

Neutral Citation Number: [2017] EWHC 3122 (Ch)

Case No: CH-2017-000157

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

The Rolls Building,
7 Rolls Buildings,
Fetter Lane,
London
EC4A 1NL

Date: Wednesday, 15th November 2017

Before:

THE HONOURABLE MR JUSTICE BARLING

Between:

(1) THE EDGE INTERACTIVE MEDIA INC **Claimants**
(2) EDGE GAMES INC

- and -

FUTURE PUBLISHING LIMITED **Defendant**

Mr Robert Deacon (direct access) for the **Claimants**.
Mr Tom Lingard (**Stephens & Bolton LLP**) for the **Defendant**.

JUDGMENT
(Approved)

If this Transcript is to be reported or published, there is a requirement to ensure that no reporting restriction will be breached. This is particularly important in relation to any case involving a sexual offence, where the victim is guaranteed lifetime anonymity (Sexual Offences (Amendment) Act 1992), or where an order has been made in relation to a young person.

This Transcript is Crown Copyright. It may not be reproduced in whole or in part other than in accordance with relevant licence or with the express consent of the Authority. All rights are reserved.

Digital Transcription by Marten Walsh Cherer Ltd.,
1st Floor, Quality House, 6-9 Quality Court, Chancery Lane, London WC2A 1HP.
Telephone No: 020 7067 2900. Fax No: 020 7831 6864 DX 410 LDE
Email: info@martenwalshcherer.com

Mr Justice Barling :

1. This is an appeal by the Claimants from part of an order of Master Clark, dated 23rd May 2017, striking out the Claimants' claim for declaratory relief and striking out corresponding parts of the Particulars of Claim.
2. The appeal is brought by permission of Master Clark. The Master's judgment, on the basis of which the order now appealed was made, was handed down on 9th May 2017.

The background

3. The background to the Defendant's original application to strike out and/or for summary judgment is briefly as follows.
4. The Claimants are both companies incorporated in California, where Dr Tim Langdell, the sole director and controlling mind, is also based. In the 1980s and early 1990s, Dr Langdell had a business writing games software under the name "Softtek" and then "Edge".
5. The Defendant is a publisher of magazines specialising in computer gaming, in particular, the magazine "EDGE", which it launched in the UK in October 1993.
6. The parties have been in litigation on and off since about 1993, when one of the Claimants issued passing off proceedings against the Defendant. These ended in 1996 in a settlement involving a license agreement, whereby the Claimants licensed the Defendant to use certain marks.

7. A further agreement, known as the “Concurrent Trading Agreement” (“CTA”) was made in 2004. The primary effect of this was to assign to the Defendant certain rights to use the word “Edge” in printed matter. These rights were duly registered in the register of trade marks.
8. Clause 2.1.2 of the CTA, as well as granting the Defendant certain licensed rights, made it clear that the Claimants could not object to the Defendant using the mark “EDGE” in relation to electronic publications. By clause 2.9, the Defendant undertook not to use the mark “EDGE” outside the publication of computer games magazines, their associated marketing and promotion, and the uses covered by clause 2.1.2.
9. Clause 2.8 of the CTA provided:

“Subject to clauses 2.6 and 2.7, Future further undertakes that it shall not without prior written consent from EIM at any time on or after completion register or apply to register in any country or otherwise use any trade mark which is the same as or similar to the trade marks (or any one of them) in respects other than those detailed in the Assigned Rights or as permitted pursuant to clause 2.1.2. In the event that Future shall register or apply to register in any country any such trade marks in breach of this clause 2.8, Future shall forthwith and without prejudice to any of the rights of EIM under this Agreement and Deed assign all

right, title and interest in such trade mark(s) in respect of those services to EIM (at EIM's reasonable cost) on the same terms as set out in this agreement and deed save that no fee shall be payable by EIM to Future in respect thereof. To guarantee compliance by Future with their obligations under this clause 2.8, Future irrevocably appoints EIM with further power to delegate its powers to any director or other duly authorised officer of EIM to be their true and lawful attorney to do and perform any acts and to execute any documents necessary or desirable in connection with this clause 2.8 and Future hereby undertakes to ratify whatever EIM shall do or cause to be done under this power of attorney."

10. On 2nd July 2009, the Defendant commenced High Court proceedings against the Claimants and Dr Langdell, asserting passing off, copyright infringement and breach of the CTA. On 5th July 2010, the Defendant applied for two UK trade marks incorporating the word "EDGE" with numbers ending, respectively, 136 and 147, to which (like other courts in this series of proceedings) I shall refer as the "new marks".
11. On 20th August 2010, the Defendant was granted permission in the 2009 proceedings to amend its pleadings to allege that it had accepted the

Claimants' repudiatory breach of the CTA. This date was subsequently held by Proudman J to be the termination date of the CTA.

12. On 25th October 2010, the Claimants' counterclaim in the 2009 proceedings was struck out, because payment of the security for costs ordered in respect of it had not been made.
13. On 13th June 2011, judgment in the Defendant's favour was given by Proudman J in the 2009 claim. She found that Dr Langdell had falsified evidence and made false statements in his witness statement. Her order dated 7th July 2011 declared that the termination of the CTA was 20th August 2010, as I have mentioned, and granted the Defendant permission to bring proceedings against Dr Langdell for contempt of court. She also ordered the Claimants to pay the Defendant's costs and ordered payment of £340,000 on account of those costs.
14. On 6th July 2011, the Claimants, together with Edge Europe and Dr Langdell, issued a claim against the Defendant for fraud, breach of contract, copyright infringement, trade mark infringement, passing off, defamation and the revocation of the marks, which had been registered by the Defendant pursuant to the CTA. The Defendant stated in correspondence that the Claim Form had not been served within the four month deadline and that it had lapsed. It appears that no further steps have been taken pursuant to this claim.
15. On 25th November 2011, the new marks were registered. On 7th March 2012, the First Claimant applied to the UK Intellectual Property Office ("UK IPO") for recordal of an assignment in part of the new marks. The application identified the First Claimant as the assignee for the purposes of rule 48(a)(i) of

the Trade Marks Rules 2008, and 5th July 2010 as the date on which the relevant applications were filed as the date of the assignment for the purposes of rule 48(a)(ii).

16. The application was made on the form TM16, signed by Dr Langdell and attaching to it a copy of the CTA. A letter stated that the assignment was being filed in accordance with clause 2.8 of the CTA. It did not refer to a deed of assignment.
17. On 27th April 2012, Dr Langdell wrote to the UK IPO with a purported deed of assignment of the new marks, dated 30th July 2010, signed by him on behalf of the assignor and assignee. He stated that the termination of the CTA was irrelevant as the assignment had taken place before that termination.
18. On 17th July 2012, Dr Langdell filed with the UK IPO his skeleton argument for the contested recordal hearing due to take place later that month. With this skeleton was enclosed an affidavit sworn by Dr Langdell dated 16th July 2012. In it he stated that he had invoked the power of attorney in clause 2.8 of the CTA on 30th July 2010 to execute a deed of assignment on behalf of both the Claimants and the Defendant. The deed of assignment of 30th July 2010 was not in fact exhibited to the affidavit, but there was exhibited a deed of assignment which purported to have been executed by Dr Langdell on behalf of both the Claimants and the Defendant on 17th July 2012.
19. On 19th July 2012, the First Claimant's application for recordal was heard by Mr David Landau, the senior Hearing Officer. On 25th July 2012, the Hearing Officer's decision was issued. He refused the recordal application on three grounds: (1) that clause 2.8 of the CTA was not sufficient in and of itself

automatically to effect an assignment so that, contrary to the assertion in the application, there was no assignment dated 5th July 2010; (2) that Dr Langdell's evidence and assertions as to the 2010 deed of assignment, or any assignment before 20th August 2010, were false; and (3) that it ceased to be possible for the First Claimant to invoke clause 2.8, including the power of attorney, once the CTA had ended on 20th August 2010. The 2012 deed of assignment was, therefore, he held, of no effect.

20. On 21st August 2012, the First Claimant appealed the decision of the Hearing Officer to the Appointed Person, Mr Geoffrey Hobbs QC. That appeal was dismissed on 28th May 2014. The First Claimant had not pursued its challenge in respect of the second ground of the Hearing Officer's decision and the Appointed Person held that the Hearing Officer's first ground was correct and that this was sufficient for him to dismiss the appeal. The Appointed Person continued:

“The third of the three bases he identified is not clear cut from the legal and factual point of view. It is not necessary for me to consider it on this appeal and I think it is better in the circumstances of the present case for me not to do so.”

21. In 2013, or thereabouts, the Defendant began proceedings in the US Patent and Trademark Office against the Claimants. It appears that the claim there is to set aside assignments made or purportedly made using the power of attorney in clause 2.8 and for cancellation of the marks in question.

22. The Master took the view that the primary issue in those proceedings is whether the power of attorney survived the termination of the CTA and could be used validly to assign the relevant US marks. The Master also took the view that, in the light of a provision of the CTA itself, that issue could properly be determined by the courts of California.

The present claim

23. The present claim was issued by the Claimants on 10th November 2016 without any pre-action correspondence. The Defendant apparently only became aware of the claim when it was served with the motion in the United States proceedings, which exhibited copies of the Claim Form and the Particulars of Claim. The latter document is signed by Dr Langdell.
24. The claim falls into four parts, but the only part which engages this appeal is a claim for declaratory relief as to the subsistence and the First Claimant's entitlement to exercise the power of attorney in respect of breaches of the CTA. This part of the claim is primarily based upon alleged breaches by the Defendant of the CTA by applying to register certain trade marks, including in the United States.
25. The consequence of these breaches is alleged in paragraph 22 of the Particulars of Claim to be that the power of attorney:

“... remains in full force and effect until all obligations Future had to Edge Games have been discharged: that is, until all trade marks registered in Future's name have been assigned to Edge

Games, or until such compensation as is reasonable has been discharged where assignment alone will not fully discharge the obligations arising from Future's actions and breaches."

26. Paragraph 24 of the Particulars of Claim also makes an allegation that Future, that is the Defendant, breached a fundamental commitment to make genuine and continuous use of the mark "EDGE" in Class 16 in the United States, in return for Edge Games agreeing to assign part of its US trade mark to it, and that by breaching the CTA the Defendant automatically granted the right to Edge Games to assign this US mark back to itself.
27. The prayer in paragraph 39 of the Particulars of Claim seeks, amongst other relief:

"(a) an order and a declaratory judgment that Edge Games is the rightful owner of a valid and sustaining power of attorney arising from the 2004 CTA which entitles Edge Games to execute any such documents on behalf of Future that may be required to cure any breach arising from the CTA or in connection with breaches of the CTA in accord with clause 2.8 of the said agreement."

The strike out application

28. So far as relevant to this appeal, the Defendant's application was to strike out the declaratory relief claim or to be granted summary judgment on the Defendant's defence, on the grounds that the claim was an abuse of process, there was no real prospect of the claim succeeding and/or there was no other compelling reason for a trial.
29. The Master described the primary issue for her determination as whether the Claimants are entitled to bring a claim that the power of attorney is valid and subsisting. She held that the Claimants were not so entitled. Her reasoning may be summarised as follows:
- (1) The Hearing Officer had clearly decided that the termination of the CTA terminated also the power of attorney.
 - (2) *Evans (t/a Firecraft) v Focal Point Fires Plc* [2009] EWHC 2784 (Ch), a decision of Peter Smith J, was authority that a final decision of a UK IPO hearing officer gave rise to cause of action estoppel and that the registrar of the UK IPO was a court of competent jurisdiction for the purpose of issue estoppel.
 - (3) Although the Appointed Person, on appeal from the Hearing Officer, had stated that the question whether the power of attorney continued to have effect after termination of the CTA was not "clear cut", the latter had declined to decide the point, leaving the Hearing Officer's decision in place. In those circumstances, the Claimants were precluded by cause of action estoppel from bringing a claim to establish the subsistence of the power of attorney in respect of the new marks (these having been applied for before termination of the CTA).

(4) The Hearing Officer's decision also gave rise to issue estoppel, preventing the claim being brought in respect of other marks applied for before and, *a fortiori*, after termination of the CTA.

(See paragraphs 52-56 of the judgment).

This appeal

30. The Claimants appealed against the Master's decision. The Defendant, represented by Mr Lingard, a solicitor advocate, complains that neither the Appellants' Notice nor the Grounds of Appeal were in fact served on the Defendant and that the Claimants have failed to supply any other documents to them. It is correct that there is no proper appeal bundle.
31. However, Mr Lingard said that the Defendant had decided not to apply to strike out the appeal for these procedural failures, but, in the interests of saving costs and time, to defend the appeal on the substance.
32. Mr Robert Deacon of counsel represents the Claimants on a direct access basis.
33. The Grounds of Appeal are exiguous. The first two of the three grounds simply state that the Master was wrong in her decision in fact and law in striking out the part of the claim in question.
34. The third ground asserts that there was no estoppel because the power of attorney issue was left "unresolved" by the Appointed Person on appeal from the Hearing Officer's decision. That ground, in effect, represented the battleground before me in this appeal from the Master.

35. Mr Deacon's primary submissions were encapsulated in paragraph 16 of his skeleton argument, as expanded and refined somewhat in a written note dated 13th November 2107 handed in during the hearing, and in oral argument. I believe that they can be fairly summarised as follows:

- (1) The Claimants' application to the Hearing Officer for recordal was on the basis of a single form TM16 filed on or about 5th March 2012 and recorded by UK IPO on 7th March 2012. That TM16 proceeded on the sole basis that clause 2.8 of the CTA automatically assigned the marks in question to the Claimants. No deed of assignment was included at this stage.
- (2) Only the 7th March 2012 TM16 was before the Hearing Officer for a decision on the recordal application.
- (3) Although the Claimants wrote on 27th April 2012 to UK IPO attaching a deed of assignment dated 30th July 2010, that deed was not formally filed with UK IPO and was not before the Hearing Officer for decision.
- (4) Similarly, the July 2012 deed of assignment, sent to the Hearing Officer with the Claimants' skeleton and exhibited to Dr Langdell's affidavit, was not formally filed with UK IPO.
- (5) The Hearing Officer (and here I quote from Mr Deacon's note) "would not accept documents intended to correct the original TM16 of 7th March 2012" and the 17th July 2012 deed of assignment "was not before [the Hearing Officer] for decision".

(6) The Hearing Officer “commented on” the July 2010 and July 2012 deeds of assignment, but:

“determined only that the TM16 before him was invalid because it had been filed on the false basis that clause 2.8 of the CTA automatically assigned the relevant marks to the Claimants. [The Hearing Officer] correctly denied a recordal on this basis”.

(7) There was no second TM16 before the Hearing Officer.

(8) Therefore, it did not matter whether or not the case went on appeal to the Appointed Person, or, if it did, whether or not the Appointed Person upheld the Hearing Officer’s third ground relating to the subsistence of the power of attorney, for it was not necessary for the Hearing Officer to determine the third ground, because he could not, in any event, have recorded the deed of assignment, because he did not have before him a properly filled in TM16 referring to a deed of assignment, the validity of which was dependent upon the continuing effectiveness of the power of attorney, post termination of the CTA.

(9) Therefore, not being necessary in the light of the authorities, the Hearing Officer’s decision on that point was *obiter* and hypothetical and neither cause of action estoppel nor issue estoppel could be based on a determination which was *obiter* and hypothetical. In this regard, Mr Deacon referred in particular to the speech of Lord Keith in Arnold v NatWest Bank Plc [1991] 2 AC 93, to *dicta* of Lord Denning in Penn-

Texas Corporation v Murat Anstalt [1964] 2 QB 647 at page 660-661, and to various passages from **Phipson on Evidence** (18th Ed.).

(10) In the alternative, Mr Deacon submitted that even if the Hearing Officer had a properly completed TM16 before him, referring to a deed of assignment, the validity of which was dependent on the continued effectiveness of the power of attorney, this would not assist the Defendant here because the Appointed Person on appeal said that it was not necessary for him to decide the Hearing Officer's third ground. This rendered the Hearing Officer's decision on the point *obiter*, even if it would not otherwise be treated as such;

(11) Mr Deacon also relied upon an Addendum to the Appointed Person's appeal decision as indicating that the sole document before both the Hearing Officer and the Appointed Person was the TM16 of 7th March 2012 and that there was no second or amended TM16 before either the Hearing Officer or the Appointed Person.

My conclusions

36. It is clearly correct, as Mr Deacon submitted, that the 7th March TM16 proceeded on the basis of an alleged automatic assignment and that no deed of assignment was referred to at that stage. However, it is manifestly wrong to state, as Mr Deacon does, that only that TM16 was before the Hearing Officer for decision on the recordal application.
37. Not one, but two deeds of assignment were before the Hearing Officer and their respective validity was determined by the Hearing Officer in his decision,

as Master Clark rightly recorded. The Hearing Officer did not, to use Mr Deacon's words, "comment on" those deeds of assignment, but decided whether they were valid.

38. Nor is there anything in the Hearing Officer's decision which justifies Mr Deacon's submission that the Hearing Officer did not consider the two deeds as before him for decision, or that the lack of "formal filing", if that is in fact the case, was relevant in any way. There is nothing at all in his suggestion to suggest that he regarded any lack of formality as precluding him from dealing with the purported deeds of assignment put before him and relied upon by Dr Langdell.
39. On the contrary, in his decision the Hearing Officer dealt with the earlier deed under a section of his decision headed "The deed of assignment of 30th July 2010" in paragraphs 28-31.
40. Having referred to "false statements in Dr Langdell's witness statements ... and doctored and forged emails" he "found that no deed of assignment was effected by Dr Langdell on 30th July 2010" and that "as of the date of the repudiation of the [CTA] 20th August 2010, no assignment had been executed". That left the deed of assignment dated 17th July 2012, purportedly executed by Dr Langdell after the date of termination of the CTA. That deed's validity was not affected by the falsity found in respect of the July 2010 deed and was dependent on the continuation in force of the power of attorney after termination.
41. The Hearing Officer therefore proceeded to consider that point in paragraphs 33-36 of his decision, concluding that:

“When [the First Claimant] effected its second deed of assignment, it did not have power of attorney and so the second deed of assignment has no validity.”

42. In his conclusion section, the Hearing Officer said:

“... the matter is simple, did EIM between 5th July 2010 and 19th August 2010 assign the trade marks of Future to itself? The answer is no, no credence is given to the purported deed of assignment. From 20th August 2010, does EIM continue to have the power of attorney as per clause 2.8 of the CTA? The answer is no. Consequently the application for the assignment of the trade marks is refused.”

The last sentence clearly referring to the second deed of assignment.

43. In these circumstances, it was clearly necessary for the Hearing Officer to decide the point in issue as to the continued effectiveness of the power of attorney after termination of the CTA, as otherwise he would have been left with the question of the July 2012 deed of assignment relied on by the Claimants. That, as I have said, had not been affected by the forgery and falsity conclusions which only related to the 2010 deed. This was also the Master’s interpretation of what happened before the Hearing Officer (see paragraph 23 of her judgment).

44. It follows that the decision of the Hearing Officer on that point was neither *obiter* nor hypothetical, as contended by Mr Deacon.
45. Contrary to Mr Deacon's submissions, both these deeds were clearly relied upon and were before the Hearing Officer for decision and he proceeded to decide on their validity. At the hearing before me, there was some debate as to what would have happened if the Hearing Officer had not proceeded to determine the validity of the deeds by reason of some absence of formality in Dr Langdell's being able to rely upon them. It was clear that in that eventuality further time and costs would have been unnecessarily required to be expended and a further hearing arranged. By dealing with them at the hearing in question, whether with or without their formal filing or an amended TM16 (as to which I cannot reach any conclusion, given the paucity of information available), the Hearing Officer was able to dispose of the whole matter conveniently at one time.
46. I should also record the extraordinary stance of Dr Langdell and the Claimants in now suggesting, through counsel, that the only document before the Hearing Officer for decision was the 7th March 2012 TM16, raising the automatic assignment point.
47. In an addendum to his decision, the Appointed Person quotes from an email of Dr Langdell dated 2nd June 2014, sent to him after the appeal decision, where Dr Langdell says:
- “... the original TM16 is moot in these proceedings
... our amended TM16 filed 17th July 2012
(attached) was the key document before Mr

Landau, accompanied by our new deed of assignment also dated 17th July 2012.”

48. At best, Dr Langdell’s 180 degree switch of approach is unattractively opportunistic; at worst, it is very much less savoury. Nor do I see why, in order to gain some advantage, the Claimants should be allowed to resile from their unequivocal statement of fact that the key documents before the Hearing Officer were an amended TM16, together with the July 2012 deed of assignment.
49. I turn to Mr Deacon’s alternative argument that even if the Hearing Officer had an amended TM16 and the 2012 deed properly before him for decision (as Dr Langdell urged upon the Appointed Person in that email) and even if it was, therefore, necessary for him to decide the point in issue as to the power of attorney’s continued effectiveness, nevertheless the Appointed Person’s declining to decide the point rendered the Hearing Officer’s decision on it *obiter*.
50. As seen, the power of attorney point was only relevant to the July 2012 deed of assignment and, conversely, only the July 2012 deed of assignment was dependent on the power of attorney point, as the earlier deed of assignment had predated the termination of the CTA.
51. At pages 6-7 of his decision on the appeal from the Hearing Officer, the Appointed Person stated as follows:

“During the pendency of the appeal, there has been much toing and froing as to what was and was not being contended by Edge Interactive in support of its appeal. The end result of successive proposed amendments to the grounds of appeal is that Edge Interactive no longer challenges the second of the hearing officer’s three findings. That is to say there is no issue as to the correctness of the hearing officer’s determination that Dr Langdell’s evidence and assertions with regard to the execution of a deed of assignment prior to 20th August 2010 were false. It continues to challenge the first and third of the hearing officer’s findings. However, the third of his three findings does not arise for determination if the first of his three findings was correct, as I think it was.”

52. Consistent with that, the Appointed Person did not deal with the third issue, which, as I have said, he regarded as “not clear cut”. He did not go into further detail as to why he considered that the third finding (in relation to the July 2012 deed of assignment) did not arise for determination by him on the appeal, if the first finding was correct.
53. However, following his decision, the Claimants, through Dr Langdell, sought to reopen the appeal on the basis that the Appointed Person had failed to

address the “key documents”, namely the amended TM16 of July 2012 and the July 2012 deed of assignment.

54. In the Addendum to his decision, the Appointed Person declined to reopen the appeal and expressed considerable doubt as to whether the amended TM16 and 2012 deed had been duly filed. He stated that the amended TM16 had not been with the registry papers provided to him for the purposes of the appeal.
55. It therefore appears that the approach which the Appointed Person took to the resolution of the issues in the appeal was conditioned by the way in which the appeal before him had been conducted by the Claimants. In the circumstances of this case, that has no bearing on how the application for recordal before the Hearing Officer was conducted and dealt with. More importantly, it does not alter the fact that the Appointed Person’s decision on the appeal left the Hearing Officer’s determination on the power of attorney aspect of the application undisturbed. The Hearing Officer’s decision was clearly “necessary” for his resolution of the application, *as conducted before him*.
56. In those circumstances, I do not consider that the approach of the Appointed Person, conditioned as it was by the manner in which the appeal had apparently been conducted, renders the Hearing Officer’s decision on the power of attorney point *obiter* and hypothetical. For these reasons, I do not accept Mr Deacon’s alternative argument either.
57. In my view, therefore, the Master’s conclusion in paragraphs 53 and 54 of her judgment, that the Hearing Officer’s determination of the power of attorney point created cause of action estoppel and issue estoppel in the circumstances set out in those paragraphs, has not been shown to be wrong. The Claimants

have put forward nothing else which represents a compelling reason for a trial to take place. Accordingly, the appeal is dismissed.

(Legal argument on costs)

58. In those circumstances, I will summarily assess the costs in the sum of £22,674. Those costs will be payable within 14 days.
