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Case No: HC 09 C 00662

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
INTELLECTUAL PROPERTY
COMMUNITY TRADE MARKS COURT

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 10/02/2011

Before:

MR. JUSTICE HENDERSON

Between:

32RED PLC (A GIBRALTAR COMPANY)

Claimant

- and -

(1) WHG (INTERNATIONAL) LIMITED

Defendants

(A GIBRALTAR COMPANY)

(2) WHG TRADING LIMITED

(A GIBRALTAR COMPANY)

(3) WILLIAM HILL PLC

MR. MICHAEL SILVERLEAF QC and MR. THOMAS MOODY-STUART

(instructed by McDermott, Will & Emery, LLP) for the Claimant

MR. HENRY CARR QC and MR. GILES FERNANDO

(instructed by Linklaters, LLP) for the Defendants

Approved Judgment

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MR. JUSTICE HENDERSON:

1. The first point of contention between the parties is whether the court should sit in private in order to deal with the matters to be argued in relation to the Part 36 offers which have been made by both sides. The general rule, as Mr. Silverleaf has rightly reminded me, is that justice should be conducted in public. That is reflected in CPR 39.2(1). The court does have a discretion to sit in private for various reasons, including if confidential information is involved and where the court considers it to be necessary to do so in the interests of justice: see CPR 39.2(3)(c) and (g).
2. It is also necessary to have regard to the specific provisions relating to Part 36 offers in CPR 36.13. Rule 36.13(2) says:

"The fact that a Part 36 offer has been made must not be communicated to the trial judge or to the judge (if any) allocated in advance to conduct the trial until the case has been decided".
3. There are then three exceptions to that principle, including where the two parties agree in writing that it should not apply.
4. The position as of today is that the Part 36 offers have been placed in the bundle before me and are referred to in the skeleton arguments, because the parties have agreed in writing that I should be able to see that material and I should not merely be told that a Part 36 offer has been made. It is to be noted, however, that rule 36.13(2) is confined to reference to the fact of a Part 36 offer having been made. It does not contain any wider prohibition than that.
5. There are also similar provisions relating to the Court of Appeal in CPR 52.12, the purpose of which is again to ensure that the court dealing with an appeal is not to be told about any Part 36 offers which may have been made.
6. Everybody agrees that any future appeal court dealing with matters arising from this case must not be told about the Part 36 offers until the conclusion of the appeal. It is also agreed that any future judge hearing the quantum part of the case, which has yet to be determined, must equally be kept in ignorance until the conclusion of the hearing.
7. However, it does not follow from that, in my view, that a sufficient case has been made out for the hearing before me on the Part 36 aspects of consequential relief to be held in private. It seems to me a strong case would need to be made out in order to override the basic and important principle that justice should be done in public.
8. There is of course a practical risk of the matter coming to the attention of a court which ought not to know about it if there is a public hearing on these issues. But those practical issues can in my view be satisfactorily addressed by suitable redactions to judgments, transcripts and documents. I am not persuaded that such solutions are so impractical that they would effectively deprive the relevant rules relating to Part 36 offers of any substance unless the court were to sit in private.

9. I acknowledge, and indeed endorse, the strength of the principle that justice should as far as possible be done in public, and I am not persuaded by Mr. Carr's arguments that this is a case where the court should depart from that principle. I note that in at least one recent case Lewison J did hear the relevant part of the argument in private, but that was apparently done by agreement between the parties and not on the basis of any argument upon which he had to express a concluded view one way or the other.
10. In any event, for the reasons which I have briefly outlined, I am not persuaded that this is an appropriate case to depart from the general rule. It will, however, be necessary to take care to ensure that the relevant part of the argument and any decisions which I give in relation to it are kept separate from the rest of the material in the case.

(See separate transcript for proceedings)

11. The next issue I have to decide is whether an injunction should be granted following my findings of infringement of the two Community marks in my judgment. There is now no dispute between the parties about the form that an injunction should take if I think it right in principle to grant one; in other words, it is I think now agreed that the injunction should refer simply to the relevant trade marks, rather than to the use of specific signs or names, and, secondly, that it should be Community-wide in its operation.
12. The starting point on the question of principle, as I think counsel on both sides accept, is that the grant of an injunction is the standard form of relief which the court will grant where infringement of a trade mark or any other intellectual property right has been established at trial.
13. The relevant principle can, I am sure, be found in many cases, but one place to find it is in one of the cases in the bundle before me, namely, the decision of the Court of Appeal in *Coflexip SA v Stolt Comex Seaway MS Limited* [2001] RPC 9 where Aldous LJ, in the context of a patent claim said, at [13]:

"Where a patentee has conclusively established the validity of his patent and it had been infringed, as a general rule an injunction will be granted. However that will not happen as a matter of course as an injunction is a discretionary remedy. It is for that reason there have been cases where injunctions have been refused, for example, where the defendant satisfied the court that further infringement was not likely".
14. The basic reason for the general rule is that an injunction is the form of legal remedy which is tailored to the breach which in cases of this nature has been found to be established. It reflects the vindicated right of the claimant, and what it prevents the defendant from doing is continuing to infringe that right. No injunction, of course, is intended to prevent a defendant from doing something that the defendant has no power to prevent. If a claimant were foolish enough to commence committal proceedings in a case of that nature, the case would be thrown out with little ceremony; but probably that is not a reason for failing to grant the standard remedy, unless it would truly be a pointless procedure to do so.

15. A recent example of a case where an injunction was refused is the decision of Floyd J in *Numatic International Limited v Qualtex Limited (No.2)* [2010] EWHC 1797 Pat, [2010] RPC 26. That was a passing off case involving a prototype of a vacuum cleaner, where upon service of the defence the threat had come to an end and where, in addition, the defendant had given an undertaking not to sell the relevant prototype. In those circumstances Floyd J, dealing with the matter very briefly in paragraphs 7 and 8 of his judgment, said there was no need for an injunction and no purpose in granting one. The reason was that there was no threat to sell the original prototype subsequent to service of the defence. He went on to refer to the undertaking which had been given and said there was no reason to doubt its genuineness. The result was that there would be a declaration but no injunction.
16. The present case, however, seems to me very far removed from the *Numatic* type of situation. To begin with, as the claimants rightly stress in both their written and oral submissions, the stance originally adopted by William Hill Online, in the defence which they served in 2009, was positively to aver that they were entitled to use, and intended to continue using, the Vegas signs. At that point, therefore, an intention to continue using the signs was explicitly avowed on their behalf.
17. That original pleading was served after the rebranding exercise had taken place in August 2009. A little over a year later, in 2010, that paragraph of the defence was then amended to cross out the provision to which I have just referred, and in its place it was averred merely that the defendants were entitled to continue using the Vegas signs, and they therefore refused to provide undertakings. But it was denied there was any threat or intention to continue their use, given the change of name to 21nova.com which is agreed on all hands to have taken place in early August 2009.
18. What the claimants say is that the defendants have changed their minds once, and who is to say they may not change their minds again? It seems to me in fact highly improbable that the defendants have any intention to begin using the names directly, but nevertheless that past history is a relevant consideration for me to take into account. It is also, I think, relevant that there has been no open offer of an undertaking at any stage, until this afternoon when Mr. Carr has in open court offered an undertaking in contract, not to the court, to refrain from infringing the relevant trade marks.
19. There was, of course, on a without prejudice basis a similar undertaking offered in the defendants' Part 36 offer, but that was not open and in any event it was a contractual undertaking only. That again, it seems to me, is a relevant matter for me to take into account. In addition, there is evidence in the witness statements of Mr. Sheraton, including his fifth statement which was filed late yesterday evening in response to the defendants' skeleton argument. It is fair to acknowledge that William Hill Online have had no opportunity to reply to that evidence. Nevertheless, there appears to me to be a strong prima facie case of continuing use, either by or sponsored by the defendants, of the Adwords 32Vegas, and examples of what appears to be such use are then given in exhibit 39.
20. I cannot form any concluded view on that at the moment, but there does seem to me to be a strong prima facie indication that these Adwords are currently being paid for in one way or another by William Hill Online and being used as a way of redirecting anybody who types "32Vegas" into a computer to redirect them to 21Nova. If that is

the case, it would be an example of continuing use of the infringing marks, albeit for a limited purpose. There may also be a defence, as Mr. Carr has put to me, on the footing that such use may not involve any confusion for reasons similar to those which I gave in my judgment in relation to the Adword campaign of 32Red. I do not propose to express any concluded view on the merits of that point in this different context, although I take note of it. It may well be an arguable one if the matter has to be definitively decided.

21. In addition to that, there is evidence relating to use, or apparent use, of the "32Vegas" sign by various affiliates. Again, I am in no position to express any concluded views on that matter, and Mr. Carr has rightly reminded me of relevant passages in the evidence at trial, including passages in the evidence of Mr. Cole-Johnson, to the general effect that it was not possible for William Hill to police the activities of all their affiliates, although they would use their best endeavours to try to prevent infringement. They had contractual provisions in place which required their affiliates not to use unlawful marks of any kind. It would require a large amount of evidence to establish quite what the present position is, but there seems to me sufficient evidence, taken together with the Adword use to which I have referred, to persuade me that this is not a straightforward case where I can be satisfied that there is no possibility of use, direct or indirect, by William Hill such as to make the grant of an injunction an unnecessary formality.
22. In my view no sufficient reasons have been shown for me to depart from the general rule, and I should therefore grant an injunction because that is the normal way in which the court deals with an established infringement. This should not, however, be taken as any encouragement to 32Red to embark on optimistic committal proceedings; nor should they expect the defendants to adopt unreasonable, or still less impossible, expedients to prevent use by third parties over whom they genuinely have no control. However, the defendants must realise that the injunction prevents them not only from directly infringing the trade marks but also from doing so indirectly. They have plenty of expert legal advice, and I do not think I need to spell out the matter any further.

(See separate transcript for proceedings)

23. The next question on which I need to rule is whether the judgment should be published by the defendants and at their expense pursuant to the discretionary powers conferred on the court by Article 15 of the IP Enforcement Directive, as translated into domestic law in paragraph 26.2 of the Patents Court Practice Direction 63.
24. The relevant provisions of Article 15 read as follows, under the heading "Publication of Judicial Decisions":

"Member States shall ensure that, in legal proceedings instituted for infringement of an intellectual property right, the judicial authorities may order, at the request of the applicant and at the expense of the infringer, appropriate measures for the dissemination of the information concerning the decision, including displaying the decision and publishing it in full or in part. Member States may provide for other additional publicity

measures which are appropriate to the particular circumstances, including prominent advertising".

25. Of the recitals to the directive it is particularly relevant to note recital 27 which reads:
- "To act as a supplementary deterrent to future infringers and to contribute to the awareness of the public at large, it is useful to publicise decisions in intellectual property infringement cases".
26. That emphasizes that there is a strong deterrent element to this power, as well as a wish to make sure that the relevant public is aware of relevant decisions which have been reached.
27. The practice direction I have already mentioned, but I should quote its wording. Paragraph 26.2 says:
- "Where the court finds that an intellectual property right has been infringed, the court may, at the request of the applicant, order appropriate measures for the dissemination and publication of the judgment to be taken at the expense of the infringer".
28. It is clear from all those provisions that the court has a discretion in the matter. I do not think it is necessary for me to decide whether it is a completely unfettered discretion or whether there is, so to speak, a presumption in favour of its exercise unless circumstances point against it. I will proceed on the footing that it is a general discretion, but one which is informed by the purpose set out in Recital 27 to the directive.
29. So far as counsel have been able to discover, there is only one existing authority in which these provisions have been considered, and that is a decision of Norris J on 21st January 2011, so very recently, in the case of *Guccio Gucci SpA v Dune Group Limited* [2010] EWHC 153 Chancery, otherwise unreported. That was a case of admitted infringement by Dune of various luxury designs used by Gucci, the well known luxury goods manufacturer. The relevant part of the judgment begins at paragraph 24, where the learned judge recorded that Gucci had sought as part of its final relief an order that there be advertisement of the judgment at the expense of *Dune*, but with the expense capped at £5,000.
30. The judge then referred to Article 15 and to paragraph 26.2 of the Patents Court Practice Direction. He did not expressly refer to recital 27, but I think it is clear he had it in mind from a subsequent passage. Counsel then appearing for the claimant was Mr. Fernando, who is junior counsel for the defendants in the present case. His recollection, as I understand it, is that that provision would certainly have been drawn to the judge's attention, as I would have expected and I have no reason whatever to doubt.
31. The judge then said that, as matters stand, there is no presumption that an advertisement should follow as a matter of routine, but he added that in some cases there is a clear underlying policy which shows that a discretionary power should ordinarily be exercised in a particular way. He also said no underlying policy had

been identified in any authority. That is so, but one can I think discern a certain amount of underlying policy from recital 27, and that was reflected in the submissions for Gucci in that case, which were that an order should be made for essentially four reasons: first, such orders ought to become standard practice; secondly, such an order would remind the defendant to be more careful about the nature of the products which it sold; thirdly, because the publication by the defendant of the result of the decision against it would be a deterrent to other infringers and counterfeiters; and, fourthly, whenever infringement is established there ought to be a policy of granting a full range of remedies, given the difficulties which owners of IP rights face in identifying and successfully pursuing infringers.

32. Norris J said there was in his view weight in each of those points, but he was nevertheless persuaded not to exercise his power to direct an advertisement. In reaching that conclusion he relied on a number of points. He considered that the policy imperatives in that case were relatively weak. He identified *Dune* as being a secondary infringer which had never positively intended to incorporate the infringing design. He pointed out that *Dune* had made an immediate admission of liability and said that some credit should be given for that. On general policy grounds he saw no compelling reason to make such an order. He also thought it would be procedurally inappropriate to do so because the formulation of the proposed advertisement and the terms and publications in which it was to be entered had not been clearly identified.
33. I see no reason to doubt that this was an entirely appropriate exercise of the court's discretion in that case, but the present case is one of a very different character. I agree with the submissions of Mr. Silverleaf for the claimant that in the present case the balance does come down in favour of directing a publication in the terms which are set out in the draft order which has been placed before me.
34. The reasons in particular which weigh with me are that this is not a case of secondary infringement, but rather a case where the relevant trade marks have been vindicated against the primary infringer. This is also a case, and this ties in with other points I have made earlier this afternoon, where there appears to be some evidence of continuing use via Adwords and probably also via affiliate sites. It is, I would agree, desirable that anybody who is directed to 21Nova via a 32Vegas Adword or affiliate should be put on notice of the result of the present proceedings.
35. In addition, as I have already pointed out earlier, this is a case where the stance of the defendants has changed over the course of the proceedings. I think it is important to have regard to the general policy considerations which were identified by Norris J, and which I agree with him do have weight. I would perhaps attach slightly more weight than he did to the need for deterrence, and the valuable role that it can play in an area where it is often expensive and difficult for people to vindicate IP rights, particularly against very large and well-funded defendants. In cases of that nature I think it is not disproportionate, and it is not an undue humiliation, to require the defendant at its own expense to publish on relevant websites a factual statement of the decision of the court together with a link to the judgment. That, I should say, is all the proposed text does.
36. I have, I think, mainly covered by now the points which are relied upon by the defendants against the making of an order, but they are set out in paragraph 56 of

counsel's skeleton argument. The defendants rely on the fact that the infringement is historic; it ceased in August 2009. I have already said that, although the main infringement certainly did then cease with the rebranding exercise, I am far from convinced that there may not still be some subsidiary infringement carrying on. I think it is desirable that anyone involved should if possible be put on notice of this judgment. Then there is a point about the length of the period of the notice, to which I will return. It is also complained that the websites extend beyond that of 21Nova. However, it seems to me reasonable that the websites should include the main information websites of the William Hill Group as well as those directly associated with 21Nova, and also, I think, the two relevant associate websites referred to in the latest witness statement filed on behalf of the claimants.

37. There is a final point that William Hill Online are seeking permission to appeal. It is argued that, if there were to be a successful appeal, it is not clear how any damage caused by an order of the present type could then be compensated. There is no provision for a cross-undertaking in damages to be given. That point, however, seems to me to go not to the question of principle whether I should make an order, but rather whether there should be a stay in the event that I grant permission to appeal. I can return to that point if necessary at a later stage.
38. I hope I have now remembered to review the main points raised by Mr. Carr in his submissions, but looking at the position in the round, I am satisfied this is a suitable case to exercise the court's discretion in favour of including a publication requirement. However, I do think 12 months is longer than is necessary in the circumstances, and I would be inclined to say six months is the appropriate period.

(See separate transcript for proceedings)
