

IN THE INTELLECTUAL PROPERTY LIST AT THE HIGH COURT

Royal Courts of Justice
Thomas More Building
Royal Courts of Justice
Strand
London
WC2A 2LL

BEFORE:

HIS HONOUR JUDGE HACON

BETWEEN:

GRUNDFOS HOLDING A/S

CLAIMANT

- and -

**ABCOT UK LIMITED
BALVINDER NAGI**

**DEFENDANT (1)
DEFENDANT (2)**

Legal Representation

Miss Ashton Chantrielle (Counsel) on behalf of the Claimant
Miss Nicole Anne Bollard (Counsel) on behalf of the Defendants

Other Parties Present and their status

None known

Judgment

Judgment date: 18 January 2021
(start and end times cannot be noted due to audio format)

Reporting Restrictions Applied: No

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Number of folios in transcript 60
Number of words in transcript 4,318

His Honour Judge Hacon:

1. This is an application by the Claimant for summary judgment. The action is for trade mark infringement and passing off. It is a case about exhaustion of rights. Since 1 January this year the law on exhaustion has, of course, changed but the usual principles remain in place on the facts of this case.
2. The Claimant, which I will call Grundfos, is a leading manufacturer of pumps of the type used in heating systems. Grundfos is based in Denmark. It owns a UK trade mark in the form of the word Grundfos. Pursuant to the Trade Marks (Amendments etc.) (EU Exit) Regulation 2019 it now also owns a UK comparable trade mark in the form of the word Grundfos.
3. The First Defendant, which I will call Abcot, is a UK based company which sells spare and replacement parts for boilers among other things. Those parts include Grundfos pumps. The Second Defendant is the sole director of Abcot and the owner of shares in that company.
4. Ashton Chantrielle appears for Grundfos, Nicole Bollard for Abcot.
5. Grundfos' allegation of trade mark infringement and passing off relates to the marketing by Abcot of pumps manufactured by Grundfos. They are sold by Abcot under the Grundfos name. They were sourced by Abcot from Italy. In relation to some of the pumps Grundfos says that they were not marketed in the EU with its consent. In relation to the remainder, Grundfos relies on Section 12(2) of the Trade Marks Act 1994, saying that it has legitimate reasons for objecting to Abcot's commercialisation in this country.
6. I here set out Section 12 of the Trade Marks Act 1994:

“Exhaustion of rights conferred by registered trade mark.

(1) A registered trade mark is not infringed by the use of the trade mark in relation to goods which have been put on the market in the European Economic Area under that trade mark by the proprietor or with his consent.

(2) Subsection (1) does not apply where there exist legitimate reasons for the proprietor to oppose further dealings in the goods (in particular, where the condition of the goods has been changed or impaired after they have been put on the market).”
7. The UK has retained the principle of exhaustion in relation to goods marketed in the EU, despite having left the EU. In any event, all the products relevant to this application were marketed before 1 January of this year so the principles of exhaustion apply to them pursuant to Article 61 of the Withdrawal Agreement of 19 October 2019.
8. Grundfos relies on two legislative provisions which govern pumps of the type in issue. First are the Equipment (Safety) Regulations 2016. These are UK regulations which implemented EU Directive 2014/35/EU. The regulations were referred to in argument as the Electrical Equipment Regulations. They are intended to ensure the safety of certain electrical products, including circulator pumps.

9. Secondly, Grundfos relies on Commission Regulation (EC) 641/2009 which implemented Directive 2005/32/EC. This Directive is concerned with ecodesign requirements of glandless pumps integrated into products. In the evidence this Regulation was referred to as the Circulator Regulation. The Circulator Regulation was in force in the UK at the time of sale of the pumps in issue in this application. However, it had transition provisions: Article 1(2)(b) provides:

“(2) This Regulation shall not apply to:

...

- (b) circulators to be integrated into products and placed on the market no later than 1 January 2022 as replacement for identical circulators integrated in products placed on the market no later than 1 August 2015 and specifically marketed as such, except as regards the product information requirements of Annex I, point 2(1)(e).”

10. Annex I, point 2(1)(e) provides:

“(e) for circulators to be integrated in products and placed on the market no later than 1 January 2022 as replacement for identical circulators integrated in products placed on the market no later than 1 August 2015, the replacement circulator or its packaging shall clearly indicate the product(s) for which it is intended.”

11. In support of its application, Grundfos has filed evidence which includes witness statements from Rasmus Andersen. Mr Andersen is Head of Legal at Grundfos. In his first witness statement he explains distinctions between types of circulator pumps sold by Grundfos and discusses some of the regulations governing the sale of pumps. Mr Andersen distinguishes what he calls trade pumps from OEM pumps. The former are typically installed as part of a heating system in a domestic home to circulate hot water. This will usually be done by a plumber retained by the occupier of the home or, if the occupier is up to it, he or she may choose to install the pump themselves.
12. OEM pumps are sold to manufacturers of other products of which the pump will form part. Usually they are sold in bulk. The manufacturer of a hot water boiler may buy OEM pumps for installation into their boilers, for instance. OEM pumps usually reach the market as a component of another product, not as a separate item in themselves. OEM pumps are typically supplied without product documentation and may have connections or housing tailored for the product in which they are to be incorporated. The end user will get product documentation but it will documentation be for the entire boiler or other product and will be supplied by the manufacturer of that product.
13. Mr Andersen also made the point that Grundfos uses markings to distinguish the two types of pump. Trade pumps are red or will have significant red markings; OEM pumps are grey or black. He said that the regulations which govern trade pumps are different from those governing OEM pumps. Consumer protection for OEM pumps is provided by regulations which apply to the whole boiler or other product in which they are incorporated.
14. Having drawn this clear distinction in his evidence, I had the impression during the hearing today that the distinction between trade pumps and OEM pumps is more blurred than at first appears and that the distinction may be of limited relevance to the

present case. The evidence suggested that OEM pumps are sometimes sold individually with their own instructions.

15. Grundfos' evidence was that its pumps intended for the EU market comply with all applicable regulations, including the Electrical Equipment Regulations and the Circulator Regulation.
16. Abcot has a website at www.euroboilerparts.co.uk. As the web address implies, Abcot sells boiler parts from that site.
17. Mr Andersen says that in December 2016 Grundfos received an email from a party who had purchased a pump from Abcot's website. Mr Andersen quotes from the email thus:

“The pump has arrived in a plain box without any leaflet or instructions and the part numbers seem to have been deliberately scratched out. It just doesn't seem right? Below we show a link to the website and where we bought it from, and in fact we can see when zooming in, that the part numbers are also hidden on the web page. Is this something that we should be concerned about?”

According to Mr Andersen, Grundfos received similar complaints from other purchasers of parts from that website.

18. This prompted a series of test purchases from Abcot's website, beginning in October 2017. The first was for a PU790 Grundfos pump ordered on 7 October 2017. Mr Andersen identifies features of this pump of which Grundfos complains. I will return to those shortly. On 3 January 2019 four further test purchases were made via a Bishop IP Investigations Limited, which I will call Bishop IP, on the instructions of Grundfos. These pumps were delivered on 11 January 2019. Four types of pump were purchased, having the designations PU120-5, PU130-5, PU400 and PU500.
19. On 15 May 2019 Grundfos instructed Bishop IP to purchase another pump, this one designated PU315. It was received on 20 May 2019. On 30 May 2019 a final test purchase was made which included a PU300 pump and a PU750 pump. They were received on 5 June 2019.
20. There was no dispute about the law on summary judgment. I was referred to *AC Ward & Sons Limited v Catlin (Five) Limited* [2009] EWCA Civ 1098 at [24], to the speech of Lord Hope at [94]-[95] in *Three Rivers DC v Bank of England* [2003] 2 AC 1, and to that of Lord Hobhouse at [158]. I was referred to *Doncaster Pharmaceuticals Group Ltd v Bolton Pharmaceutical Co* [2007] FSR 3, in particular the judgment of Mummery LJ at [12] and [18].
21. It is worth underlining that Grundfos' application today is for summary judgment only in relation to the eight products which were the subject of test purchases. Of course, Grundfos intends to rely on my judgment if it is helpful to Grundfos in relation to other pumps complained of in its Amended Particulars of Claim, but I am addressing only those eight pumps. I will take them in turn.
22. Mr Andersen made four points about PU790. First, the batch and product numbers on the pump had been concealed. There was a photograph exhibited showing this to have

been the case. This concealment was in breach of the Electrical Equipment Regulations. Secondly, he said insufficient information was supplied as to the type of boiler the pump was intended for. He said this was in breach of the Circulator Regulation. Thirdly, no instructions or safety information was supplied and this was in breach of the Electrical Equipment Regulations. Fourthly, the pump was sold with a wire attached to it which had not been supplied by Grundfos. There was a photograph which showed a wire attached to the pump. Grundfos relies on all of these as grounds for opposing the marketing of this pump under section 12(2) of the 1994 Act.

23. Abcot's evidence consists of two witness statements. One is from Balvinder Nagi, the Second Defendant, who is the director of Abcot. Mr Nagi has been semi-retired since 2013. The principal evidence came from Gurprit Dhillon, who has been the manager of Abcot since about 2013. He is responsible for purchasing the boiler parts which Abcot sells. He says that Abcot buys Grundfos pumps in Italy through an agent, GR SRL. Sometimes GR sources the pumps that Abcot wants directly from Grundfos Italy and sometimes from another party.
24. Mr Dhillon says that Abcot does not open the boxes which the pumps come in when supplied to Abcot. They are sold on to customers in those boxes, unopened, although generally with extra packaging to protect the pumps. Mr Dhillon makes some general points about the test purchases. He says he has not inspected any of the test purchases and so has not been able to check whether they were purchased from Abcot, or whether they had the features as claimed by Mr Andersen. Secondly, Mr Dhillon requires proof that the purchases came without instructions and in the condition stated. Thirdly, where the pumps do not have invoices, he is unable to check whether they were, indeed, purchased from Abcot. Fourthly, he says that Abcot does not make pumps, modify them or add anything to the pumps as received from GR.
25. It was common ground that if Grundfos raises credible evidence in its application for summary judgment the burden shifts to Abcot to rebut that evidence, although the burden on Abcot is not high.
26. Abcot was in possession of the Claimant's evidence from early October 2020. To the extent that Abcot wished to dispute this evidence by inspection of the test purchases in issue, in my view it was under an obligation to do so. It was not entitled to sit on its hands and rely on its ignorance of the state of the products when sold by Abcot and of the chain of supply to Abcot. As to the latter, Abcot should have obtained information from its suppliers to the extent that it believed this to be relevant to the present application and to the extent that it was reasonable to do so in the time available.
27. Abcot makes some specific points about PU790. First, Mr Dhillon says that he had no knowledge as to how the batch and product numbers came to be removed. Secondly, Miss Bollard, counsel for Abcot, said that the allegation of insufficient information as to the type of boiler the pump was intended for was no more than an assertion by Mr Andersen without sufficiently specific evidence. Thirdly, it was said that, as to the lack of instructions or safety information, Mr Dhillon now wanted to inspect the box and investigate further. This same point was made with regard to the wire supplied with this pump that was not sourced from Grundfos.
28. I will take the points made by Mr Andersen about PU790 in turn. First, I have seen the photograph of the product and there seems to me no doubt that the batch and

product numbers were concealed. I see no prospect of that evidence being contradicted by cross-examination or any further evidence at trial. I accept Mr Andersen's evidence that this makes it impossible to say whether the product has been the subject of a call for product withdrawal and it does not allow the purchaser to know whether it should be recalled in the future. In my view, this is liable to affect the reputation of the trade mark and of Grundfos, the trade mark proprietor, in the eyes of a purchaser and for that reason Grundfos is entitled to rely on section 12(2) of the 1994 Act.

29. Equally, in my view, a purchaser is entitled to assume that all Grundfos pumps comply with all applicable regulations. If they do not, in my view this is bound to cause damage to the trade mark and to Grundfos in the eyes of the purchaser. It was not in dispute that damage to a trade mark or the trade mark proprietor was a ground on which section 12(2) could be invoked, see, for example, *Parfum Christian Dior SA v Evora DC BV* (C377/95) EU:C:1997:517 [1997] ECR I-6013.
30. I turn to the second objection raised by Grundfos. This was that there was a lack of information as to the type of boiler the pump was intended for. I am going to leave this to one side and will discuss it in the context of pump PU400. The reason is that there was only significant evidence regarding this ground in the context of that latter pump.
31. The third objection raised by Mr Andersen was that there were no instructions or safety information supplied with the pump, and therefore the sale was in breach of the Electrical Equipment Regulations. Miss Bollard did not invite me to doubt the honesty of the evidence that this pump had not been supplied with no instructions or safety information. That being so, this presents a self-evident safety issue which would affect the reputation of Grundfos and its trade mark. Again, I see no prospect of cross-examination or further evidence at trial altering the overall evidence that there were no instructions or safety information, nor do I see that any inspection by Mr Dhillon of the product would change that evidence. Since it was not challenged as false evidence, I must accept it. This provides a further ground for the engagement of section 12(2).
32. Finally there was the issue of the wire attached to the pump. I do not see that further evidence or cross-examination can affect the photograph shown to me which showed a non-Grundfos wire attached to the pump. This may or may not affect its performance or safety but to my mind it is a modification to the pump of the type contemplated by section 12(2) which, therefore, applies. I would add that I accept the evidence of Mr Dhillon for the purposes of this application that these products are received by Abcot and are sent on without opening the boxes. That being so, no modification has been carried out by Abcot. However, that does not alter the fact that the pumps were sold by Abcot in circumstances to which section 12(2) applies.
33. I turn next to pump PU120-5. Five points were raised in relation to this pump. The first was that there were no instructions enclosed with it. I repeat my view given above in relation to PU790.
34. Secondly, Mr Andersen says there was no declaration of conformity with the Electrical Equipment Regulations, which is, of itself, a breach of those regulations. It seems to me that this is a matter which engages section 12(2).
35. The third objection raised by Mr Andersen is that a cast iron pump housing had been replaced with a plastic housing. Mr Andersen was able to say that because this was an

instance in which the product number was still visible on the pump. It enabled Grundfos to trace the product and it was found that the pump was originally sold with a cast iron housing. It followed that at some point that cast iron housing had been replaced by the time the pump sold by Abcot. Again, I see no ground for doubting the accuracy of Mr Andersen's evidence on the tracing of that product and therefore the accuracy of what he says about the housing having been replaced. Also, again, I do not suggest that this was done by Abcot. However, the change in condition of the pump engages section 12(2).

36. A fourth point raised was that the pump had no CE marking, i.e. the well-known mark to show that the product complies with EU regulations. Mr Dhillon said that this had happened before. His evidence was that he had been supplied by Grundfos Italy with pumps some years previously which did not bear the CE mark. He had complained to Grundfos Italy and the problem was resolved. Mr Andersen's response was that there had been no compliant in this instance and that the pump was intentionally sold without CE marking because it was intended for sale outside the EU. In any event, he said, the failure to check for the presence of a CE mark on the product was, of itself, a breach of the Electrical Equipment Regulations on the part of Abcot. For the reasons I gave in relation to the sale of other pumps which do not comply with the applicable regulations, it seems to me that that is engages section 12(2).
37. Finally in relation to this pump, it was said it did not comply with the Circulator Regulation because there was insufficient information as to the type of boiler for which the pump was intended. As before, I will leave discussion about this to my consideration of pump PU400.
38. The arguments raised in relation to the pump 130-5 were the same as those raised in relation to 120-5, and so the same points apply.
39. Next is PU400. Three points were raised. The first was one I have alluded to earlier, that there was insufficient information as to which boilers the pump could be used with. This was the only test purchase in respect of which there was photographic evidence of what had happened. I was shown a photograph of what Mr Dhillon agreed to be a list of boilers for which the pump could be used, provided with the packaging of PU400. It appears that the top of the list had been removed. Mr Dhillon said that it may be that another party had torn off the top of the list but it was impossible to say what had been torn off.
40. Although something seems to have happened to the list of boilers for which the pump was intended to be used, it is not clear what happened. I think that if this were the only ground relied on for the engagement of section 12(2), it would require further evidence and investigation at trial. It also raises an issue of the correct construction of Annex 1.2(1)(e) and whether that provision should be construed to require a comprehensive list of all products for which the pump is intended. I am not satisfied that, on the discussion today, all points relevant to that point of construction have been raised.
41. The second point raised in relation to PU400 was that it does not comply with the Circulator Regulation because its energy efficiency index does not satisfy that regulation. This failure to comply, which was came about following an investigation by Grundfos, was not challenged and on that basis it engages section 12(2).

42. It was also said that the PU400 was offered on the Abcot website for boilers other than those mentioned on the packaging label. There are doubts about how clear it was as to exactly which boilers for which the pump was shown to be suitable. If this had been the only point raised in relation to this pump, it would have been a matter to be further considered at trial.
43. I turn then to PU500. A first point was made about the manufacturer's code having been removed but it was not shown to me that this was in breach of the regulations relied on.
44. A second point was made, that it was not in compliance with the Circulator Regulation because its efficiency index does not satisfy the circulator regulation. For the reason given in relation to PU400, section 12(2) is engaged.
45. Next I turn to PU315. It was said in relation to this that there were no instructions. My view is the same as expressed above in relation to PU750. It was also said that there was no declaration of conformity with the Electrical Equipment Regulations and my view in relation to that objection is the same as stated above in relation to PU120-5.
46. Next is PU300. The first objection taken was that there were no instructions with it. This was in breach of the Electrical Equipment Regulations and therefore engages section 12(2).
47. Secondly, it was said there was no declaration of conformity with those regulations. That also engages section 12(2).
48. The third point was that the housing of the pump had been removed. This was another instance in which Grundfos used the product number to show that this PU300 pump had originally been sold by Grundfos with housing. I therefore accept that the pump has been modified in a manner which engages section 12(2). It also would seem that this was done by a party other than Abcot but that makes no difference to the engagement of that subsection.
49. I turn finally to PU750. The objection taken was that this pump was delivered with brass fittings which were not manufactured by Grundfos. There was a photograph annexed to Mr Andersen's evidence showing the brass fittings. Mr Dhillon did not deny that non-Grundfos fittings had been added but he did deny that Abcot would ever have supplied a pump in this form. For that point to have force there would need to be some credible reason to doubt Mr Andersen's evidence that this pump in this form was a test purchase from Abcot. There is no such reason and besides, Mr Dhillon's evidence was that pumps were sold on unopened by Abcot. Mr Andersen's evidence has not been credibly rebutted. I accept that a pump was sold with non-Grundfos brass fittings attached. This is a clear modification of the product since it was marketed by Grundfos and therefore section 12(2) is engaged.
50. I therefore find that Grundfos is entitled to object to the commercialisation of all the pumps in the test purchases for the reasons I have stated above.

This Transcript has been approved by the Judge.

The Transcription Agency hereby certifies that the above is an accurate and complete recording of the proceedings or part thereof.

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