agreement.
45. KnitPro say that the correct application of the provisions on concurrent proceedings leads to a stay of the relevant UK proceedings in favour of those before the EUIPO.
46. This does not affect all of the claims before this court. The claim against the Second Defendant was commenced after EU withdrawal and so is not “pending proceedings”. KnitPro say that it makes no sense to split the proceedings, so that a stay of proceedings against the First Defendant should be extended to the Second Defendant. KnitPro also seek a stay under the court’s case management powers in CPR 3.
47. KnitPro also drew my attention to the regime of stays of patent claims where there are validity proceedings in the European Patent Office and suggested that the same presumption of a stay should apply by analogy in trade mark cases.
48. Only the Chevron Mark is in dispute before the EUIPO. The Symphonie Mark is not. KnitPro say that it makes sense to stay this action in respect of both marks and against both defendants.
49. Crafts says that the provisions of the EUTMR do not apply to this claim at all and that there is no reason for a stay on case management grounds.

### *The Law*

50. The starting point for KnitPro’s argument is Article 132 EUTMR. That provides:

**“Specific rules on related actions**

1. An EU trade mark court hearing an action referred to in Article 124 other than an action for a declaration of non-infringement shall, unless there are special grounds for continuing the hearing, of its own motion after hearing the parties or at the request of one of the parties and after hearing the other parties, stay the proceedings where the validity of the EU trade mark is already in issue before another EU trade mark court on account of a counterclaim or where an application for revocation or for a declaration of invalidity has already been filed at the Office.”

51. Article 124 provides:

**“Jurisdiction over infringement and validity**

The EU trade mark courts shall have exclusive jurisdiction:

(a) for all infringement actions and — if they are permitted under national law — actions in respect of threatened infringement relating to EU trade marks;

- (b) for actions for declaration of non-infringement, if they are permitted under national law;
- (c) for all actions brought as a result of acts referred to in Article 11(2);
- (d) for counterclaims for revocation or for a declaration of invalidity of the EU trade mark pursuant to Article 128.”
52. Paragraphs 1(1) and 1(2) of Schedule 2A of the Trade Marks Act 1994 provide that on IP completion day a registered trade mark known as a “comparable trade mark (EU)” automatically comes into being and is treated as if it had been applied for when the existing EUTM had been applied for.
53. Paragraph 20 of Schedule 2A of the Trade Marks Act 1994 disapplies Article 132 in respect of proceedings that were pending on the day of the UK’s final exit from the European Union (31 December 2020):
- 20.—(1) This paragraph applies where on IP completion day an existing EUTM is the subject of proceedings which are pending (“pending proceedings”) before a court in the United Kingdom designated for the purposes of Article 123 (“EU trade mark court”).
- (2) Subject to sub-paragraphs (3) and (4), the provisions contained or referred to in Chapter 10 of the European Union Trade Mark Regulation (with the exception of Articles 128(2), (4), (6) and (7) and 132) continue to apply to the pending proceedings as if the United Kingdom were still a Member State with effect from IP completion day.
54. The parties agreed that the reference to “Chapter 10” in paragraph 20(2) above should be to “Chapter X”. Chapter X (Articles 122 to 135) is headed “Jurisdiction and Procedure in Legal Actions relating to EU Trade Marks”.
55. Article 67 of the Withdrawal Agreement provides:
- “Jurisdiction, recognition and enforcement of judicial decisions, and related cooperation between central authorities**
1. In the United Kingdom, as well as in the Member States in situations involving the United Kingdom, in respect of legal proceedings instituted before the end of the transition period and in respect of proceedings or actions that are related to such legal proceedings pursuant to Articles 29, 30 and 31 of Regulation (EU) No 1215/2012 of the European Parliament and of the Council (73), Article 19 of Regulation (EC) No 2201/2003 or Articles 12 and 13 of Council Regulation (EC) No 4/2009 (74), the following acts or provisions shall apply:
- a) the provisions regarding jurisdiction of Regulation (EU) No 1215/2012.
- b) the provisions regarding jurisdiction of Regulation (EU) 2017/1001 [EUTMR]...
56. In *Easygroup Limited v Beauty Perfectionists Limited* [2021] EWHC 3385 (Ch) (a decision which became available after the hearing of this application) the Chancellor

confirmed that Article 67 of the Withdrawal Agreement has direct effect as part of domestic law without the need for any further legislative enactment. He also observed (at paragraph 54) that it appeared that the exclusions of Articles 128 and 132 in Schedule 2A were inconsistent with Article 67 of the Withdrawal Agreement. However, that was not relevant to the issue which the court had to decide in the case before him.

57. The position on a stay under the predecessor provision to Article 132 EUTMR (Article 104 Community Trade Mark Regulation) was considered by the Court of Appeal in *Starbucks (HK) Ltd v. British Sky Broadcasting Group plc* [2012] EWCA Civ 1201. The court concluded that there is a strong presumption in favour of a stay; “special grounds” are hard to make out; and a general argument about getting to the end of proceedings is not sufficient.
58. CPR 3.1(f) provides that the court may stay the whole or part of any proceedings or judgment either generally or until a specified date or event.

### ***Discussion***

59. KnitPro say that Arts. 124 and 132 EUTMR apply to this case. The effect of Article 67 of the Withdrawal Agreement is that the “provisions regarding jurisdiction of the EUTMR” continue in force and apply to the EUIPO invalidity proceedings against the Chevron Mark. As a result, the corresponding UK proceedings should be stayed under Art. 132 EUTMR, and that stay should be extended to both defendants and to both trade marks.
60. Paragraph 20, Schedule 2A Trade Marks Act 1994 seeks to disapply Art. 132, but, KnitPro say, as Article 132 is a “provision regarding jurisdiction” the dis-application is ineffective. I note that if Art. 132 did apply then an order for a stay in respect of the Chevron Mark would be in line with the Chancellor’s observations in *Easygroup*.
61. However, in my view it is not necessary to explore this point. It does not appear that a UK threats action is one covered by Art. 124 EUTMR. It is not one of the types of infringement or validity act listed there. As Art. 124 does not apply, Art. 132 is not engaged, and I do not need to consider whether the dis-application is effective. The point on Art. 132 might arise for decision if KnitPro were to make a counterclaim for infringement of the Chevron Mark, but at present it is not clear how KnitPro intend to respond to this claim.
62. I therefore decline to order a stay under Art. 132 EUTMR.
63. I also decline to order a stay under CPR 3.1(f). It is not yet clear which of KnitPro’s trade marks were involved in the alleged threats or whether the EUIPO invalidity proceedings will have an effect on or be in conflict with these proceedings. It is thus too early to say whether a stay would further the overriding objective. It is possible that matters will develop such that there are two courts with jurisdiction to hear concurrent matters, but the proceedings have not yet reached that stage.
64. I note that in patent cases a stay of national proceedings is the default position (which is subject to further considerations), but as I have said, it is not yet clear that there are proceedings which are concurrent for these purposes.

## **Conclusion**

65. It follows that KnitPro's application fails. Service out of the jurisdiction stands and there will not be a stay of proceedings pending the outcome of the challenge to the validity of the Chevron Mark in the EUIPO.