



Neutral Citation Number: [2024] EWCA Civ 87

Case No: CA-2023-001313

IN THE COURT OF APPEAL (CIVIL DIVISION)
ON APPEAL FROM THE HIGH COURT OF JUSTICE, BUSINESS AND PROPERTY
COURTS OF ENGLAND AND WALES, INTELLECTUAL PROPERTY ENTERPRISE
COURT

His Honour Judge Hacon
[2023] EWHC 1455 (IPEC) and [2023] EWHC 1914 (IPEC)

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 8 February 2024

Before :

LORD JUSTICE NEWEY
LORD JUSTICE ARNOLD
and
MR JUSTICE COBB

Between :

CRAFTS GROUP LLC

Claimant/
Appellant

- and -

(1) M/S INDEUTSCH INTERNATIONAL
(2) M/S KNITPRO INTERNATIONAL

Defendants/
Respondents

Michael Edenborough KC and Stephanie Wickenden (instructed by **McCarthy Denning Ltd**) for the **Appellant**

Guy Hollingworth (instructed by **Wiggin LLP**) for the **Respondents**

Hearing date : 30 January 2024

Approved Judgment

This judgment was handed down remotely at 10.30am on 8 February 2024 by circulation to the parties or their representatives by e-mail and by release to the National Archives.

.....

Lord Justice Arnold:

Introduction

1. This is an appeal by the Claimant from an order of His Honour Judge Hacon sitting in the Intellectual Property Enterprise Court (“IPEC”) dated 16 June 2023 granting a stay of all the claims in these proceedings pending final resolution of an application made by the Claimant to the European Intellectual Property Office (“EUIPO”) for the reasons given in the judge’s judgment of the same date [2023] EWHC 1455 (IPEC) (“the Main Judgment”) and a supplemental judgment dated 26 July 2023 [2023] EWHC 1914 (IPEC) (“the Supplemental Judgment”).

Background

2. The background to the appeal is of considerable complexity, and it is necessary to set it out in some detail.

The legal context

3. Prior to 31 January 2020 the United Kingdom was a Member State of the European Union. At that time parties could apply to EUIPO (formerly known as the Office for Harmonisation of the Internal Market (Trade Marks and Designs)) to register EU trade marks (formerly known as Community trade marks) covering all Member States pursuant to the applicable Regulation. Member States were obliged to nominate national courts to be EU Trade Mark Courts with jurisdiction to hear actions for infringement of EU trade marks and counterclaims for declarations of invalidity (which operate *ex tunc*) and for orders for revocation (which take effect from the date on which the relevant ground is established). EU Trade Mark Courts have the power to grant EU-wide injunctions. IPEC was nominated by the UK as an EU Trade Mark Court. EUIPO had a parallel jurisdiction to determine applications for declarations of invalidity and orders for revocation (both also known as cancellation actions).
4. The effect of the Withdrawal Agreement between the UK and the EU was that, for most purposes, EU law continued to apply to the UK during the implementation period which ended at 23:00 GMT on 31 December 2020. Since then EU trade marks have had no effect in the UK. Furthermore, UK courts such as IPEC have ceased to be EU Trade Mark Courts save with respect to proceedings which were pending on that date. Much of the argument before the judge concerned the legislative provisions dealing with such transitional cases. For reasons that will appear, it is unnecessary to set these out or discuss them.

The parties

5. The Claimant is a company incorporated in the State of Washington, United States of America. It claims to be the successor in title to Crafts Americana Group, Inc. For present purposes it is unnecessary to distinguish between the two companies, and I shall refer to them both as “Crafts”.
6. The Defendants are Indian partnership firms which are members of the Inddeutsch group. Prior to 22 February 2018 the First Defendant was the registered proprietor of the trade marks referred to below, and since that date the Second Defendant has been the

registered proprietor of those trade marks. For present purposes it is largely unnecessary to distinguish between the Defendants, and I shall refer to them both individually and collectively as “KnitPro”.

The parties’ commercial relationship

7. In June 2006 KnitPro started to supply Crafts with brass knitting needles. The parties subsequently collaborated on the design and production of knitting needles and crochet hooks made from DymondWood, a wood/plastic composite, which bore a coloured chevron pattern. (Crafts says that the appearance of the pattern was not consistent and depended on the angle of view, the size and shape of the product and variations in the DymondWood material, but for present purposes that point can be ignored.) KnitPro named this range of knitting needles and crochet hooks “Symfonie Wood”. KnitPro started to supply Crafts with Symfonie Wood knitting needles and crochet hooks in November 2007.
8. On 16 September 2008 the parties entered into a Memorandum of Understanding providing that KnitPro would supply Symfonie Wood knitting needles and crochet hooks to Crafts on an exclusive basis for the North American market while KnitPro would have the exclusive right to sell the products outside the USA and Canada.
9. In late 2009 Crafts applied to United States Patent and Trade Mark Office to register a coloured chevron pattern as a trade mark.
10. On 26 May 2010 the parties executed an agreement referred to as the Trade Dress Rights Agreement, by which they sought to delimit geographically their respective uses of coloured chevron patterns.
11. At some point between 2010 and 2013 the commercial relationship between the parties broke down, and Crafts began to sell knitting needles and crochet hooks in competition with those made by KnitPro.

The Trade Marks

12. On 15 February 2010 KnitPro filed applications in EUIPO to register two EU trade marks in respect of “knitting needles; crochet hooks” in Class 26, both of which proceeded to registration on 10 August 2010 (“the EU Trade Marks”):
 - i) No. 8 884 264 for the figurative sign shown below accompanied by the description “The Mark consist [sic] of a repeated geometric design” (“the EU Chevron Mark”).



- ii) No. 8 884 348 for the figurative sign shown below accompanied by the description “The Mark consist [sic] of the colours purple, orange, blue, yellow and green in a repeated pattern” (“the EU Symfonie Mark”).



13. With effect from 31 December 2020 the protection conferred by the EU Trade Marks in respect of the UK was replaced by that conferred by two comparable UK trade marks (respectively “the UK Chevron Mark” and “the UK Symfonie Mark”, together “the UK Trade Marks”). This was achieved by provisions of the Trade Marks Act 1994 (as amended) which it is unnecessary to set out.

The EUIPO invalidity proceedings

14. On 9 January 2013 Crafts applied to the Cancellation Division of what is now EUIPO seeking a declaration of invalidity in respect of the EU Chevron Mark on the grounds of non-compliance with Article 7(1)(a) and (b) of Council Regulation 207/2009/EC of 26 February 2009 on the Community trade mark (codified version). Crafts contended that the graphical representation of the EU Chevron Mark did not comply with Article 4 of Regulation 207/2009, and hence Article 7(1)(a), because it was not clear, precise, self-contained, easily accessible, intelligible, durable and objective. In the alternative Crafts contended that the EU Chevron Mark was devoid of distinctive character and therefore did not comply with Article 7(1)(b). KnitPro disputed both contentions, but contended in the alternative pursuant to Article 7(3) that, if the EU Chevron Mark was devoid of inherent distinctive character, it had acquired a distinctive character through use.
15. By a decision dated 7 May 2014 the Cancellation Division dismissed Crafts’ application. It held that the EU Chevron Mark complied with both Article 7(1)(a) and Article 7(1)(b). It did not consider whether, if the EU Chevron Mark lacked inherent distinctive character, it had acquired a distinctive character.
16. Crafts appealed. By a decision dated 5 November 2015 in Case R 1814/2014-1 the First Board of Appeal upheld the appeal on the ground that the EU Chevron Mark was devoid of distinctive character and remitted the case to the Cancellation Division to determine the issue under Article 7(3).
17. KnitPro appealed. By a judgment dated 21 June 2017 in Case T-20/16 *M/S Indeutsch International v Office of the European Union for Intellectual Property* [EU:T:2017:410] the General Court of the European Union annulled the First Board of Appeal’s decision on the ground that the Board had misapplied Article 7(1)(b) and remitted the case to the Boards of Appeal.
18. By a decision dated 13 December 2019 in Case R 2672/2017-G the Grand Board of Appeal again held that the EU Chevron Mark was devoid of distinctive character and remitted the case to the Cancellation Division to determine the issue under Article 7(3).
19. KnitPro again appealed and Crafts cross-appealed. By a judgment dated 6 October 2021 in Case T-124/20 *M/S Indeutsch International v Office of the European Union for Intellectual Property* [EU:T:2021:668] the General Court annulled the Grand Board of Appeal’s decision on the ground that the Board had failed to decide whether the EU

Chevron Mark complied with Article 7(1)(a), which was a logical precursor to deciding whether it complied with Article 7(1)(b) and, if not, whether it was saved by Article 7(3).

20. That was how matters stood as at the date of the hearing before the judge. Since then, by a decision dated 15 December 2023 in case R 2672/2017-G (RENV) the Grand Board of Appeal has held that the EU Chevron Mark complies with Article 7(1)(a), but is devoid of distinctive character, and has once more remitted the case to the Cancellation Division to determine the Article 7(3) issue.
21. As at the date of the hearing before this Court, the time for filing appeals against the Grand Board of Appeal's second decision still had about a month to run. It is possible that either party, or both, may file an appeal to the General Court, from which a further appeal to the Court of Justice of the European Union is possible if the Court of Justice gives permission. Even if no appeal is filed by either party at this stage, a decision by the Cancellation Division on acquired distinctiveness may be appealed to the Board of Appeal and thence to the General Court and possibly the Court of Justice.

KnitPro's takedown requests

22. In 2013 Crafts launched a range of wooden knitting needles and crochet hooks that have their surface decorated with a blue and green chevron pattern and are sold under the name "Caspian". In about November 2014 Crafts started selling its Caspian knitting needles and crochet hooks through the Amazon UK website.
23. In 2015 KnitPro became aware that Crafts was selling its Caspian knitting needles and crochet hooks through Amazon UK. KnitPro considered that this infringed the EU Trade Marks, and in June 2015 KnitPro made a takedown request to Amazon on that basis. Amazon removed the listing of the Caspian products from Amazon UK on 14 July 2015.
24. On 23 July 2015 Crafts' trade mark attorneys wrote to KnitPro and their solicitors alleging that KnitPro's takedown request amounted to an unjustified threat of proceedings for infringement of the EU Chevron Mark contrary to section 21 of the 1994 Act. On 29 July 2015 KnitPro's solicitors replied denying the allegation.
25. Crafts then launched another range of wooden knitting needles and crochet hooks that have their surface decorated with a plain chevron pattern and are sold under the name "Sunstruck". In about August 2015 Crafts started selling its Sunstruck knitting needles and crochet hooks through Amazon UK. KnitPro considered that this infringed the EU Chevron Mark, and in October 2015 KnitPro made a takedown request to Amazon on that basis. On 30 November 2015 Amazon removed the listing of the Sunstruck products from Amazon UK.

These proceedings

26. Crafts took no action in respect of its allegation of threats for over five years. The next that KnitPro heard about this allegation was when solicitors newly instructed by Crafts wrote to KnitPro's solicitors on 12 November 2020 repeating the allegation.

27. On 11 December 2020 Crafts issued a claim form in IPEC, and filed Particulars of Claim, seeking relief in respect of unjustified threats of proceedings for infringement of the EU Trade Marks against the First Defendant. On 8 January 2021 the claim form and Particulars of Claim were amended to add allegations of unjustified threats of proceedings for infringement of the UK Trade Marks on the basis that the threats were continuing ones unless and until withdrawn. On 13 January 2021 the judge made an order giving Crafts permission to serve the amended claim form on the First Defendant outside the jurisdiction in India.
28. On 21 April 2021 the claim form and Particulars of Claim were re-amended to join the Second Defendant. On 20 May 2021 the judge made an order giving Crafts permission to serve the re-amended claim form on the Second Defendant outside the jurisdiction in India. KnitPro were served on 3 August 2021.
29. On 9 September 2021 KnitPro applied to set aside the orders permitting service outside the jurisdiction. In the alternative KnitPro sought a stay of the claim pending the final resolution of the proceedings concerning the EU Chevron Mark pursuant to Article 132(1) of European Parliament and Council Regulation 2017/1001/EU of 14 June 2017 on the European Union trade mark (codification) and/or on case management grounds. Article 132(1) provides:

“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.”
30. For the reasons given in a judgment dated 23 December 2021 [2021] EWHC 3505 (IPEC) Ian Karet sitting as a Deputy High Court Judge in IPEC refused either to set aside the orders for service out or to grant a stay. Mr Karet declined to grant a stay pursuant to Article 132(1) on the ground that a claim for unjustified threats was not an action within Article 124 of Regulation 2017/1001 and so Article 132(1) was not engaged, but noted that an issue as to the impact of the Brexit legislation might arise if KnitPro were to make a counterclaim for infringement of the EU Chevron Mark. He declined to grant a case management stay on the ground that the application was premature. KnitPro sought permission to appeal, but this was refused both by Mr Karet and subsequently by Snowden LJ on 29 September 2022.
31. On 27 October 2022 KnitPro served a Defence and Counterclaim. In the Defence KnitPro admitted that they had made the takedown requests to Amazon, but denied that these constituted threats. In the alternative KnitPro alleged that the threats were justified at the time they were made in 2015. KnitPro admitted that, if the requests were unjustified threats, Crafts was aggrieved by them. In the Counterclaim KnitPro alleged that Crafts had infringed the EU Trade Marks and the UK Trade Marks and had passed off its goods for those of KnitPro. In support of these allegations KnitPro relied upon offers for sale and sale of the Caspian and Sunstruck products through three non-

Amazon websites and through the Amazon.com website (sometimes referred to as the “Amazon US” website, although it offers delivery to countries other than the USA, including the UK). The Caspian products were alleged to infringe the Chevron Marks and the Symfonie Marks while the Sunstruck products were alleged to infringe the Chevron Marks. Although the pleading was unclear as to the dates of the offers for sale and sales relied upon, it is implicit from the allegations of infringement of both the EU Trade Marks and the UK Trade Marks that these were alleged to have occurred both before and after 31 December 2020. Moreover, it was expressly alleged that Crafts threatened and intended to continue to commit the acts complained of unless restrained by the court. In addition KnitPro alleged that the EU Trade Marks had an enhanced distinctive character and reputation in the EU, but did not limit the injunction to restrain infringement of the EU Trade Marks claimed to the UK.

32. On 8 December 2022 Crafts served a Reply and Defence to Counterclaim, together with an Additional Claim. In the Reply and Defence to Counterclaim Crafts denied infringement of any of the Trade Marks on various grounds, including (i) an allegation that the Trade Dress Rights Agreement permitted Crafts to use the signs complained of and (ii) a defence under section 11(2)(b) of the 1994 Act (descriptive use). Crafts also disputed that IPEC had been sitting as an EU Trade Mark Court in respect of its threats claim as at 31 December 2020, and accordingly disputed that IPEC had jurisdiction over claims for infringement of the EU Trade Marks given that the Counterclaim was made after that date. In the Additional Claim Crafts alleged that the UK Chevron Mark was invalidly registered pursuant to section 3(1)(a), (b) and (c) of the 1994 Act. Crafts also alleged that, if, contrary to its primary case, IPEC had jurisdiction over the EU Trade Marks, then the EU Chevron Mark was invalid on the same grounds *mutatis mutandis* (i.e. pursuant to Article 7(1)(a), (b) and (c) of Regulation 207/2009; section 3(1)(c) and Article 7(1)(c) prohibit registration of descriptive signs). In the alternative Crafts alleged that the Chevron Marks stood to be revoked on grounds of five years’ non-use with effect from 11 August 2015 alternatively various later dates.
33. On 13 January 2023 KnitPro served a Reply to Defence to Counterclaim and Defence to Additional Claim. Among other things KnitPro alleged that Crafts’ claim constituted pending proceedings falling within Article 124(b) of Regulation 2017/1001 as at 31 December 2020 and therefore IPEC had jurisdiction with respect to the EU Trade Marks. KnitPro also disputed that the Trade Dress Rights Agreement permitted Crafts to use the signs complained of. KnitPro denied that the Chevron Marks were invalid, and alleged that, even if they lacked inherent distinctive character, they had acquired a distinctive character through use. KnitPro also alleged that the allegation of invalidity pursuant to section 3(1)(c) was an abuse of process given that the corresponding ground had not been relied on by Crafts in the EUIPO proceedings. KnitPro disputed that the Chevron Marks had not been genuinely used for a five year period.

KnitPro’s second application for a stay

34. On 20 February 2023 KnitPro made a second application for a stay of all claims pending final resolution of Crafts’ application for a declaration of invalidity in respect of the EU Chevron Mark pursuant to Article 132(1) of Regulation 2017/1001 alternatively CPR rule 3.1(2)(f) (case management). This application came before the judge at a case management conference on 22 May 2023. Subject to the outcome of the application, the directions for trial were largely agreed between the parties.

The Main Judgment

35. As the judge recorded at [18]:

“KnitPro’s principal argument for a stay is based on its contention that art.132(1) of the Trade Mark Regulation applies. KnitPro submits that this court is obliged to stay the proceedings insofar as they relate to the EU Chevron Mark.”

36. As the judge explained, Crafts disputed that IPEC had jurisdiction to order a stay under Article 132(1). The judge considered the applicability of Article 132(1) to the present case in the light of the relevant legislation at [19]-[56]. The judge expressed his conclusion as follows:

“55. Ultimately ... I think the answer is that although paragraph 20 of schedule 2A of the Trade Marks Act 1994 and art.67(1)(b) of the Withdrawal Agreement are not consistent with regard to the application of art.132 of the Trade Mark Regulation to pending proceedings, they can be reconciled. The two provisions overlap. The overlap does not of itself create a difficulty. Art.67(1)(b) provides for the continuing effect of art.132 as retained EU law in respect of proceedings instituted before the end of the IP completion day; paragraph 20 of schedule 2A does not. The net result is that art.132 has continuing effect.

56. As I have discussed, in broad terms art.132(1) requires that an EU trade mark court hearing any action listed in art.124 (other than for a declaration of non-infringement) shall stay the proceedings in circumstances such as the present one. I will therefore stay KnitPro’s counterclaim for infringement of the EU Chevron mark, the claim for threats in relation to the EU Chevron Mark and the claims for revocation and a declaration of invalidity in relation to the EU Chevron Mark.”

37. The judge then turned to case management, and began his consideration of this question by stating:

“57. There remain Crafts’ threats claims which relate to the UK Chevron Mark and the EU and UK Symfonie Marks, KnitPro’s counterclaim for infringement of the UK Chevron Mark and the EU and UK Symfonie Marks, KnitPro’s counterclaim for passing off and Crafts’ additional claim for a declaration of invalidity of the Chevron UK Mark and for revocation of that Mark.

58. KnitPro seeks a stay of those claims too pursuant to s.49(3) of the Senior Courts Act 1981 and CPR 3.1(2)(f).”

38. The judge proceeded to consider what impact the determination of Crafts’ application for cancellation of the EU Chevron Mark would have on the UK Chevron Mark:

- “61. The cancellation proceedings before the EUIPO are under art.7(1)(a) and (b). It was common ground that neither the second paragraph of art.54(3) of the Withdrawal Agreement nor paragraph 21A(4) of Schedule 2A applies. If the EU Chevron Mark is declared invalid by the EUIPO, the UK Chevron Mark will also be declared invalid.
62. The reverse is not necessarily the case: if the decisions of the EUIPO and appeals from them were to result in the EU Chevron Mark being found validly registered, neither the Withdrawal Agreement nor Schedule 2A of the Trade Marks Act 1994 require English courts to follow suit. KnitPro submitted that it would be an abuse of process for Crafts to seek a declaration of invalidity of the UK Chevron Mark in those circumstances. It seems to me that, without deciding whether it would be an abuse, it is safe for me to assume that this court is unlikely to reach a different view on the validity of the registration of the UK Chevron Mark to that reached by EU tribunals. The material facts in this case relating to the provisions of the Trade Marks Act 1994 equivalent to art.7(1)(a) and (b) would not differ materially from those facts considered by the EU tribunals. It was part of Crafts’ case on delay that the EU proceedings are likely to be decided finally by the CJEU and its judgment would be persuasive. The judgment from the General Court, before remission to the EUIPO Grand Board of Appeal, suggests that the challenge to validity under art.7(1)(a) of the Trade Mark Regulation may play a central part in the final result. To my knowledge, there is little case law on that provision. A judgment of the CJEU which turns on an analysis of this part of trade mark law is likely to be particularly persuasive.”
39. The judge next considered the applicability in this context of the guidance given by this Court in *IPCom GmbH & Co KG v HTC Europe Co Ltd* [2013] EWCA Civ 1496, [2014] Bus LR 187 set out below as to the correct approach to applications for stays of patent actions in this jurisdiction pending the resolution of oppositions to European patents before the European Patent Office. The judge’s assessment at [64] was as follows:
- “An analogy can be drawn with the present application insofar as it relates to the Chevron issues, i.e. the issues of infringement, validity, revocation for non-use and threats in respect of the EU and UK Chevron Marks. The analogy is not exact because in the case of patent proceedings, the outcome in the EPO may or may not be decisive of the issues before the English court. If there is a finding in the EPO that the patent in suit is valid, it resolves nothing. There is therefore a risk – the degree of risk will generally be difficult to assess – that a stay pending the outcome of the EPO proceedings will delay the claimant's right to relief to no purpose. By contrast, in the present case if the EU Chevron Mark is found to be valid by the European Tribunals, the validity

of the registration of the EU Chevron Mark and very likely the UK Chevron Mark would no longer be issues before this court. If the EU Chevron Mark is found to be invalid, so will be the UK Chevron mark; infringement and revocation for non-use fall away. Of the Chevron issues, only the question of whether there was a threat on the facts would remain.”

40. So far as the respective timings were concerned, the judge said at [65]:

“Crafts’ estimate, on the assumption that validity of the EU Chevron Mark is finally resolved by the CJEU, is that a finding will be made in 5 years’ time. That is probably a maximum, but I will assume that it is correct. If there were no stay of the present proceedings, the issues relating to the UK Chevron Mark, and the EU Chevron Mark if this court has jurisdiction, would be decided in about 9-10 months, subject to appeal. Five years must be added to that if there were a stay of the issues relating to the UK Chevron Mark.”

41. The judge went on to consider and reject Crafts’ contention that it would suffer irreparable harm if the proceedings were stayed. He calculated that, on the figures given by Crafts, it would suffer a loss of US\$7,200 a year, making a total of \$122,400 by June 2029. That equated to about £97,000, which was well within the IPEC damages cap. Moreover, he considered that, if Crafts had been concerned about suffering irreparable harm due to KnitPro’s takedown notices, it would have taken prompt action in 2015. Its behaviour was more consistent with a willingness to live with any loss of sales and to claim compensation later.

42. The judge concluded as follows:

“70. Thus, if the claims in this court relating to the EU and UK Chevron Marks are stayed pending the outcome of the European proceedings and Crafts succeeds in those claims, it will be compensated for the loss caused by the takedown notices if and to the extent it is entitled to such compensation. No other relevant damage to Crafts has been identified.

71. If there is no stay, there will be a trial in several months’ time and a second trial after the judgment of the CJEU to deal with the claims this court is required to stay under art.132(1) of the Trade Mark Regulation. A judgment in relation to Chevron claims in this court will at least in part be subsequently overtaken by the CJEU’s judgment, possibly in substantial part, so the cost of dealing with such claims in this court would be wasted.

72. Therefore I take the view that the balance of justice favours a stay of all claims relating to the EU and UK Chevron Marks.

73. Next I consider the claims relating to the Symfonie Marks and for passing off. If those claims are stayed, the potential damage

to Crafts remains the same, none of it irreparable. The difference is that there would be one trial, not two. Self-evidently that would save costs, which is what KnitPro wants to do. It seems to me that the balance of justice favours staying those claims as well.”

The Supplemental Judgment

43. Crafts sought permission to appeal from the judge on two grounds. Ground 1 was that IPEC had no jurisdiction to order a stay under Article 132(1) of Regulation 2017/1001 because no proceedings within Article 124 were pending before it on 31 December 2020. Ground 2 was that, by reason of ground 1, the discretion to grant a stay on case management grounds had been exercised on a flawed basis. The judge refused permission on 27 June 2023 because, although he accepted that ground 1 would have merited consideration by the Court of Appeal, it was academic since a stay would have been granted anyway as a matter of case management.
44. On 7 July 2023 Crafts filed an appellant’s notice seeking permission to appeal from this Court on four grounds. Grounds 1 and 3 were essentially the same as the two grounds on which Crafts had sought permission from the judge. Grounds 2 and 4 were new, alleging failures to give reasons. On 18 July 2023 KnitPro wrote to the judge drawing this to his attention and inviting him to consider giving additional reasons in accordance with the guidance given by this Court in *English v Emery Reimbold & Strick Ltd* [2002] EWCA Civ 605, [2002] 1 WLR 2409 at [23] (Lord Phillips of Worth Matravers MR giving the judgment of the Court). The judge acceded to this invitation and delivered the Supplemental Judgment.
45. The judge addressed the jurisdictional issue at [7]-[32], explaining that he disagreed with Mr Karet’s view that a threats action did not fall within Article 124. Since Crafts had brought its claim before 31 December 2020, IPEC continued to have jurisdiction in respect of the EU Chevron Mark, including jurisdiction under Article 132(1). The judge concluded by re-stating his view as to the effect of Article 132(1) in the present case as follows:
 - “31. As explained in the Main Judgment at [7], the claimant has initiated an application before the EUIPO for cancellation of the EU Chevron Mark. Therefore art.132(1) of the Trade Mark Regulation requires this court to stay actions referred to in art.124 relating to the EU Chevron Mark (other than an action for a declaration for non-infringement) unless special grounds apply. It was common ground that there are no special grounds.
 32. As stated in the Main Judgment at [56], this court was obliged to stay the counterclaim for infringement of the EU Chevron Mark, the claim for threats in so far as it relates to the EU Chevron Mark and the claims for revocation and a declaration of invalidity in relation to the EU Chevron Mark.”
46. The judge then addressed the question of case management, stating at [34]:

“For the avoidance of doubt, I take the view that the reasons for staying the proceedings on case management grounds set out in the Main Judgment at [59] to [73] apply to all the claims before the court, including those claims which the court was obliged to stay pursuant to art.132(1) of the Trade Mark Regulation.”

Subsequent developments

47. Following the delivery of the Supplemental Judgment, Crafts applied to this Court for permission to amend its grounds of appeal, including substituting a new ground 2 contending that the judge was wrong to hold that a threats action was within Article 124 and adding a new ground 2A contending that it was not open to the judge so to hold since Mr Karet had decided to the contrary and that conclusion was final between these parties.
48. On 18 October 2023 I granted Crafts permission to appeal on all five grounds. I observed that in my view grounds 1, 2 and 2A were not academic, because, if the English courts had no jurisdiction over the EU Trade Marks, they ought not to be trying claims concerning them.
49. On 16 November 2023 KnitPro filed a skeleton argument stating that they no longer contended that IPEC was sitting as an EU Trade Mark Court in this case as at 31 December 2020 and did not resist the appeal on grounds 1, 2 and 2A. KnitPro went on to accept that the judge had erred in the respects identified in grounds 2 and 2A and to explain that they had decided to withdraw their counterclaims for infringement of the EU Trade Marks, meaning that ground 1 no longer arose.
50. On 16 January 2024 KnitPro served an Amended Defence and Counterclaim deleting their allegations of infringement of the EU Trade Marks (but maintaining their allegations of infringement of the UK Trade Marks and their claim for passing off). In a note filed following the hearing before this Court KnitPro explained that it was their case that the claim for infringement of the UK Trade Marks embraced acts committed by Crafts both before and after 31 December 2020. Whether a claim for infringement of the UK Trade Marks lies for acts committed prior to 31 December 2020 is perhaps open to argument, but the claim for passing off will certainly encompass acts committed by Crafts both before and after that date.

The appeal

51. Counsel for Crafts submitted that the developments I have outlined in paragraphs 47-50 above had fundamentally changed the complexion of the case, such that the judge’s exercise of his discretion with respect to case management could no longer stand. Although counsel for KnitPro valiantly argued to the contrary, I agree with this. The judge was faced with a case which included a claim for infringement of the EU Trade Marks and an application primarily based on Article 132(1) which he held obliged him to grant a stay in respect of all claims concerning the EU Chevron Mark. We are now concerned with a case in which there is no claim for infringement of the EU Trade Marks and it is conceded that Article 132(1) does not apply. Thus the case is significantly more UK-centric than it was at the time of the application before the judge.

52. It follows that it is unnecessary to consider Crafts' alternative contention that the judge's exercise of his discretion to order a stay on the case management basis was flawed because it was affected by his conclusion on the Article 132(1) issue.
53. It also follows that this Court must either re-exercise the discretion itself or remit the matter to the judge to do so. Counsel for Crafts submitted that this Court should re-exercise the discretion so as to avoid further costs and delay. Counsel for KnitPro submitted that the matter should be remitted to the judge. In my judgment the right course is for this Court to re-exercise the discretion. It is as well placed to do so as the judge would be, and doing so will save time and money. A remittal is particularly inappropriate given that, as counsel for KnitPro himself emphasised repeatedly in the course of his submissions, this case is proceeding in IPEC and therefore proportionality is paramount.
54. Crafts' case on the appeal has changed from the case it advanced before the judge in that it no longer contends that there should be no stay of any of the claims in IPEC, and instead contends that there should be a partial stay limited to Crafts' claim for a declaration of invalidity of the UK Chevron Mark.
55. In exercising the discretion afresh, I consider that the judge was correct to look to the guidance given in the patents context by Floyd LJ in *IPCom v HTC* at [68]:
 - “1. The discretion, which is very wide indeed, should be exercised to achieve the balance of justice between the parties having regard to all the relevant circumstances of the particular case.
 2. The discretion is of the Patents Court, not of the Court of Appeal. The Court of Appeal would not be justified in interfering with a first instance decision that accords with legal principle and has been reached by taking into account all the relevant, and only the relevant, circumstances.
 3. Although neither the EPC nor the 1977 Act contains express provisions relating to automatic or discretionary stay of proceedings in national courts, they provide the context and condition the exercise of the discretion.
 4. It should thus be remembered that the possibility of concurrent proceedings contesting the validity of a patent granted by the EPO is inherent in the system established by the EPC. It should also be remembered that national courts exercise exclusive jurisdiction on infringement issues.
 5. If there are no other factors, a stay of the national proceedings is the default option. There is no purpose in pursuing two sets of proceedings simply because the Convention allows for it.
 6. It is for the party resisting the grant of the stay to show why it should not be granted. Ultimately it is a question of where the balance of justice lies.

7. One important factor affecting the exercise of the discretion is the extent to which refusal of a stay will irrevocably deprive a party of any part of the benefit which the concurrent jurisdiction of the EPO and the national court is intended to confer. Thus, if allowing the national court to proceed might allow the patentee to obtain monetary compensation which is not repayable if the patent is subsequently revoked, this would be a weighty factor in favour of a grant of a stay. It may, however, be possible to mitigate the effect of this factor by the offer of suitable undertakings to repay.
 8. The Patents Court judge is entitled to refuse a stay of the national proceedings where the evidence is that some commercial certainty would be achieved at a considerably earlier date in the case of the UK proceedings than in the EPO. It is true that it will not be possible to attain certainty everywhere until the EPO proceedings are finally resolved, but some certainty, sooner rather than later, and somewhere, such as in the UK, rather than nowhere, is, in general, preferable to continuing uncertainty everywhere.
 9. It is permissible to take account of the fact that resolution of the national proceedings, whilst not finally resolving everything, may, by deciding some important issues, promote settlement.
 10. An important factor affecting the discretion will be the length of time that it will take for the respective proceedings in the national court and in the EPO to reach a conclusion. This is not an independent factor, but needs to be considered in conjunction with the prejudice which any party will suffer from the delay, and lack of certainty, and what the national proceedings can achieve in terms of certainty.
 11. The public interest in dispelling the uncertainty surrounding the validity of monopoly rights conferred by the grant of a patent is also a factor to be considered.
 12. In weighing the balance it is material to take into account the risk of wasted costs, but this factor will normally be outweighed by commercial factors concerned with early resolution.
 13. The hearing of an application for a stay is not to become a mini-trial of the various factors affecting its grant or refusal. The parties' assertions need to be examined critically, but at a relatively high level of generality.”
56. Although I agree with the judge that the analogy between the present situation and that in patent cases is not exact, I think that the analogy is a closer one than the judge appears to have done. In both situations a decision by the Office (or, in the trade mark context, an EU court) that the right is invalid will be decisive of that issue so far as the UK is concerned, and other issues concerning the right such as infringement will fall away. In

both situations a decision by the Office that the right is valid will not be decisive of that issue so far as the UK is concerned. It is not uncommon for the English courts to hold that a European patent is invalid even though the EPO Opposition Division or Board of Appeal has held that it is valid. While I agree with the judge that the final decisions of the EU tribunals as to whether the EU Chevron Mark complies with Article 7(1)(a) and (b) of Regulation 207/2009 will be persuasive when IPEC comes to consider whether the UK Chevron Mark complies with sections 3(1)(a) and (b) of the 1994 Act, that by no means guarantees that the outcome will be the same. There are a number of reasons for this.

57. First, so far as Article 7(1)(a) is concerned, I am puzzled by the judge's comment that there is "little case law on that provision". Its counterpart in Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, which is implemented by section 3(1)(a), has been considered by the Court of Justice in a number of cases, including Case C-273/00 *Sieckmann v Deutsches Patent- und Markenamt* [2002] ECR I-11737, Case C-104/01 *Libertel Group BV v Benelux Markenbureau* [2003] ECR I-3793, Case C-283/01 *Shield Mark BV v Kist* [2003] ECR I-14313 and Case C-49/02 *Heidelberger Bauchemie GmbH* [2004] ECR I-6129. The applicable principles are fairly well settled by this case law, but they are not always easy to apply, as domestic decisions such as *Société des Produits Nestlé SA v Cadbury UK Ltd* [2013] EWCA Civ 1174, [2014] Bus LR 134 demonstrate. In the present case it is not inconceivable, even if it is unlikely, that the English courts might take a different view as to the application of the principles to the view taken by the last EU instance.
58. Secondly, so far as Article 7(1)(b)/section 3(1)(b) is concerned, the applicable principles are even more well settled by the case law of the Court of Justice, but there is again room for a difference of view as to their application to cases concerning non-traditional trade marks such as the EU Chevron Mark.
59. Thirdly, there is the issue of acquired distinctive character under Article 7(3)/the proviso to section 3(1). Again, the applicable principles are well settled, but nevertheless experience shows that English courts and tribunals do sometimes reach different conclusions to those reached by EUIPO and the General Court. This is partly because this involves a factual assessment and the evidence often differs. It is also because the English courts' approach accords with the ruling of the Court of Justice in Case C-215/14 *Société des Produits Nestlé SA v Cadbury UK Ltd* [EU:C:2015:604] whereas it is not always clear that the approach of the EU tribunals does.
60. Fourthly, Crafts has attacked the validity of the UK Chevron Mark pursuant to section 3(1)(c), whereas it has not attacked the validity of the EU Chevron Mark on the corresponding ground. Depending on whether it is held that it is open to Crafts to raise this ground (as to which, compare the recent decision of Thomas Mitcheson KC sitting as the Appointed Person in BL O/0050/24 *Sanctuary Personnel Ltd v Compass Comms Ltd*), this could lead to the UK Chevron Mark being held invalid even if the English courts reach the same conclusions as the EU tribunals on the other grounds.
61. Counsel for Crafts cited Lewison LJ's observation in *Broughton v Kop Football (Cayman) Ltd* [2012] EWCA Civ 1743 at [51] that case management decisions "often involve an attempt to find the least worst solution where parties have diametrically

opposed interests”. He submitted that a limited stay was the least worst solution, and that a complete stay would be significantly worse.

62. Counsel for KnitPro submitted that the judge’s conclusion remained the right one notwithstanding the changed circumstances, particularly given that it was now accepted by Crafts that there should at least be a limited stay. One trial would be better than two for all the obvious reasons.
63. In the patent context applications for stays of the English proceedings are frequently refused. The key reasons for this are factor 10 in *IPCom* (the disparity in speed between the English proceedings and those in the EPO, although it is fair to say that in recent years the extent of this disparity has reduced), factor 8 (“some certainty, sooner rather than later, and somewhere, such as in the UK, rather than nowhere, is, in general, preferable to continuing uncertainty everywhere”), factor 9 (“deciding some important issues” may “promote settlement”) and factor 12 (“the risk of wasted costs ... will normally be outweighed by commercial factors concerned with early resolution”).
64. In the present case neither side challenged the judge’s assessment in the Main Judgment at [65]: the best estimate of the time that it will take to obtain a final resolution of the validity of the EU Chevron Mark is five years (and it now appears that it could be even longer), whereas the claims in IPEC could be decided in 9-10 months subject to appeal. An appeal to this Court would be resolved within a similar timescale.
65. Many of the issues between the parties are unaffected by the validity or otherwise of the EU Chevron Mark: whether KnitPro’s takedown requests constituted threats of trade mark infringement proceedings (as to which, see this Court’s recent judgment in *NOCO Co v Shenzhen Caraku Technology Co Ltd* [2023] EWCA Civ 1502); whether Crafts’ use of the signs complained of infringed the Trade Marks (for the purposes of determining whether any threats in 2015 were justified this will be the EU Trade Marks, while for the purposes of determining Crafts’ entitlement to relief for infringement this will be the UK Trade Marks, but the same principles will be applicable and it is difficult to conceive that the outcomes will be different) assuming, in the case of the Chevron Marks, that they are valid; whether Crafts can rely on the Trade Dress Rights Agreement as a defence to the allegation of infringement; whether Crafts has a defence under section 11(2)(b) of the 1994 Act; whether the UK Chevron Mark should be revoked for five years’ non-use; and whether Crafts is liable for passing off.
66. As counsel for Crafts submitted, resolution of these issues may well be determinative of the whole dispute. A simple example is if KnitPro succeed in their claim for passing off. That would make their claims for infringement of the UK Trade Marks redundant and would for practical purposes resolve the threats claim because, even if the Chevron Marks were invalid and the claim that the Symfonie Marks have been infringed failed, Crafts could not claim any financial relief for being prevented from doing acts which would have been restrained as passing off and any other relief would be nugatory. Furthermore, even if resolution of these issues is not determinative of the whole dispute, it may well assist the parties to reach a settlement. Further still, even if the resolution of these issues neither is determinative nor leads to a settlement, there will be no need for a second trial if the EU Chevron Mark is ultimately held to be invalid.
67. It is true that, as counsel for KnitPro emphasised, a first trial of all the other issues while staying the invalidity claim in respect of the UK Chevron Mark may lead to the need

for a second trial of that claim if the EU Chevron Mark is held to be valid. Moreover, for the reasons explained above, any such second trial would not be a formality even though the EU decision would have persuasive authority. Nevertheless it would involve issues which were either wholly distinct from the issues in the first trial (section 3(1)(a)), or would be likely to have been significantly narrowed by the findings after the first trial (section 3(1)(b) and the proviso to section 3(1), section 3(1)(c)). There would be little duplication between the two trials. Although some extra costs would be involved in having two trials rather than one, they should not be significant.

68. By contrast, grant of the complete stay sought by KnitPro would impose an extra five year delay in getting any of the issues in the IPEC proceedings resolved. It is difficult to see that this is in the interests of either side. Crafts obviously does not think that that would be in its interests, and it is not hard to understand why Crafts takes that view. The judge was unimpressed by Crafts' dilatoriness in bringing its claim, and I share that view, but imposing a delay of another five years will simply compound the problems which litigating a stale claim involves. Counsel for KnitPro was unable to explain why, apart from avoiding the risk of having two trials rather than one, a five year delay would be in his clients' interests given that they are seeking relief, including injunctions, for trade mark infringement and passing off. Normally it is in the interests of parties in that position to vindicate their rights as soon as possible, as I have explained in a number of recent judgments.
69. I therefore conclude that the balance of justice favours the limited stay proposed by Crafts.

Result

70. I would allow the appeal, set aside the judge's order for a stay of all claims and substitute an order for a stay of Crafts' claim for a declaration that the UK Chevron Mark is invalid pending final resolution of the validity of the EU Chevron Mark.

Mr Justice Cobb:

71. I agree.

Lord Justice Newey:

72. I also agree.