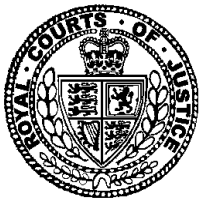

Neutral Citation Number: [2016] EWHC 2743 (Ch)

HC-2015-005005

Case No: HC 2015-005005

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
INTELLECTUAL PROPERTY

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

Date: 02/11/2016

Before :

HIS HONOUR JUDGE HACON
(SITTING AS A JUDGE OF THE HIGH COURT)

- -

Between :

(1) GLAXO WELLCOME UK LIMITED (t/a ALLEN & HANBURYS) (2) GLAXO GROUP LIMITED	Claimants
- and -	
SANDOZ LIMITED	Defendant

- -
- -

Simon Malynicz QC (instructed by **Stephenson Harwood LLP**) for the **Claimants**
Martin Howe QC and **Iona Berkeley** (instructed by **White and Case LLP**) for the **Defendant**

Hearing date: 21 July 2016

- -

Approved Judgment

I direct that pursuant to CPR PD 39A para 6.1 no official shorthand note shall be taken of this Judgment and that copies of this version as handed down may be treated as authentic.

.....

HIS HONOUR JUDGE HACON

Judge Hacon :

Introduction

1. The claimants in these proceedings are two companies in the Glaxo group. I need not distinguish them and will refer to them collectively as 'Glaxo'. The defendant is one of the Sandoz group of pharmaceutical companies, which is a division of the Novartis group. I will call the defendant 'Sandoz UK'. In this application Glaxo seeks to join further parties as defendants to its allegation of passing off.

2. Glaxo market a product called 'Seretide' for the treatment of asthma. It is administered by use of an inhaler. Over the 15 years Seretide has been on the market it has been very successful, with sales of £4.3 billion in the United Kingdom and over $61 billion worldwide. One of the two inhalers in which Seretide is sold is called the 'Accuhaler'. It and its packaging look like this:

3. Companies in the Sandoz group have launched a competing pharmaceutical, marketed in this country by Sandoz UK. Here and elsewhere it is sold under the name 'AirFluSal'. It is provided to customers in an inhaler which has the trade name 'Forspiro', although 'AirFluSal' appears to be the dominant trade name and the inhaler was sometimes referred to in the evidence as the 'AirFluSal inhaler'. I will do likewise. The product and its packaging look like this:

4. In December 2015 Glaxo began the present proceedings, alleging that by reason of the get-up of the AirFluSal inhaler, Sandoz had infringed an EU trade mark owned by Glaxo and had carried out acts of passing off. Sandoz UK counterclaimed for a declaration that the trade mark was invalid. In June this year Sandoz UK succeeded in an application for summary judgment on the counterclaim and the trade mark side of the action is now stayed pending appeal. The passing off claim continues, here with the application to join other Sandoz parties.

5. Simon Malynicz QC appeared for Glaxo. Martin Howe QC and Iona Berkeley appeared for Sandoz UK and also for the parties which Glaxo sought to join in the action.

The proposed further defendants

6. Glaxo wish to join three further members of the Sandoz group. They are Sandoz International GmbH ("Sandoz International"), Aeropharm GmbH ("Aeropharm") and Hexal AG ("Hexal"). I will refer to Sandoz UK and the other three Sandoz parties collectively as 'the defendants'.

7. By the time of the application it had been agreed that Sandoz International should be joined. I am therefore concerned only with Aeropharm and Hexal.

The overall positions of the parties

8. Mr Malynicz explained why, quite late in the day, Glaxo had decided to make this application. Part of Glaxo's case in passing off is that one or more companies within the Sandoz group had deliberately designed the AirFluSal inhaler – its colour, shape and other features – to mimic the Seretide inhaler and thus to cause the misrepresentations relied on. In due course Glaxo plan to invite the court to take this into account when assessing the likelihood of relevant confusion. This is certainly an argument open to Glaxo, see *Slazenger & Sons v Feltham & Co* (1889) 6 R.P.C. 130 and *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2012] EWCA 24, at [115].

9. Glaxo say that there is evidence to indicate that Sandoz International, Aeropharm and Hexal all took an active role in the creation of the design of the AirFluSal product and its packaging. For this and related reasons they are implicated as primary and/or joint tortfeasors along with Sandoz UK for passing off. The value in having them joined, from Glaxo's point of view, is that they would then be liable to give disclosure of documents relating to the creation of the designs in issue. This would assist the court and Glaxo to determine whether there had been an intention on the proposed defendants' part to pass off AirFluSal in England in the manner alleged – in short, whether there had been a strategy to mimic Glaxo's inhaler. It was not suggested by Mr Malynicz that the joinder would make any other practical difference to Glaxo. Sandoz UK is the only

company with the authorisation to market AirFluSal in this country and is plainly good for any damages that may fall due.

10. Mr Howe pointed out that Glaxo's correspondence had referred to another motive: if Glaxo were successful in obtaining an injunction at trial against Sandoz UK, one or other of the three Sandoz companies which Glaxo now seek to join may then step into Sandoz UK's shoes and thus frustrate the order of the trial judge. I think Mr Malynicz was right not to press this point. I take the view that it is unlikely that the Sandoz group would embark on such a course of action and there may even arise a question of contempt of court if they did. I will disregard this possible reason for joinder, if it is still being pursued.

11. So this application is in practical terms about joining Aeropharm and Hexal as a means to obtain disclosure. There is nothing inherently wrong in that: it is legitimate to join a party to an action solely for the purposes of disclosure, see *Unilever plc v Gillette (UK) Ltd* [1989] R.P.C. 583 (CA), at 601.

12. Mr Howe advanced four reasons why Aeropharm and Hexal should not be joined.

13. First, he argued that Glaxo's pleading and evidence did not disclose any cause of action against Aeropharm or Hexal.

14. Secondly, Mr Howe relied on art.30 of Regulation (EU) 1215/2012, often called 'the Recast Brussels I Regulation' and which I will refer to more shortly as 'Brussels I'. There was evidence in particular relating to an action before the Hamburg *Landgericht* between Glaxo claimants, including the second claimant in this action, and Sandoz defendants including Aeropharm and Hexal. The claim is based on the German law of unfair competition and has parallels with the proposed claim against Aeropharm and Hexal in these proceedings.

15. Thirdly, Mr Howe argued that the proposed claims against Hexal are time barred under the Limitation Act 1980.

16. Finally, Mr Howe submitted that even if I was not persuaded by the first three arguments, this was not a case in which it was appropriate for the court to exercise its discretion to join the two further defendants. The appropriate way forward was for Glaxo to seek disclosure from Aeropharm and Hexal without joining them and they were in principle willing to offer voluntary disclosure.

The rules governing the joinder of further defendants

17. The rules on joinder are contained in CPR 19. The following parts of that rule are relevant to this application:

> *Change of parties – general*
>
> *19.2*
>
> *(1) This rule applies where a party is to be added or substituted except where the case falls within rule 19.5 (special provisions about changing parties after the end of a relevant limitation period).*
>
> *(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; or

(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.

…

Procedure for adding and substituting parties

19.4

(1) The court's permission is required to remove, add or substitute a party, unless the claim form has not been served.

(2) An application for permission under paragraph (1) may be made by –

(a) an existing party; or

(b) a person who wishes to become a party.

(3) An application for an order under rule 19.2(4) (substitution of a new party where existing party's interest or liability has passed) –

(a) may be made without notice; and

(b) must be supported by evidence.

…

Special provisions about adding or substituting parties after the end of a relevant limitation period

19.5

(1) This rule applies to a change of parties after the end of a period of limitation under –

(a) the Limitation Act 1980;

(b) the Foreign Limitation Periods Act 1984; or

(c) any other enactment which allows such a change, or under which such a change is allowed.

(2) The court may add or substitute a party only if –

(a) the relevant limitation period was current when the proceedings were started; and

(b) the addition or substitution is necessary.

(3) The addition or substitution of a party is necessary only if the court is satisfied that –

> *(a) the new party is to be substituted for a party who was named in the claim form in mistake for the new party;*
>
> *(b) the claim cannot properly be carried on by or against the original party unless the new party is added or substituted as claimant or defendant; or*
>
> *(c) the original party has died or had a bankruptcy order made against him and his interest or liability has passed to the new party.*

…

Whether Glaxo has established a sufficient case on the evidence

The pleaded case

18. Mr Howe made sustained criticisms of what he perceived to be the disorganised and belated way in which Glaxo have raised draft claims against the proposed new defendants. The application notice was issued on 5 May 2016, 11 weeks before the hearing, attached to which were draft Amended Particulars of Claim setting out allegations against the three proposed additional defendants. Mr Howe said that naturally Sandoz UK had prepared for this application by reference to that draft. Possibly alerted by objections made in evidence and/or correspondence from Sandoz UK's solicitors, late on 13 July 2016 Glaxo served significantly revised Amended Particulars of Claim which provided more developed grounds for the joinder of the proposed defendants. This left only 5 working days before the hearing. Mr Howe complained that it did not help Sandoz UK's preparation for the hearing.

19. I can see that this was not an ideal way to run litigation. The main point I will bear in mind for the purposes of this judgment is that Sandoz UK may not have found it easy to file evidence dealing with allegations that did not emerge until shortly before the hearing. I also accept Mr Howe's further point that Sandoz UK was entitled to believe that the new draft Particulars served just before the hearing marked Glaxo's final word on their proposed claims against Aeropharm and Hexal. This turned out not to be the case.

20. The excerpts from Glaxo's pleading which I quote below all come from the draft Amended Particulars of Claim served on 15 July 2016, without marked up amendments.

Passing off by Sandoz UK

21. The starting point is the primary act of passing off pleaded against Sandoz UK:

> "62 The acts of the Defendants in selling and/or promoting AirFluSal in the colour, get-up and packaging complained of herein will amount to a misrepresentation to the relevant public and have led or will lead to members of the relevant public assuming, contrary to fact, that the Defendants' products are (i) equivalent to those of the Claimants and/or (ii) the Defendants' products are those of the Claimants or connected in the course of trade with the Claimants. In the premises the Defendants have committed and/or are likely to commit acts of passing off."

22. At the hearing Mr Malynicz informed me that despite the use of the plural in paragraph 62 of the Particulars, in fact this first aspect of primary tortfeasance is alleged against Sandoz UK only.

Alleged joint tortfeasance by Aeropharm and Hexal

23. Paragraphs 53A and 53B of the draft Particulars are as follows:

"53A So far as the Claimants are aware:

53A.1 the First Defendant has been and is responsible for the distribution, marketing and/or sale of the product complained of in the UK;

53A.2 the Second Defendant has been and is responsible for all global decisions regarding global respiratory products (including in the UK and Europe), of which the AirFluSal product is one. The department within the Second Defendant which was and is responsible for such global decisions is referred to as the Global Respiratory Department and was established in or around 2009;

53A.3 the Second Defendant oversees and approves the launch and marketing of the AirFluSal product in all countries; the First, and Fourth Defendants are also involved in the marketing of AirFluSal in the UK and/or Europe, the Second and Fourth Defendants presented the AirFluSal product at the Congress of the European Respiratory Society in Amsterdam from 24 September to 28 September 2011;

53A.4 the Second, Third and Fourth Defendants were responsible for the development of AirFluSal which they carried out in conjunction with Vectura Group plc ("Vectura"), a product development and design company;

53A.4.1 AirFluSal inhaler was designed and developed with the express knowledge and intention on the part of the Second, Third and/or Fourth Defendants that it would be marketed and sold throughout the EU, including in the UK, pursuant to the chosen design;

53A.4.2 the Third and Fourth Defendants, or alternatively one of them, determined the colour, shape, technical design and overall get-up of the AirFluSal inhaler in or around 2005 to 2007;

53.A.4.3 the Second, Third and/or Fourth Defendants were responsible for choosing the design and colour of the label on the Airflusal inhaler and the external packaging, the design and colouring of such labelling and packaging being materially uniform in each country where the product was launched, including in the UK and other EU countries;

53.A.4.4 the Second, Third and/or Fourth Defendants were involved in carrying out the testing and patient studies necessary to obtain regulatory approval for Airflusal, including for the UK;

53.A.4.5 the First, Second, Third and/or Fourth Defendant collected and/or collated data including the results of such technical and patient studies and/or provided the necessary documentation including those detailing the shape, colour and technical specifications of the Airflusal inhaler, as part of the marketing authorisation dossier submitted to the regulatory authorities in the EU, including the UK, pursuant to which market authorisations for Airflusal were granted in the countries of the EU, including the UK, in the absence of which Airflusal could not be placed on the UK market;

> 53.A.4.6 the Second Defendant has invested more than €18.9 million in the development of AirFluSal over a period of 7 years;
>
> 53.A.4.7 the Third Defendant has invested over €16.7 million in the provision of facilities and infrastructure to produce AirFluSal;
>
> 53A.5 the Third Defendant is recorded by the UK market authorisation as the exclusive manufacturer of AirFluSal in the UK and is the sole manufacturer worldwide of the contents and packaging of AirFluSal and in the course of the said manufacturing, it affixes the sign or signs and get up complained of to the AirFluSal goods and/or packaging;
>
> 53A.6 the First, Second, Third and/or Fourth Defendants were and are responsible for the importation of the product complained of into the UK.
>
> 53B In the premises, each of the acts of passing off and trade mark infringement complained of herein was committed pursuant to a common design between two of more of the First, Second, Third and/or Fourth Defendants. Further and/or alternatively, the said acts of the First, Third and Fourth Defendants were directed and/or procured and/or authorised by the Second Defendant and/or the Fourth Defendant. In the premises, the Defendants and/or each of them are jointly and severally liable for each and all of such acts as joint tortfeasors."

24. In summary, the acts of Aeropharm and Hexal which are said to have formed part of a common design to pass off in England by means of the sale and promotion of AirFluSal are:

    (1) the marketing of AirFluSal by Hexal in the UK, in particular at the Congress of the European Respiratory Society in Amsterdam in September 2011;

    (2) the design and development of the AirFluSal inhaler by Aeropharm and Hexal, in particular determining its colour, shape, technical design and overall get-up in or around 2005 to 2007;

    (3) the carrying out of patient studies and the collection of data generally by Aeropharm and Hexal in order to obtain regulatory approval in the UK;

    (4) the importation of AirFluSal into the UK by Aeropharm and Hexal.

Alleged primary tortfeasance by Aeropharm and Hexal

25. Paragraph 62A of the Amended Particulars sets out the newly pleaded allegation of primary acts of tortfeasance by Aeropharm and Hexal:

> "62A Further, or in the alternative, the Second, Third and/or Fourth Defendants have knowingly brought into existence goods which are inherently likely to deceive ultimate purchasers or consumers in the UK into believing that the Defendants' products are (i) equivalent to those of the Claimants and/or (ii) the Defendants products are those of the Claimants or connected in the course of trade with the Claimants, and are therefore instruments of deception."

26. This alleges that along with Sandoz International, Aeropharm and Hexal have "knowingly brought into existence" AirFluSal products and that these are instruments of deception liable to lead to

passing off. I asked Mr Malynicz why bringing the inhalers into existence abroad, i.e. manufacturing them, would of itself be an act of passing off in England. Mr Malynicz explained that the allegation which paragraph 62A was intended to convey was that one or both of Aeropharm and Hexal *provided* the inhalers, to Sandoz UK, and thereby supplied instruments of deception.

The get-up complained of

27. In relation to both alleged primary and joint tortfeasance, the complaint relates to the get-up of AirFluSal inhalers and their packaging which are said to mimic those of Glaxo's product. Particulars are given in paragraph 49:

> "[49] The AirFluSal comprises:
>
> 49.1 a predominantly purple coloured plastic exterior with purple arranged around the diameter of the product;
>
> 49.2 a rounded shape;
>
> 49.3 a white central label; and
>
> 49.4 prominent use of the numbers '500' and 250'."

28. The features of the packaging complained of are set out in paragraph 51:

> "[51] The packaging of AirFluSal comprises:
>
> 51.1 a white box with purple the only colour used and with such colour positioned in the lower half of the box; and
>
> 51.2 prominent use of the numbers '500' and '250'."

The burden of proof

29. It was common ground that before the court will exercise its discretion to join a party it must be satisfied that the proposed pleaded allegations against that party disclose a sufficiently arguable case. Judicial views on how arguable that proposed case must be have varied in the past. I discussed this in *PeCe Beheer BV v Alevere* [2016] EWHC 434 (IPEC), at [30]-[39]. Having reviewed the authorities, I came to the view that the test was akin to that applied in an application for summary judgment. Neither Mr Malynicz nor Mr Howe dissented from this.

30. Mr Howe said that there was also a higher and cumulative burden of 'a good arguable case' to be applied because the proposed defendants were outside the jurisdiction. I do not accept that. Glaxo does not require the permission of the court to serve the claim form on Aeropharm and Hexal pursuant to CPR 6.37 despite both companies being established in Germany. The proposed allegations against both companies relate to torts committed in England, either directly or jointly with Sandoz UK. Pursuant to art.7(2) of Brussels I this court has jurisdiction because England is the place where the harmful event occurred. (I discussed art.7(2) and the meaning of 'the place where the harmful event occurred' in *AMS Neve Ltd v Heritage Audio S.L.* [2016] EWHC 2563 (IPEC)). The defendants did not contest the application of art.7(2). Consequently, no further and cumulative burden of proof arises, save theoretically with regard to art.30 of Brussels I. I will return to art.30 below.

The law on joint tortfeasance

31. The law on joint liability for the tortious acts of another, outside vicarious liability and agency, was considered by the Supreme Court last year in *Sea Shepherd UK v Fish & Fish Limited* [2015] UKSC 10; [2015] A.C. 1229. I sought to summarise the law to be derived from that judgment in *Vertical Leisure Ltd v Poleplus Ltd* [2015] EWHC 841 (IPEC):

> "[61] At paragraph 61 Lord Neuberger said that he detected no difference between his analysis of the law and that of Lord Toulson and Lord Sumption. Lord Kerr agreed with the judgments of both Lord Neuberger and Lord Toulson (at [90]). Lord Mance said there was no disagreement about the legal principles (at [91]).
>
> [62] Although none of their Lordships expressly considered the relationship between procurement and common design in exactly those terms, Lord Sumption made the following observation (at [41]):
>
> > "Inducing or procuring a tort necessarily involves common intent if the tort is then committed."
>
> [63] Lord Sumption also considered the scope of liability for joint tortfeasance. I believe that here he had in mind limits distinct from the question of *de minimis* contribution and that bearing in mind the unanimous statement of agreement on legal principles, Lord Sumption's analysis of the law was common ground between all members of the Court. Lord Sumption identified two limiting features relevant to the scope of joint liability. The first was the alleged joint tortfeasor's intent:
>
> > "44. Intent in the law of tort is commonly relevant as a control mechanism limiting the ambit of a person's obligation to safeguard the rights of others, where this would constrict his freedom to engage in activities which are otherwise lawful. The economic torts are a classic illustration of this. The cases on joint torts have had to grapple with the same problem, and intent performs the same role. What the authorities, taken as a whole, demonstrate is that the additional element which is required to establish liability, over and above mere knowledge that an otherwise lawful act will assist the tort, is a shared intention that it should do so."
>
> [64] Thus for the alleged joint tortfeasor to be liable he must have intended that his own act would assist the tort (although he need not have been aware that the act of the primary tortfeasor was, in law, a tort). By implication it is necessary that he knew of the intended act of the primary tortfeasor at the time of his own act.
>
> [65] The second limiting feature is the requirement that the alleged joint tortfeasor has actively co-operated with the primary tortfeasor. The two features are to be taken together:
>
> > "The required limitation on the scope of liability is achieved by the combination of active co-operation and commonality of intention. It is encapsulated in Scrutton LJ's distinction between concerted action to a common end and independent action to a similar end, and between either of these things and mere knowledge of the consequences of one's acts." (at [44])

> [66] I interpret this to mean that in order to fix an alleged joint tortfeasor with liability, it must be shown both that he actively co-operated to bring about the act of the primary tortfeasor and also that he intended that his co-operation would help to bring about that act (the act found to be tortious). Liability will always be subject to the threshold requirement that the alleged joint tortfeasor's contribution to the act was more than *de minimis*."

32. Neither Mr Malynicz nor Mr Howe submitted that I should take a different approach to the law in this application.

33. In *Vertical Leisure* itself I illustrated the sometimes elusive difference between active co-operation with sufficient intent and something less than that by reference to *L'Oréal SA v eBay International AG* [2009] EWHC 1094 (Ch); [2009] R.P.C. 21 and *Twentieth Century Fox Film Corp v Newzbin Ltd* [2010] EWHC 608 (Ch); [2010] F.S.R. 21. In *L'Oréal* infringing products were sold by the primary tortfeasor on eBay's online marketplace. Arnold J found that eBay knew that the infringing acts were occurring and profited from them. This was insufficient for eBay to be joined as a tortfeasor. In *Twentieth Century Fox* the alleged joint tortfeasor ran a website which provided links by which a user of the site could acquire pirate copies of films. Kitchin J held that the website owner, Newzbin, had operated a site which was designed and intended to make the infringing copies of films readily available to users of the site – the site was structured in such a way as to promote such infringement. By this and related means Newzbin had not only profited from users downloading infringing films, it had encouraged and assisted in such downloading. In other words, the passive allowance by eBay of the use of its online marketplace to sell infringing goods is to be contrasted with active encouragement by Newzbin of infringing acts via its website. The former did not result in joint tortfeasance; the latter did.

Whether an act of contributory infringement must be done within the jurisdiction

34. In order for an act to constitute a primary act of passing off (as opposed to an act of joint tortfeasance), it must have happened within the jurisdiction. I will return to this in the context of the alleged primary acts of infringement by Aeropharm and Hexal, dealing there with the arguments raised by the parties.

35. Not discussed was the question whether, in order to fix another party with joint liability, it is necessary that his act of co-operation occurred within the jurisdiction. (I consider here only joint liability incurred by entering into a common design with the primary tortfeasor, as opposed to joint liability under the laws of vicarious liability or agency.)

36. In my view the answer is no. A party need not have carried out his contribution to the common design within the jurisdiction to incur liability as a joint tortfeasor. *Unilever* (cited above) was a patent action in which the plaintiff successfully applied to join the United States parent of the defendant company as a second defendant. The application went ahead on the assumption that the US parent had done nothing in the jurisdiction that could warrant its joinder as a primary tortfeasor. The factors advanced by the plaintiff which the Court of Appeal took into account in finding that there was a sufficiently arguable case for the US parent to be joined as alleged joint tortfeasor and served out of the jurisdiction were, in summary, (i) its supply of the ingredient essential to infringement of the patent (outside the UK), (ii) its knowledge of the patent, (iii) its control over the acts of the UK subsidiary, (iv) a contractual requirement that the parent should provide know-how to the UK subsidiary, (v) the parent's worldwide right of veto over the products sold by its subsidiaries and (vi) that the parent gained financially from selling the essential ingredient to the UK subsidiary. At least some of these factors were acts taking place or a state of mind existing outside the jurisdiction and the judgment of Mustill LJ (with whom Ralph Gibson

and Slade LJJ agreed) nowhere suggests that it mattered where anything relevant was done by the US parent.

37. I therefore conclude that the relevant acts of Aeropharm and Hexal need not have been within the jurisdiction in order that they be jointly liable with Sandoz UK.

The evidence – alleged joint tortfeasance

Marketing of AirFluSal in the UK by Hexal; the Amsterdam Congress

38. Robert Jacob, a partner in Stephenson Harwood, which acts for Glaxo, referred in his witness statement to evidence from German proceedings in which it was stated that Sandoz International and Hexal presented the AirFluSal inhaler at the Congress of the European Respiratory Society in Amsterdam from 24 to 28 September 2011. Mr Malynicz submitted that doctors from the UK must by inference have been present. In support of this he took me to evidence that medics from this country had attended the Congress in Stockholm nine years earlier in 2002, though no numbers were given. Glaxo's case was that Hexal had thereby engaged in a common design with Sandoz UK in the marketing of AirFluSal in England.

39. Mr Howe told me that this alleged presence of UK doctors at the 2011 Amsterdam Congress had not been suggested by Glaxo before Mr Malynicz's submissions at the hearing and so his clients had been given no opportunity to deal with it.

40. There was, however, more general evidence from officers of Hexal and Aeropharm. Mr Späth, who is a member of the board at Hexal, provided a witness statement. He said that since 2009 Hexal's involvement with AirFluSal has been limited to the promotion and organisation of the sale of the product in Germany. Mr Malynicz argued that this was not correct and that Mr Späth's evidence was to be treated with caution. He relied on a letter dated 2 November 2015 from DFMG, Irish solicitors in Dublin, to William Fry, another Irish firm of solicitors ("the Irish Letter"). These firms act in a dispute in Ireland between Glaxo companies as plaintiffs, where the defendant is Rowex Limited, an Irish joint venture company owned by Rowa Pharmaceuticals Limited (another Irish company) and Hexal. As appears from the letter, AirFluSal is marketed in Ireland by Rowex. Mr Malynicz said that Hexal's efforts at marketing AirFluSal thus extend at least to Ireland. There was also evidence that Hexal sponsored clinical trials of AirFluSal, although this might have been part of the organisation of sales in Germany.

41. It seems to me possible that when Mr Späth drafted his witness statement he had in mind Hexal's direct marketing of AirFluSal and either overlooked the Rowex JV in Ireland or thought that Rowex was not relevant. It would have been better to mention the JV and also that Hexal has sponsored a clinical trial, but on the information I have I am not prepared to treat Mr Späth as an unreliable witness. Importantly, there was no suggestion by Glaxo of an equivalent JV in the UK.

42. I think that UK doctors were probably at the Amsterdam Congress in 2011, although I have no idea how many. There was no evidence of how the Congress was organised and what these doctors were likely to have seen and done. It seems probable that Hexal's marketing effort with regard to AirFluSal was directed solely to German doctors and may well have been in German. I am not satisfied that Glaxo has established on the evidence that Hexal's contribution to Sandoz UK's efforts at marketing the AirFluSal inhaler in England in 2011 rose above the *de minimis* threshold.

Design and development of the AirFluSal inhaler by Aeropharm and Hexal

43. Mr Malynicz drew my attention to the following passage in the Irish Letter:

> "• Hexal AG is the company that currently sells and distributes Airflusal Forspiro within Germany. It currently employs approximately 3,700 people. Originally Hexal AG was principally focussed on the German market but in 2002 it acquired Aeropharm GmbH. This company had MDI (metered dose inhaler) production capacity and subsequently developed DPI (dry powder inhaler) capability. It was Hexal AG in conjunction with Aeropharm GmbH which went about developing the Forspiro device in conjunction with Vectura Group plc.
>
> • Aeropharm GmbH is the company that manufactures AirFluSal Forspiro. It does not sell to external customers. It currently employs 400 people."

44. It appears that the AirFluSal inhaler was developed by Hexal, Aeropharm and Vectura Group plc ("Vectura"), a UK company. This is consistent with Mr Späth's evidence.

45. The Irish Letter also listed 16 individuals "that have to date been identified as having been involved with the AirFluSal Forspiro project". The nature of each individual's involvement is not stated, so it is not possible to tell which of them had anything to do with the get-up of the product, including its packaging. 10 of them appear to have been employed at some time by Aeropharm, Hexal or both. Mr Malynicz submitted that the absence from the list of Mr Späth and Ulrich Nütz, an officer of Aeropharm who also gave evidence, undermined the credibility of what they said. I don't see why. I must assume that Mr Späth and Mr Nütz adequately and accurately informed themselves of the relevant facts before drafting their short statements.

46. Mr Nütz is Site Head of Aeropharm. He said:

> "8. When the Forspiro inhaler was at the design stage in 2007, AEROPHARM GmbH liaised with Vectura Group plc over technical aspects of the design. AEROPHARM GmbH was also involved with collation of data for the marketing authorisation dossier. AEROPHARM GmbH played no part in the choice of colour of the Forspiro inhaler nor the proposed marketing of it. The role was purely technical."

47. It seems that Aeropharm had nothing to do with the colour of the AirFluSal product. Mr Malynicz submitted that this still left them in the frame for involvement with the shape and numbers used on the label.

48. Whatever the respective responsibilities of Hexal, Aeropharm and Vectura in the choice of colour, shape and other aspects of the get-up of AirFluSal inhalers on which Glaxo relies, this selection happened sometime in the period 2004 to 2009. Mr Malynicz's submissions were directed to those years and in supplemental submissions sent after the hearing, with regard to design and manufacture he focussed only on the period 2005-2009, accepting that the basic design was fixed by 2009. Mr Malynicz directed me to a 'timeline' in a Hexal marketing document about the product. This confirms 2004-2009 as being the relevant period of development.

49. Publicity from the Sandoz website dating from 2015 included this:

> "[AirFluSal] was developed at Aeropharm GmbH in Rudolstadt, Germany, Sandoz's global respiratory Center of Excellence. Sandoz collaborated with UK based Vectura, a respiratory product development company, in the design and development. The innovative and intuitive-to-use design of the inhaler was awarded the Red Dot Product Design award in

> 2011, an internationally recognized quality seal awarded by the Design Zentrum Nordrhein Westfalen in Essen, Germany"

Given the time likely to have elapsed between finalising the design of the AirFluSal and the conferring of the award, this also supports 2009 as the date when the design was completed. This publicity suggests that the work was done by Aeropharm and Vectura.

50. Finally, I was shown an excerpt from evidence given by Jan-Torsten Tews in Korean proceedings in 2015. Dr Tews is a senior officer in Sandoz International. He confirmed that the colour of the product had been determined by the time he joined in 2009. He also indicated that the design process continued after that time, referring to "a couple of design changes", but Mr Malynicz did not suggest that these were of significance to the present application.

51. I conclude from all of this and find that the design of the AirFluSal inhaler and its packaging, so far as is relevant to this application, was done by Aeropharm, Hexal and Vectura, or alternatively one of them, or two in combination. It is not possible to be more accurate, although the most likely candidates are Vectura and Aeropharm. It was done between 2004 and 2009.

Testing and studies carried out to obtain regulatory approval

52. Mr Nütz's witness statement indicated that Aeropharm was involved in the collation of data for marketing authorisation. After the hearing Glaxo filed a new document showing that Hexal conducted clinical trials of AirFluSal from the end of November 2009 until 22 February 2010. I accept that evidence.

Importation of AirFluSal into the UK by Aeropharm and Hexal.

53. In paragraph 53A of the proposed Amended Particulars of Claim one of the acts of joint tortfeasance by Aeropharm and Hexal alleged is that along with Sandoz UK and Sandoz International, they are responsible for the importation of AirFluSal into the United Kingdom.

54. The alleged involvement of Aeropharm and Hexal in the importation of AirFluSal into this country was debated at the hearing by reference to paragraph 62A of the pleading, which is an allegation of primary passing off by Aeropharm and Hexal. I will consider it in more detail below. The upshot on the evidence was that Aeropharm sells AirFluSal to Sandoz UK in Germany. Sandoz UK imports the products into this country.

Analysis – whether an arguable case of joint tortfeasance has been established

55. I will go through the heads of argument in turn.

56. First, I have found that if Hexal's marketing in Amsterdam in 2011 contributed anything to Sandoz UK's efforts to market AirFluSal in England, it was *de minimis*.

57. Second, Glaxo has established an arguable case on the evidence that Aeropharm and Hexal contributed to the get-up of the AirFluSal inhaler and its packaging between 2004 and 2009. This leads to the question whether that is sufficient to support the joinder of Aeropharm and Hexal under the law of joint tortfeasance (leaving aside other objections to joinder).

58. A claimant may seek to join the parent company of the defendant, alleging that the nature of the parent's control over the defendant on the facts was such that the parent is jointly liable, see for

example *Unilever*. I need not explore the several authorities which have developed the law since *Unilever* because this was not the ground of joinder advanced by Glaxo.

59. Glaxo's case under this head was that Aeropharm and/or Hexal were involved in the creation of the get-up of the AirFluSal products sold in this country by Sandoz UK and are therefore jointly liable with Sandoz UK for the passing off consequent upon such sales.

60. I do not accept that this follows as a matter of course. The starting point is the tort to which Aeropharm and Hexal are said to have contributed. It is, to quote paragraph 62 of the draft Amended Particulars, "selling and/or promoting [in England] AirFluSal in the colour, get-up and packaging complained of". The question is whether Aeropharm or Hexal have actively co-operated to bring about *those* acts and whether they intended that their co-operation would help to bring about such acts.

61. I will assume for the purpose of resolving this question that Aeropharm and Hexal did significantly contribute to the creation of the get-up in issue and that they expected all AirFluSal inhalers – those sold anywhere in the EU at least – would bear that get-up. Their contribution certainly facilitated the selling and promoting of AirFluSal products in England, indeed it was an essential precursor to such sale and promotion. But that is not the same thing as actively co-operating in the sale and promotion of AirFluSal inhalers in England. I find that there is no arguable case under this head.

62. Third, Aeropharm apparently collected data for marketing authorisation. There is no evidence that this included authorisation in the UK, but assuming authorisation was done on an EU-wide basis it would have been. I will further assume that by one means or another Aeropharm was thus involved in obtaining authorisation in this country. Hexal conducted clinical trials as part of an EU programme.

63. For reasons similar to those I have given in relation to Aeropharm and Hexal's involvement in the creation of the get-up in dispute, I take the view that neither Aeropharm's obtaining authorisation nor Hexal's conducting clinical trials by themselves even arguably constituted part of a common design with Sandoz UK to sell or promote AirFluSal in England.

64. Fourth, Aeropharm has supplied and continues to supply, in Germany, the AirFluSal inhalers to Sandoz UK. The question under this head is whether the supply of goods to a defendant, done outside the jurisdiction, of itself renders the supplier jointly liable for passing off, assuming that the subsequent marketing of the goods in England by the defendant is an act of passing off. This was not addressed in argument because submissions in relation to the importation of AirFluSal were directed to the alleged primary acts of infringement by Aeropharm and Hexal. I must nonetheless consider it now.

65. In *Aubrey Max Sandman v Panasonic UK Limited* [1998] F.S.R. 651 the second defendant, Matsushita, manufactured electronic audio equipment which it supplied to its subsidiary, Panasonic. Panasonic sold the equipment in the UK. The claimant alleged that copyright he owned in circuit diagrams was infringed by Panasonic's sales in the UK and that Matsushita was jointly liable on the pleaded grounds that (1) Panasonic was under the control of Matsushita, (2) the equipment complained of was manufactured by or to the order of Matsushita for the purpose of sale in the United Kingdom by Panasonic, (3) it was supplied by Matsushita for that purpose and (4) was sold in the United Kingdom under the brand name Technics which is a brand name of Matsushita, as is the name Panasonic. Matsushita applied for an order setting aside service of the writ.

66. Pumfrey J found that the pleaded grounds were insufficient to establish a good arguable case of joint tortfeasance (at p.663). In the end he did not set aside service against Matsushita because on the evidence the goods in question were manufactured by Matsushita in a manner specifically to meet the particular requirements of the United Kingdom market. This result was apparently reached only with considerable doubt (at p.664).

67. Had the facts been limited to those pleaded, the judge's conclusion would certainly have been that supplying a product, outside the jurisdiction, to an infringer within the jurisdiction, is not an act of joint tortfeasance even if the overseas supplier knows and intends that the goods are destined for the UK market. In my view, this is consistent with the modern explanation of the law given in *Sea Shepherd*. Such supply, even in the knowledge that the goods are destined for sale in England, is not by itself actively co-operating in the sale of the goods.

68. Glaxo has not established an arguable case under this head.

Whether an actionable primary act of passing off must be committed within the jurisdiction

69. I turn now to the allegations of primary passing off made against Aeropharm and Hexal, by which I mean the allegations that those proposed defendants were primary tortfeasors. As I have explained, the allegations as pleaded were modified in argument to be that Aeropharm and/or Hexal provided AirFluSal inhalers to Sandoz UK. No place of supply was alleged.

70. During Mr Malynicz's submissions I asked whether he was contending that in law it was sufficient that Aeropharm or Hexal had supplied Sandoz UK anywhere, or whether such supply had to be in England and Wales. Mr Malynicz submitted that it could be anywhere, although he provided no authority for that proposition.

71. The logic of Mr Malynicz's contention is that if a product with a confusingly similar trade name or get-up is put on to the market anywhere in the world, this will always potentially give rise to an action for passing off in England. I reject that. Passing off is an IP right as territorial as any other. For an act of primary passing off to be actionable in England and Wales, it must have been committed in England and Wales.

The evidence – primary passing off

72. Given my view of the law, it matters whether either Aeropharm or Hexal supplies Sandoz UK with AirFluSal in England. The main evidence about this came from Mr Nütz:

> "4. AEROPHARM GmbH primarily fulfils a manufacturing role. It procures the various component parts for the AirFluSal Forspiro product: the plastic component parts for the Forspiro inhaler device, the foil strip to contain the AirFluSal pharmaceutical preparation itself, Fluticasone Propionate in chemical form, Salmeterol Xinafoate in chemical form and lactose.
>
> 5. The chemical components are combined by AEROPHARM GmbH to create the pharmaceutical itself. These are then put into the foil strips and assembled with the inhaler device. AEROPHARM GmbH performs the packaging and prepares the stock for shipping to the warehouse designated by Defendant.
>
> 6. The relationship between AEROPHARM GmbH and the Defendant is one of a manufacturer/supplier and customer, with AEROPHARM being the former and the Defendant being the latter. AEROPHARM responds to orders placed by the Defendant

and supplies product in accordance with that demand. AEROPHARM has no influence or control over the amount of product ordered by the Defendant or its marketing.

7. As the Defendant is the marketing authorisation holder for the UK in respect of the AirFluSal Forspiro product, the product specification and packaging must be exactly as the Defendant orders for the UK market and AEROPHARM cannot change this or deviate from it."

73. It seems that Aeropharm, but not Hexal, supplies AirFluSal to Sandoz UK. Mr Malynicz invited me to infer that this happened in England. As I have explained, this part of Glaxo's case did not emerge until the hearing. Mr Howe was understandably indignant that his clients had had no opportunity to provide any evidence on the matter. He took instructions. They were that title to the AirFluSal inhalers supplied by Aeropharm to Sandoz UK passes in Germany. Absent any evidence on the point, I accept this. It raises a presumption, difficult to rebut at the best of times and with no reason for me to doubt it in the present case, that Aeropharm does nothing relevant in this country (see *SABAF SpA v MFI Furniture Centres Ltd* [2004] UKHL 45; [2005] R.P.C. 10 at [34]-[46])

74. In my view there is no arguable case that any primary act of passing off has been committed or is threatened by Aeropharm or Hexal.

Art.30 of Brussels I

75. Art.30 of Brussels I provides:

"*Article 30*

1. Where related actions are pending in the courts of different Member States, any court other than the court first seised may stay its proceedings.

2. Where the action in the court first seised is pending at first instance, any other court may also, on the application of one of the parties, decline jurisdiction if the court first seised has jurisdiction over the actions in question and its law permits the consolidation thereof.

3. For the purposes of this Article, actions are deemed to be related where they are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings."

76. The defendants relied on art.30(1) and proceedings commenced on 19 March 2014 in the *Landgericht* in Hamburg. The claimants are Glaxo Group Limited (the second claimant in these proceedings) and GlaxoSmithKline GmbH & Co. KG. The defendants are Sandoz Pharmaceuticals GmbH, Salutas Pharma GmbH, Aeropharm and Hexal.

77. Sandoz UK submitted evidence from Dr. Anke Nordemann-Schiffel, a partner in the law firm Boehmert & Boehmert in Berlin. She provided a witness statement explaining the nature of the Hamburg action. It was not challenged.

78. In that action the claimants allege infringement of the same EU trade mark relied on in the present proceedings and in addition allege breach of the German law of unfair competition, specifically §4 no.3(a) and (b) *Gesetz gegen den unlauteren Wettbewerb* ("UWG"), the German Act against Unfair Competition. Dr Nordemann-Schiffel explained that provision of the UWG in this way:

> "9. The German law of unfair competition as set out in §4 no. 9 (now no. 3) UWG aims to protect competitors from unfair copying of the get-up or appearance of their goods or services. Such protection can be supplemental, if there are registered rights, but is really granted irrespective of the existence of registered rights if the specific conditions are met. In summary, for § 4 no. 9 (now no. 3) UWG to apply, a person or entity (1) has to offer in commerce (2) a copy of a competitor's product or service which (3) has unique characteristics in the marketplace, and (4) there are specific circumstances which makes his actions unfair, such as (a) an avoidable deception of origin, or (b) an undue exploitation of the good repute of goods or services."

79. The presence of Aeropharm and Hexal in the Hamburg proceedings was explained by Dr Nordemann-Schiffel as follows:

> "17. The Claimants in Germany argue that Aeropharm GmbH is liable as the manufacturer of the product in dispute, and that Hexal AG is liable as the holder of the marketing authorisation for Germany and as the distributor of the product in the German market. The Claimants in Germany argue that all the defendant entities in the German action are jointly liable, without giving any more precision. The arguments are made both in so far as the claims are based on alleged trade mark infringement, as well as based on alleged unfair competition (within the meaning explained above)."

80. There was argument about whether the Hamburg action, so far as it concerns unfair competition, and the present claim for passing off are 'related actions' within the meaning explained by art.30(3) and those authorities which have considered the matter, and if so, whether I should exercise the court's discretion to stay the claim for passing off.

81. The passing off claim against Sandoz UK will continue whatever I decide. It is true that if Aeropharm and Hexal are not joined, the parties in this action will not be in part the same as those in the Hamburg action. That would have been crucial had this been an application under art.29. It is not wholly irrelevant in the context of art.30 but the reality is that the issues in the two sets of proceedings will be argued out in Hamburg and London in due course, with the risk, if Mr Howe is right, of forthcoming irreconcilable judgments. Yet there is no application by the defendants to stay the passing off claim against Sandoz UK pursuant to art.30.

82. In those circumstances I think it would not be an appropriate exercise of the court's discretion under art.30 to refuse to join Aeropharm and Hexal.

Limitation

83. The defendants rely on s.2 of the Limitation Act 1980:

> "*2. An action founded on tort shall not be brought after the expiration of six years from the date on which the cause of action accrued.*"

84. Mr Malynicz's response to this was two-fold. With regard to the allegations of primary acts of passing off, the supply of AirFluSal to Sandoz UK is continuing and each new supply is a new tort. Therefore the only acts of supply which are time barred are those which occurred more than 6 years ago. I agree, subject to the qualification that the Limitation Act bites on acts conducted more than 6 years before the date of the claim form, see s.35(1)(b) of the 1980 Act.

85. Next Mr Malynicz argued that the Limitation Act never applies to acts of joint tortfeasance. He submitted that provided the primary acts of passing off by Sandoz UK are not time-barred, Glaxo can at any time make a claim against a tortfeasor jointly liable with Sandoz UK for those acts. Mr Malynicz offered no authority in support of this proposition. Mr Howe disputed the proposition, but provided no authority either.

86. Before taking this further, I must consider s.35 of the Limitation Act 1980:

"*35(1) For the purposes of this Act, any new claim made in the course of any action shall be deemed to be a separate action and to have been commenced—*

(a) in the case of a new claim made in or by way of third party proceedings, on the date on which those proceedings were commenced; and

(b) in the case of any other new claim, on the same date as the original action.

(2) In this section a new claim means any claim by way of set-off or counterclaim, and any claim involving either—

(a) the addition or substitution of a new cause of action; or

(b) the addition or substitution of a new party;

and "third party proceedings" means any proceedings brought in the course of any action by any party to the action against a person not previously a party to the action, other than proceedings brought by joining any such person as defendant to any claim already made in the original action by the party bringing the proceedings.

(3) Except as provided by section 33 of this Act or by rules of court, neither the High Court nor the county court shall allow a new claim within subsection (1)(b) above, other than an original set-off or counterclaim, to be made in the course of any action after the expiry of any time limit under this Act which would affect a new action to enforce that claim.

For the purposes of this subsection, a claim is an original set-off or an original counterclaim if it is a claim made by way of set-off or (as the case may be) by way of counterclaim by a party who has not previously made any claim in the action.

(4) Rules of court may provide for allowing a new claim to which subsection (3) above applies to be made as there mentioned, but only if the conditions specified in subsection (5) below are satisfied, and subject to any further restrictions the rules may impose.

(5) The conditions referred to in subsection (4) above are the following—

(a) in the case of a claim involving a new cause of action, if the new cause of action arises out of the same facts or substantially the same facts as are already in issue on any claim previously made in the original action; and

(b) in the case of a claim involving a new party, if the addition or substitution of the new party is necessary for the determination of the original action.

(6) The addition or substitution of a new party shall not be regarded for the purposes of subsection (5)(b) above as necessary for the determination of the original action unless either—

(a) the new party is substituted for a party whose name was given in any claim made in the original action in mistake for the new party's name; or

(b) any claim already made in the original action cannot be maintained by or against an existing party unless the new party is joined or substituted as plaintiff or defendant in that action.

(7) Subject to subsection (4) above, rules of court may provide for allowing a party to any action to claim relief in a new capacity in respect of a new cause of action notwithstanding that he had no title to make that claim at the date of the commencement of the action.

This subsection shall not be taken as prejudicing the power of rules of court to provide for allowing a party to claim relief in a new capacity without adding or substituting a new cause of action.

(8) Subsections (3) to (7) above shall apply in relation to a new claim made in the course of third party proceedings as if those proceedings were the original action, and subject to such other modifications as may be prescribed by rules of court in any case or class of case."

87. I take section 35(3) to mean, in the context of this application, that neither Aeropharm nor Hexal may be joined as a defendant if – or in this instance, to the extent that – Glaxo's claim against them would be time barred under the Limitation Act 1980 if it were a new claim. This is subject to section 33 or rules of the court.

88. It takes the argument back to whether a new claim against Aeropharm and Hexal, namely that they are jointly liable with Sandoz UK for the latter's acts of passing off, would be time barred.

89. A claim against a party for joint tortfeasance is still an action founded on tort. I can see no reason for distinguishing claims for joint tortfeasance under the words of s.2 of the 1980 Act and thereby giving them a special status and privilege. If Mr Malynicz were right, while a primary tortfeasor is protected by the Limitation Act, joint tortfeasors remain at risk indefinitely in relation to their acts. I reject that result and that interpretation of the law.

90. There remain the exceptions set out in s.35(3), namely those provided by s.33 and the rules of the court. Section 33 is concerned with personal injuries or death. The only rules enacted to carry s.35 into effect are CPR 17.4 and CPR 19.5 (see White Book at 19.5.2). Rule 17.4 is concerned with an amendment to a statement of case. Rule 19.5 is relevant to the present application and is set out above. To allow the joinder of Aeropharm and Hexal I would have to be satisfied that one of the conditions set out in rule 19.5(3) applies.

91. I was not addressed by Glaxo either on s.35 or rule 19.5. I can speculate that Glaxo might have relied on rule 19.5(3)(b) and argued that the claim against Sandoz UK cannot be properly carried on unless Aeropharm and Hexal are added as defendants because the disclosure sought from Aeropharm and Hexal is necessary for the claim to be properly carried on. I think it would be rare for prospective disclosure to be necessary for the conduct of an action within the meaning of rule 19.5. In the present case there is no doubt that Glaxo can continue its claim for passing

off against Sandoz UK without the disclosure it would like to have. Glaxo must have started the action without assuming they would get that disclosure. Moreover, I have no idea how useful, if at all, disclosure from Aeropharm and Hexal would turn out to be in the conduct of the action against Sandoz UK. It is possible, for instance, that all the relevant documents are held by Vectura. In my view the condition in rule 19.5(3)(b) does not apply.

92. Glaxo's claim for joint tortfeasance would be time barred in relation to any alleged act of joint tortfeasance done more than 6 years before the new claim.

Discretion

93. The court's discretion does not arise on the findings I have reached above. I would in any event only have exercised the court's discretion to allow the joinder of Aeropharm and Hexal on grounds which potentially would have led to the disclosure sought by Glaxo. I think that any broader course would have been disproportionate and not in accordance with the overriding objective.

Conclusion

94. Glaxo has permission to join Sandoz International by consent. Glaxo's application to join Aeropharm and Hexal is dismissed.