

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INTELLECTUAL PROPERTY ENTERPRISE COURT (Ch.D)

Royal Courts of Justice
Rolls Building, London, EC4A 1NL
Date: 18 March 2022

Before: John Kimbell QC, sitting as a Deputy High Court Judge

B E T W E E N:

VIMAGE PRODUCTS LIMITED

Claimant

- and -

(1) DATA CANDY LIMITED
(2) MS JOANNE ROPER

Defendants

(3) LENKEN LIMITED
(4) MS SAM PONY

Proposed Defendants

Kyra Nezami, instructed by Briffa Legal Limited, for the Claimant
Dr. Timothy Sampson, instructed by Kleyman & Co., for the Proposed Defendants
Rupert Beloff, instructed by Salehs LLP, for the 1st and 2nd Defendants (by way of subsequent submissions in writing only)

Hearing date 22 February 2022

APPROVED JUDGMENT

This judgment was handed down remotely by circulation to the parties' representatives by email and released to BAILII. The date and time for hand-down is deemed to be 10.30 a.m. on Friday 18th March 2022

John Kimbell QC sitting as a Deputy High Court Judge :

Introduction

1. The Claimant (**‘Vimage’**) is a company engaged in the sale of ultrasound scanners. Vimage seeks damages and an injunction arising from acts said to constitute infringement of an unregistered UK design right and passing off. The products in issue are Vimage’s ultrasound scanner (the **“VIS Scan Pad”**) and the “Smartbreeder Scanner”, which is alleged to be the infringing product. It is said that the Smartbreeder Scanner was being sold on ebay and on a website www.smartbreeder.com from 2017.
2. These proceedings were issued in July 2019. At that time Vimage did not have legal representation. The Claim Form states that Vimage expects to recover “damages of more than £5,000 but not exceeding £15,000”. The Claim Form was accompanied by a Particulars of Claim filed on 22 July 2019.
3. The First and Second Defendants were identified as the appropriate Defendants because at that time, they were named in the Terms and Conditions of the www.smartbreeder.com website and as the domain name registrant. The Second Defendant is the sole director and shareholder of the First Defendant.
4. The Defence, settled by Mr Beloff of counsel, on behalf of the First and Second Defendants was filed on 22 August 2019. It denies that First Defendant was in any way engaged in the importation or sale of ultrasound scanners. Paragraph 6 of the Defence also alleges that the owner of the www.smartbreeder.com website is Lenken Ltd (**‘Lenken’**).
5. In a letter before action, sent to Lenken by solicitors instructed by Vimage on 23 November 2020, Lenken was made aware of these proceedings. Lenken’s attention was drawn to the statement made in paragraph 6 of the Defence about it. Ms Sam Pony was identified in the letter as being one of two directors of Lenken. The other director was said to be the Second Defendant. The letter gave notice that Vimage intended to make

an application to join Lenken and Ms Pony as Defendants and to amend the Particulars of Claim.

6. On 21 January 2021, solicitors instructed on behalf of Lenken and Ms Pony responded to the letter before action. Further information and documents were requested. They were supplied. Among the documents sent to solicitors acting for Lenken and Ms Pony were a draft Amended Particulars of Claim and draft Application Notice in respect of an application to join them. An extension of time for a substantive response was granted until 22 February 2021.
7. On 19 February 2021, a nine-page reply to the letter before action was sent to Vimage's solicitor. This letter engaged in detail with the legal and factual elements of the claim but Lenken and Ms Pony did not agree to be joined as Defendants.
8. There then followed a period during which I am told there was an unsuccessful attempt to settle the dispute.

The Application

9. Vimage issued an application notice on 10 September 2021 seeking the following:
 - a. An order pursuant to CPR r 19.2(2)(a) and CPR 19.4 joining Lenken and Ms Pony to the proceedings as Defendants.
 - b. Permission to amend the Claim Form and Particulars of Claim pursuant to r.17.1(2)(b) in the form of the amendment sent previously to Lenken.
 - c. An order requiring the Defendants to provide Vimage with a complete set of drawings for the Smartbreeder Scanner or alternatively a sample of the said product.

The application was supported by some procedural background matters contained in Part C of the Application Notice and by a witness statement of Samuel O'Toole dated 21 February 2022. No evidence in opposition to the application was filed by Lenken and Ms Pony. Skeleton arguments were received from Ms Nezami for Vimage and Dr Sampson for Lenken and Ms Pony.

The Hearing

10. Due to an oversight, the First and Second Defendants were not served with a copy of the application until the day before the hearing. They therefore did not appear at the hearing. In order to save time and costs, I heard submissions from counsel for Vimage and the proposed additional Defendants in relation to the application to join them and amend the Particulars of Claim but I deferred giving judgment until the First and Second Defendants had an opportunity to make submissions orally or in writing on Vimage's application.
11. I received submissions in writing on behalf of the First and Second Defendants on 1 March 2022. In those submissions the First and Second Defendants adopted to a very large extent the submissions made by Dr Sampson on behalf of the proposed new Defendants in his skeleton.

The Joinder Application

12. Pursuant to CPR r.19.4, Vimage requires the permission of the Court to add Lenken and Ms Pony. The discretionary power to add a person as a new party to existing proceedings is contained in CPR r.19.2(2):

“The court may order a person to be added as a new party if –

 - (a) it is desirable to add the new party so that the court can resolve all the matters in dispute in the proceedings;
 - (b) there is an issue involving the new party and an existing party which is connected to the matters in dispute in the proceedings, and it is desirable to add the new party so that the court can resolve that issue.”
13. Vimage relied only on limb (a). In considering whether it is desirable to add a new party under CPR r.19.2(2) the “two lodestars” are: (i) the policy objective of enabling parties to be heard if their rights may be affected by a decision in the case and (ii) the Overriding Objective in CPR Part 1 - Re Pablo Star Ltd Price v Registrar of Companies [2018] 1 WLR 738 at [60].

14. There are no special rules which apply in IPEC to joinder applications. In Fox, *Intellectual Property Enterprise Court, Practice and Procedure* (3rd edition 2021) at para. 6-077, the following helpful additional guidance appears:

“The Court recognises that occasionally the facts on which a claim against another party might be based might not emerge until after particulars of claim have been served. Consequently, in general the court will permit the addition of a new party if it is likely to assist the court in the efficient resolution of all matters in dispute.”

15. In support of her application, Ms Nezami relied on the following six reasons why the joinder application ought to be granted:

- a. Vimage seeks to ensure that all relevant defendants are at the trial in order for the Court to determine which parties are responsible for the alleged infringing acts.
- b. At the time of issuing the claim, Vimage acted reasonably in identifying the First Defendant and the Second Defendant as the appropriate defendants based on the T&Cs of the website complained of and the registrant domain name information. It would be unjust to shut them out from an amendment to reflect subsequent developments.
- c. The change in the T&Cs on the smartbreeder.com website has not been explained. It remains unclear why the name of the responsible party changed, when it changed, and whether that reflected the underlying facts. Similarly, although the First Defendant was the registrant of the smartbreeder.com domain, those details appear to have been subsequently hidden from public view.
- d. Lenken and Ms Pony appear to be closely connected with the First and Second Defendants. The Second Defendant is a managing director of Lenken as well as being the sole director and shareholder of the First Defendant. In addition, the Second Defendant is named as the buyer in some documents relating to order of ultrasound scanners from a Chinese company.

- e. It has been admitted in correspondence that Lenken has dealt in ultrasound scanners
 - f. If joinder is not permitted, Vimage will be forced to bring separate proceedings against Lenken and Ms Pony. That plainly wastes the Court's time and resources and unnecessarily increases cost for Vimage.
16. Dr Sampson did not really have anything to counter these points. In his oral and written submissions, he instead concentrated on the amendment application more generally. For their part the First and Second Defendants said that they were "neutral" in respect of the joinder application (insofar as it can be considered in isolation from the rest of the application to amend).
17. I am satisfied that the court ought to exercise its power to permit the Lenken and Ms Pony to be joined to these proceedings essentially for the reasons advanced by Ms Nezami.
18. This is a classic case of facts emerging after proceedings have been served which justify a party or parties being added. The existing Defendants in their defence identified Lenken as being the party behind the website said to be the conduit for at least some of the alleged infringements. That in turn led to Ms Pony. It would make no sense, in my judgement, for Vimage to be compelled to issue new proceedings against Lenken and Ms Pony in these circumstances. If they did so, those new proceedings would have such a degree of overlap with these proceedings that they would almost inevitably be consolidated in any event. In my judgement, it saves time and costs to avoid this and instead to permit joinder of Lenken and Ms Pony to these proceedings.
19. Furthermore, there was no evidence to rebut the apparent close and relevant links between the Defendants and the proposed Defendants. In the circumstances, it is in my judgment desirable to have all the matters in dispute resolved in one set of proceedings with all the parties potentially involved being present.

The amendment application

20. Vimage submits that its proposed amendments are designed to achieve four aims:
 - a. To fully plead the facts and matters on which Vimage relies in respect of the UK unregistered design right infringement claim;
 - b. To delete the allegation of registered design right infringement;
 - c. To particularise the passing off allegation properly; and
 - d. To plead joint tortfeasance

21. Vimage requires permission to amend its Particulars of Claim under CPR r.17.1(b). Vimage submits (correctly) that this discretion: (a) must be exercised in accordance with the overriding objective and (b) requires the Court to strike a balance between injustice to the applicant if the amendment is refused, and injustice to the opposing party and other litigants in general, if the amendment is permitted. Vimage rely on Berkeley Square Holdings Limited v Lancer Property Assets Management Limited [2021] EWHC 750 (Ch) at [10]-[20]. The same point based on a number of other authorities can be found at para. 17.3.5 in Volume I of the White Book 2021.

22. In this court, any application to amend must also meet the cost-benefit test described in Temple Island v New English Teas [2011] EWPC 19 at [25] – [33] and in Fox *Intellectual Property Enterprise Court, Practice and Procedure* (3rd edition 2021) at para 4-119.

23. The Respondents to the application do not dispute any of these general principles. They objected (at least in their written submissions) to the proposed amendments on the basis that:
 - a. Certain parts of the claim were so inadequately pleaded that that the amendment to that extent should not be allowed (Lenken/Pony skeleton paragraph 24 and 27; adopted by the First and Second Defendants);
 - b. The infringement claim as amended is now a primary infringement case which is not supported in the evidence (Lenken/Pony skeleton paragraph 29 – 33; adopted by the First and Second Defendants)

- c. The passing off case cannot succeed because there is insufficient evidence of goodwill (Lenken/Pony skeleton paragraph 37 – 41; adopted by the First and Second Defendants)
- d. Paragraph 15G(d) of the draft amended Particulars of Claim contains an improper “bare” allegation of deceit.

Analysis

24. The following two further legal principles are relevant:
 - a. Permission to amend can be refused on the ground that the text of the amendment was not expressed sufficiently clearly – see Vol 1 of the White Book 2021 at 17.3.5 citing *Swain-Mason v Mills & Reeve LLP (Practice Note) [2011] EWCA Civ 14; [2011] 1 W.L.R. 2735* at [107]) and *Hague Plant Ltd v Hague [2014] EWCA Civ 1609; [2015] C.P. Rep. 14*
 - b. The party seeking permission needs to show the claim as amended has some prospects of success - see Vol 1 of the White Book 2021 at 17.3.6. The question is whether the proposed new claim has a real prospect of success. An application for permission to amend a defence will be refused if it is clear that the proposed amendment has no prospect of success (*Groveholt Ltd v Hughes [2010] EWCA Civ 538* at [50]). Thus, the court may reject an amendment which is inherently implausible, self-contradictory or is not supported by contemporaneous documentation
25. As a matter of first impression, the draft amended Particulars of Claim appeared not only to be unobjectionable but positively helpful. The original rather sparsely pleaded claim prepared by Vimage (without legal assistance) has clearly been carefully reviewed and comprehensively redrafted by specialist counsel.
26. In his oral submissions, Dr Sampson, accepted that he could not resist the amendment to plead joint tortfeasorship in light of the recent Court of Appeal decision in *Lifestyle Equities v Ahmed* [2021] EWCA Civ 675. He also did not, of course, oppose the deletion of the allegation of a registered design infringement.

27. His first attack on the draft pleading related to Schedule 1 (the design allegation). His submission was that the features of the design relied upon were inadequately pleaded. Ms Nezami response was that the Claimant's design of the VIS Design Pad were more than adequately pleaded in the form of six descriptions and corresponding annotated images.
28. I have no hesitation in preferring Ms Nezami's submission. The design claim is in my judgment pleaded very clearly in schedule 1 and the particulars of infringement / similarity are described in sufficient specificity and particularity in schedule 2 that the Defendants know the case they have to meet. It also cannot be said that the proposed amended claim has no reasonable prospects of success.
29. As to his second objection, in his oral submissions, Dr Sampson was forced to admit that he had misread the draft amendment as entirely deleting any claim of secondary infringement. In fact, the draft amendment includes both allegations of primary infringement and secondary infringement. In my judgement, the claims for primary and secondary infringement were also both properly pleaded. Whether they will succeed depends on the evidence but I am not persuaded that they lack reasonable prospects of success.
30. I also reject Dr Sampson's submission that the proposed amended claim in relation to goodwill has so no real prospect of success. The particulars of sales and marketing in paragraph 15D – 15F of the draft amended Particulars of Claim are more than sufficient to disclose a case of goodwill with reasonable prospects of success.
31. As to the allegation that there is an improper bare allegation of deceit, the objection fails to get off the ground for the simple reason that amended pleading is not bare at all. There are three relevant particulars pleaded in sub-paragraphs (a) – (c) of para 15G from which the Court is invited to infer deceit. There is nothing improper or inadequate about this approach.

32. Finally, I am satisfied that all the amendments satisfy the IPEC cost-benefit test. They helpfully particularize and focus the Claimant's case in a way which assists the Defendants and the Court.

Conclusion on amendment

33. In conclusion, I grant the Claimant permission to amend its particulars of claim in the form before the court at the hearing. The amended statement of case with a statement of truth will be filed within 14 days.

The disclosure order

34. Vimage seeks an order for disclosure of design drawings relating to the Smartbreeder Scanner, or alternatively a sample of said product.
35. This application is made under CPR 31.12, alternatively 3.1(2)(m). The Claimant submits that the disclosure sought is in respect of a narrow class of documents which Vimage would be entitled to disclosure of in due course in any event. Vimage submits that an order to provide these documents (or a sample product) at this stage in the proceedings will help avoid the need for future amendments in relation to design infringement with little, if any, cost or inconvenience to the Defendants.
36. In his skeleton, Dr Sampson opposed this order on the basis that Lenken and Ms Pony did not have any designs or Smart Pad scanners in their possession or control. In his oral submissions, Dr Sampson helpfully indicated that his clients were prepared to file a witness statement by 1 March 2022 confirming this. The order therefore required Lenken and Ms Pony to file a witness statement stating:

- (i) Whether and to what extent the Proposed Third Defendant or Proposed Fourth Defendant have in their possession, custody or control design drawings relating to the SmartPad Ultrasound Scanner identified in Annex 2 of the Particulars of Claim;
- (ii) Whether and to what extent the Proposed Third Defendant or Proposed Fourth Defendant have in their possession, custody or control a sample

of the SmartPad Ultrasound Scanner identified in Annex 2 of the Particulars of Claim; and

37. In their written submissions, the First and Second Defendants adopted the same position as originally adopted by Lenken and Ms Pony. In all the circumstances, I consider it appropriate and proportionate for the First and Second Defendants to file a witness statement dealing with points (i) and (ii) above. If they do not have either designs or a sample in their power custody or control, it is in all parties' interest that this is clarified now. If they do, have either designs or a sample, I consider it proportionate and appropriate that they be disclosed now rather than to wait until a later stage in the proceedings.
38. I will invite submission on costs and ask the parties to draw up an order to give effect to this judgment.