



Neutral Citation Number: [2021] EWHC 3385 (Ch)

Case No: IL-2020-000032

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERT COURTS OF ENGLAND AND WALES
INTELLECTUAL PROPERTY LIST (ChD)

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 17/12/2021

Before :

SIR JULIAN FLAUX CHANCELLOR OF THE HIGH COURT

Between :

EASYGROUP LIMITED

Claimant

- and -

(1) BEAUTY PERFECTIONISTS LIMITED

Defendants

**(2) BEAUTY INTERNATIONAL AUSTRIA
LIMITED**

(3) JULIE ANN KHAMMO

Stephanie Wickenden (instructed by **Stephenson Harwood LLP**) for the **Claimant**
James Abrahams QC (instructed by **TLT LLP**) for the **Defendants**

Hearing date: 4 November 2021

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.

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THE CHANCELLOR OF THE HIGH COURT

Sir Julian Flaux C:

Introduction

1. The defendants apply by Application Notice dated 9 July 2021 to strike out those parts of the claimant's claims in these proceedings which seek an injunction and other remedies outside the United Kingdom, on the basis that even though the present proceedings were pending as at 31 December 2020 the date when the United Kingdom left the European Union, referred to in the relevant legislation as "exit day" or "IP completion day", this Court no longer has jurisdiction to grant a pan-EU injunction or other remedies in respect of alleged infringement of EU trade marks ("EUTMs").
2. The application raises the issue whether as a consequence of the relevant statutory instrument, the Trade Marks Amendment etc (EU Exit) Regulations 2019 (SI 2019 No. 269) hereafter referred to as "the 2019 Regulations" the relief which the Court can grant in relation to EUTM infringement proceedings is limited to an injunction or other relief having effect within the jurisdiction, even though when the proceedings were issued on 5 March 2020, the Court had jurisdiction to grant a pan-EU injunction.

Factual background

3. Since the issue raised is a question of law it is only necessary to set out the factual background briefly. In these proceedings, the claimant, an English registered company domiciled in the United Kingdom, is the owner of a number of brands, the most well-known of which is "easyjet." It alleges that the defendants' online sales of cosmetic and beauty products under the name "easyCOSMETICS" infringe its IP rights. The first and second defendants are English registered companies and thus domiciled in the United Kingdom and the third defendant who is a director of those companies, although domiciled in the United States of America, has an establishment in the United Kingdom by virtue of that domicile. However, the defendants' case is that their business is principally focused on Germany and Austria and that it has never carried out any business activity in the United Kingdom.

The relevant statutory framework

4. EU Regulation 2017/1001 regulates EUTMs. Chapter X of that Regulation is headed "Jurisdiction and Procedure in Legal Actions relating to EU Trade Marks". Article 123 provides for Member States to designate national courts which have the functions of EU trade mark courts under the Regulation. Under regulation 12 of the Community Trade Mark Courts Regulations 2006 ("the 2006 Regulations") as amended, the EU trade mark courts in England and Wales are the High Court and the county courts at what are now the seven regional Business and Property Court centres. Article 124 of EU Regulation 2017/1001 provides that EU trade mark courts will have exclusive jurisdiction for all infringement actions relation to EUTMs.
5. Article 125 is headed "International Jurisdiction" and provides:

"1. Subject to the provisions of this Regulation as well as to any provisions of Regulation (EU) No 1215/2012 applicable by virtue of Article 122, proceedings in respect of the actions and claims referred to in Article 124 shall be brought in the courts of

the Member State in which the defendant is domiciled or, if he is not domiciled in any of the Member States, in which he has an establishment.

2.If the defendant is neither domiciled nor has an establishment in any of the Member States, such proceedings shall be brought in the courts of the Member State in which the plaintiff is domiciled or, if he is not domiciled in any of the Member States, in which he has an establishment.

3.If neither the defendant nor the plaintiff is so domiciled or has such an establishment, such proceedings shall be brought in the courts of the Member State where the Office has its seat.

4.Notwithstanding the provisions of paragraphs 1, 2 and 3:

(a)Article 25 of Regulation (EU) No 1215/2012 shall apply if the parties agree that a different EU trade mark court shall have jurisdiction;

(b)Article 26 of Regulation (EU) No 1215/2012 shall apply if the defendant enters an appearance before a different EU trade mark court.

5.Proceedings in respect of the actions and claims referred to in Article 124, with the exception of actions for a declaration of non-infringement of an EU trade mark, may also be brought in the courts of the Member State in which the act of infringement has been committed or threatened, or in which an act referred to in Article 11(2) has been committed.”

6. Article 126 headed “Extent of jurisdiction” provides as follows:

“1. An EU trade mark court whose jurisdiction is based on Article 125(1) to (4) shall have jurisdiction in respect of:

(a)acts of infringement committed or threatened within the territory of any of the Member States;

(b)acts referred to in Article 11(2) committed within the territory of any of the Member States.

2.An EU trade mark court whose jurisdiction is based on Article 125(5) shall have jurisdiction only in respect of acts committed or threatened within the territory of the Member State in which that court is situated.”

7. Article 127.1 provides that EU trade mark courts shall treat an EUTM as valid unless its validity is put in issue by the defendant with a counterclaim for revocation or for a declaration of invalidity. Article 128 then deals with counterclaims:

“1.A counterclaim for revocation or for a declaration of invalidity may only be based on the grounds for revocation or invalidity mentioned in this Regulation.

2.An EU trade mark court shall reject a counterclaim for revocation or for a declaration of invalidity if a decision taken by the Office [the European Union Intellectual Property Office or “EU IPO”] relating to the same subject matter and cause of action and involving the same parties has already become final.

3.If the counterclaim is brought in a legal action to which the proprietor of the trade mark is not already a party, he shall be informed thereof and may be joined as a party to the action in accordance with the conditions set out in national law.

4.The EU trade mark court with which a counterclaim for revocation or for a declaration of invalidity of the EU trade mark has been filed shall not proceed with the examination of the counterclaim, until either the interested party or the court has informed the Office of the date on which the counterclaim was filed. The Office shall record that information in the Register. If an application for revocation or for a declaration of invalidity of the EU trade mark had already been filed before the Office before the counterclaim was filed, the court shall be informed thereof by the Office and stay the proceedings in accordance with Article 132(1) until the decision on the application is final or the application is withdrawn.

5.Article 64(2) to (5) shall apply.

6.Where an EU trade mark court has given a judgment which has become final on a counterclaim for revocation or for a declaration of invalidity of an EU trade mark, a copy of the judgment shall be sent to the Office without delay, either by the court or by any of the parties to the national proceedings. The Office or any other interested party may request information about such transmission. The Office shall mention the judgment in the Register and shall take the necessary measures to comply with its operative part.

7.The EU trade mark court hearing a counterclaim for revocation or for a declaration of invalidity may stay the proceedings on application by the proprietor of the EU trade mark and after hearing the other parties and may request the defendant to submit an application for revocation or for a declaration of invalidity to the Office within a time limit which it shall determine. If the application is not made within the time limit, the proceedings shall continue; the counterclaim shall be deemed withdrawn. Article 132(3) shall apply.”

8. Article 130 is headed “Sanctions” and provides:

“1. Where an EU trade mark court finds that the defendant has infringed or threatened to infringe an EU trade mark, it shall, unless there are special reasons for not doing so, issue an order prohibiting the defendant from proceeding with the acts which infringed or would infringe the EU trade mark. It shall also take such measures in accordance with its national law as are aimed at ensuring that this prohibition is complied with.

2. The EU trade mark court may also apply measures or orders available under the applicable law which it deems appropriate in the circumstances of the case.”

9. Article 132 is headed “Specific rules on related actions” and provides:

“1. An EU trade mark court hearing an action referred to in Article 124 other than an action for a declaration of non-infringement shall, unless there are special grounds for continuing the hearing, of its own motion after hearing the parties or at the request of one of the parties and after hearing the other parties, stay the proceedings where the validity of the EU trade mark is already in issue before another EU trade mark court on account of a counterclaim or where an application for revocation or for a declaration of invalidity has already been filed at the Office.

2. The Office, when hearing an application for revocation or for a declaration of invalidity shall, unless there are special grounds for continuing the hearing, of its own motion after hearing the parties or at the request of one of the parties and after hearing the other parties, stay the proceedings where the validity of the EU trade mark is already in issue on account of a counterclaim before an EU trade mark court. However, if one of the parties to the proceedings before the EU trade mark court so requests, the court may, after hearing the other parties to these proceedings, stay the proceedings. The Office shall in this instance continue the proceedings pending before it.

3. Where the EU trade mark court stays the proceedings it may order provisional and protective measures for the duration of the stay.”

10. When the United Kingdom was a member of the European Union, provision for the operation of that EU Regulation and its predecessor Council Regulation (EC) No 40/94 was made by the 2006 Regulations. As originally enacted, they designated, inter alia, the High Court as a Community trade mark court for the purposes of Article 91 of Regulation 40/94 (the predecessor provision of Article 123 of EU Regulation 2017/1001). When that Regulation was replaced by Council Regulation (EC) No. 207/2009 as amended by Regulation (EU) No 2015/2424, the 2006 Regulations required amendment, inter alia, to substitute all references to “Community trade mark courts” with “EU trade mark courts” which was effected by the European Union Trade

Mark Regulations 2016 (“the 2016 Regulations”). Thus, regulation 12 of the 2016 Regulations provided:

“12.—(1) Regulation 12 is amended as follows.

(2) In the heading, for “Community trade mark courts” substitute “EU trade mark courts”.

(3) In paragraph (1) for “For the purposes of Article 91 of the Community Trade Mark Regulation, the following courts are designated as Community trade mark courts” substitute “For the purposes of Article 95 of the European Union Trade Mark Regulation, the following courts are designated as EU trade mark courts”.”

11. Section 1 of the European Union (Withdrawal) Act 2018, passed on 26 June 2018, repealed the European Communities Act 1972 from exit day. Exit day under section 20 of that Act was originally 29 March 2019 at 11pm but this was subsequently extended to 31 December 2020 at 11pm. Section 2(1) provides that EU-derived domestic legislation as it has effect in domestic law immediately before exit day continues to have effect in domestic law on and after exit day.

12. Section 7 of the Act is headed “Status of retained EU law” and provides:

“(1)Anything which—

(a)was, immediately before exit day, primary legislation of a particular kind, subordinate legislation of a particular kind or another enactment of a particular kind, and

(b)continues to be domestic law on and after exit day by virtue of section 2,

continues to be domestic law as an enactment of the same kind.

(2)Retained direct principal EU legislation cannot be modified by any primary or subordinate legislation other than—

(a)an Act of Parliament...”

13. Section 8 of the Act is headed: “Dealing with deficiencies arising from withdrawal” and provides, so far as relevant:

(1) A Minister of the Crown may by regulations make such provision as the Minister considers appropriate to prevent, remedy or mitigate—

(a)any failure of retained EU law to operate effectively, or

(b)any other deficiency in retained EU law,

arising from the withdrawal of the United Kingdom from the EU.

(2) Deficiencies in retained EU law are where the Minister considers that retained EU law—

...

(c) makes provision for, or in connection with, reciprocal arrangements between—

(i) the United Kingdom or any part of it or a public authority in the United Kingdom, and

(ii) the EU, an EU entity, a member State or a public authority in a member State,

which no longer exist or are no longer appropriate,

(d) makes provision for, or in connection with, other arrangements which—

...

(ii) are otherwise dependent upon the United Kingdom's membership of the EU,

and which no longer exist or are no longer appropriate,

14. The 2019 Regulations, with the construction of which the present dispute is principally concerned, were made on 13 February 2019 and by regulation 1 were to come into force on exit day which, as already noted, at that time was due to be 29 March 2019. As Mr James Abrahams QC submitted on behalf of the defendants, at the time when the 2019 Regulations were made, a no deal Brexit was a distinct possibility.

15. Regulation 2 and Schedule 1 inserted a new Schedule 2A into the Trade Marks Act 1994, Part 1 of which is headed “Existing European Union Trade Marks”. Paragraph 1 of this Schedule 2A provides so far as relevant:

“A trade mark registered as an existing EUTM to be treated as registered under this Act

1.—(1) A trade mark which is registered in the EUTM Register immediately before exit day (an “existing EUTM”) is to be treated on and after exit day as if an application had been made, and the trade mark had been registered, under this Act in respect of the same goods or services as the existing EUTM is registered in the EUTM Register.

(2) A registered trade mark which comes into being by virtue of sub-paragraph (1) is referred to in this Act as a comparable trade mark (EU).”

16. The comparable trade mark (EU), also known as “the UK Clone”, is a new right which has been created and granted automatically to all EUTM proprietors under Article 54

of the Withdrawal Agreement. Since EUTMs are enforceable only in the EU, when the EU ceased to include the United Kingdom, the scope of protection of EUTMs reduced from 28 states to 27. The UK Clone is a politically agreed solution to this so that the scope of protection afforded to EUTM proprietors did not change. On exit day or IP completion day every proprietor of an EUTM was in possession of a new comparable trade mark (EU) in the United Kingdom.

17. Paragraph 20 of Schedule 2A is headed: “Existing EUTM: pending proceedings” and provides:

“20.—(1) This paragraph applies where on exit day an existing EUTM is the subject of proceedings which are pending (“pending proceedings”) before a court in the United Kingdom designated for the purposes of Article 123 (“EU trade mark court”).

(2) Subject to sub-paragraphs (3) and (4), the provisions contained or referred to in Chapter 10 of the European Union Trade Mark Regulation (with the exception of Articles 128(2), (4), (6) and (7) and 132) continue to apply to the pending proceedings as if the United Kingdom were still a Member State with effect from exit day.

(3) Where the pending proceedings involve a claim for infringement of an existing EUTM, without prejudice to any other relief by way of damages, accounts or otherwise available to the proprietor of the existing EUTM, the EU trade mark court may grant an injunction to prohibit unauthorised use of the comparable trade mark (EU) which derives from the existing EUTM.

(4) Where the pending proceedings involve a counterclaim for the revocation of, or a declaration of invalidity in relation to, an existing EUTM, the EU trade mark court may revoke the registration of the comparable trade mark (EU) which derives from the existing EUTM or declare the registration of the comparable trade mark (EU) which derives from the existing EUTM to be invalid.

(5) Where the grounds for revocation or invalidity exist in respect of only some of the goods or services for which the existing EUTM is registered, the revocation or declaration of invalidity in respect of the registration of the comparable trade mark (EU) which derives from the existing EUTM relates to those goods or services only.

(6) Where (by virtue of sub-paragraph (4)) the registration of a comparable trade mark (EU) is revoked to any extent, the rights of the proprietor are deemed to have ceased to that extent as from—

(a) the date of the counterclaim for revocation, or

(b) if the court is satisfied that the grounds for revocation existed at an earlier date, that date.

(7) Where (by virtue of sub-paragraph (4)) the registration of a comparable trade mark (EU) is declared invalid to any extent, the registration is to that extent to be deemed never to have been made, provided that this does not affect transactions past and closed.

(8) For the purposes of this paragraph proceedings are treated as pending on exit day if they were instituted but not finally determined before exit day.”

18. Regulation 6 of the 2019 Regulations provides that: “Schedule 5, which contains consequential amendments, repeals, revocations, transitional and saving provisions, has effect”. Paragraph 6 of Schedule 5 provides for repeals or revocations which includes Regulations 6 to 12 of the 2016 Regulations. Paragraph 6 of Schedule 5 also repealed EU Regulation 2017/1001 in its entirety and the Community Trade Mark (Amendment) Regulations 2008 (“the 2008 Regulations”). No express reference was made to the 2006 Regulations or to their repeal.
19. Mr Abrahams QC relied upon the Explanatory Memorandum to the 2019 Regulations which provides so far as relevant:

“1. Introduction

1.1 This explanatory memorandum has been prepared by the Intellectual Property Office, an Executive Agency of the Department for Business, Energy, and Industrial Strategy and is laid before Parliament by Act.

2. Purpose of the instrument

2.1 This instrument primarily amends the Trade Marks Act 1994 (TMA) and the Trade Mark Rules 2008 (TMR), to correct deficiencies in, and failures of, retained EU law to operate effectively as a result of the United Kingdom leaving the European Union.

7.15 *Jurisdictional arrangements*

UK courts can act as EU Courts in trade mark infringement actions relating to EUTMs. At exit there will be EUTM cases ongoing before these Courts. The SI ensures that these cases continue to be heard, as if the UK were still a Member State with effect from exit day, but also confirms that actions and remedies taken for granted by the Court are applicable to the comparable UK right only.

20. In the event, the United Kingdom left the European Union with a deal in the form of the Withdrawal Agreement which came into force on 31 January 2020. Part One of the Withdrawal Agreement contains common provisions which include Article 4.1 and 4.2 which provide:

“Article 4 Methods and principles relating to the effect, the implementation and the application of this Agreement

1. The provisions of this Agreement and the provisions of Union law made applicable by this Agreement shall produce in respect of and in the United Kingdom the same legal effects as those which they produce within the Union and its Member States.

Accordingly, legal or natural persons shall in particular be able to rely directly on the provisions contained or referred to in this Agreement which meet the conditions for direct effect under Union law.

2. The United Kingdom shall ensure compliance with paragraph 1, including as regards the required powers of its judicial and administrative authorities to disapply inconsistent or incompatible domestic provisions, through domestic primary legislation.”

21. Article 5 is headed “Good Faith” and provides:

“The Union and the United Kingdom shall, in full mutual respect and good faith, assist each other in carrying out tasks which flow from this Agreement.

They shall take all appropriate measures, whether general or particular, to ensure fulfilment of the obligations arising from this Agreement and shall refrain from any measures which could jeopardise the attainment of the objectives of this Agreement.

This Article is without prejudice to the application of Union law pursuant to this Agreement, in particular the principle of sincere cooperation.”

22. Title VI is headed: “Ongoing Cooperation in Civil and Commercial Matters”. Article 67.1 within that Title provides:

“Jurisdiction, recognition and enforcement of judicial decisions, and related cooperation between central authorities

1. In the United Kingdom, as well as in the Member States in situations involving the United Kingdom, in respect of legal proceedings instituted before the end of the transition period and in respect of proceedings or actions that are related to such legal

proceedings pursuant to Articles 29, 30 and 31 of Regulation (EU) No 1215/2012 of the European Parliament and of the Council, Article 19 of Regulation (EC) No 2201/2003 or Articles 12 and 13 of Council Regulation (EC) No 4/2009, the following acts or provisions shall apply:

(a) the provisions regarding jurisdiction of Regulation (EU) No 1215/2012;

(b) the provisions regarding jurisdiction of Regulation (EU) 2017/1001, of Regulation (EC) No 6/2002, of Regulation (EC) No 2100/94, of Regulation (EU) 2016/679 of the European Parliament and of the Council and of Directive 96/71/ EC of the European Parliament and of the Council;”

23. The provisions regarding jurisdiction in EU Regulation 2017/1001 which continue to apply are those in Chapter X including the provisions I have set out above, Articles 125, 126 and 130.
24. Although Mr Abrahams QC sought to argue that the Withdrawal Agreement had not had direct legislative effect in the United Kingdom, that is not correct. Section 5 of the EU Withdrawal Agreement Act 2020 inserts a new section 7A into the EU Withdrawal Act 2018 in these terms:

“Further aspects of withdrawal

7A General implementation of remainder of withdrawal agreement

(1) Subsection (2) applies to—

(a) all such rights, powers, liabilities, obligations and restrictions from time to time created or arising by or under the withdrawal agreement, and

(b) all such remedies and procedures from time to time provided for by or under the withdrawal agreement,

as in accordance with the withdrawal agreement are without further enactment to be given legal effect or used in the United Kingdom.

(2) The rights, powers, liabilities, obligations, restrictions, remedies and procedures concerned are to be—

(a) recognised and available in domestic law, and

(b) enforced, allowed and followed accordingly.

(3) Every enactment (including an enactment contained in this Act) is to be read and has effect subject to subsection (2).

(4) This section does not apply in relation to Part 4 of the withdrawal agreement so far as section 2(1) of the European Communities Act 1972 applies in relation to that Part.

(5) See also (among other things)—

(a) Part 3 of the European Union (Withdrawal Agreement) Act 2020 (further provision about citizens' rights),

(b) section 20 of that Act (financial provision),

(c) section 7C of this Act (interpretation of law relating to withdrawal agreement etc.),

(d) section 8B of this Act (power in connection with certain other separation issues),

(e) section 8C of this Act (power in connection with the Protocol on Ireland/Northern Ireland in withdrawal agreement), and

(f) Parts 1B and 1C of Schedule 2 to this Act (powers involving devolved authorities in connection with certain other separation issues and the Ireland/Northern Ireland Protocol)."

25. So far as currently relevant, the effect of section 7A is that Articles 4, 5 and 67 of the Withdrawal Agreement have legal effect as part of domestic law without the need for any further legislative enactment.
26. The Intellectual Property (Amendment etc) (EU Exit) Regulations 2020 ("the 2020 Regulations") which came into force, so far as relevant, immediately before exit day (which they renamed "IP completion day") made various amendments to the 2019 Regulations, including to Schedule 2A inserted into the Trade Marks Act 1994, but these did not include any amendment to paragraph 20 of that Schedule other than to replace references to "exit day" with "IP completion day".
27. The Explanatory Memorandum to the 2020 Regulations includes the following:

"2 Purpose of the instrument

2.1 This instrument amends a number of pieces of intellectual property (IP) legislation which were made in 2019 in preparation for a potential "no deal" exit from the EU and the expected retention of EU law as domestic law at that point. This legislation is listed in paragraph 6.3 and is referred to collectively as "the 2019 Regulations" in this memorandum.

2.2 As the UK has left the EU under the terms of the Withdrawal Agreement, the retention of EU law will now take place at the end of the transition period. The provisions in this instrument reflect commitments made in the Withdrawal Agreement and ensure that the retained EU law will continue to function effectively, taking account of the transition period. They also

deal with inoperabilities arising from new EU law which entered into force during the extended Article 50 period and correct some minor errors in the 2019 Regulations.”

28. The claimant’s solicitors made enquiries of the IPO as to the meaning of paragraph 7.15 of the Explanatory Memorandum to the 2019 Regulations. The information provided by Mr Michael Carter of the IPO, a Brexit policy advisor and one of the team which created the 2019 Regulations and Explanatory Memorandum was as follows:

“In or around May 2021 a query was raised by another law firm about the relationship between the Withdrawal Agreement and the Regulations, in particular whether the High Court could still grant EU wide injunctions in cases pending before the end of the transition period.

The IPO then took legal advice which confirmed that the High Court does have the power to grant EU-wide injunctions in such cases. The Government’s guidance (at <https://www.gov.uk/guidance/eu-trade-mark-protection-and-comparable-uk-trademarks#jurisdictional-arrangements-and-pending-proceedings>) was updated accordingly.

The IPO is investigating how the Explanatory Memorandum to the Regulations can be amended to reflect this. However, for the time being the result is that paragraph 7.15 of the Explanatory Memorandum (Jurisdictional arrangements) is wrong.”

29. The IPO website to which he referred as amended in 2021 provides the following guidance:

“Jurisdictional arrangements and pending proceedings

Before the transition period ended, UK courts acted as EU courts in trade mark actions relating to EU trade marks. Cases were heard under the EU Trade Mark Regulation, and the court could issue pan-EU injunctions.

On 1 January 2021 there were a small number of these ongoing cases. The new legislation ensured these cases continue to be heard as if the UK were still an EU member state.

Under the Withdrawal Agreement, actions and remedies taken for granted by the court on pending proceedings can be applied throughout the EU. This means a UK court can for example, grant EU-wide injunctions.

If you are a defendant in IPO proceedings based on an EUTM, or you are the holder of an EUTM and are involved in proceedings to oppose or cancel a UK trade mark, such proceedings will continue towards resolution on the basis of the law as it stood before 1 January 2021.

The parties' submissions

30. On behalf of the defendants Mr Abrahams QC submitted that the 2019 Regulations were an exercise of the power under section 8 of the EU Withdrawal Act 2018 to get rid of reciprocal arrangements with the EU which are no longer appropriate. Regulation 6 and Schedule 5 repealed regulations 6 to 12 of the 2016 Regulations. He submitted that the effect of this was that there were no longer any English courts which were designated as EU Trade Mark Courts. Schedule 5 had also repealed the 2008 Regulations. Although the 2006 Regulations were not mentioned in Schedule 5, Mr Abrahams QC submitted that the repeal of the 2008 and 2016 Regulations must have been intended to repeal the 2006 Regulations. There had been no need to refer to them because the effect of what was repealed was that they were repealed as well.
31. He submitted that the effect of the 2019 Regulations was that, as of exit day on 31 December 2020, this Court was no longer an EU Trade Mark Court and, contrary to Ms Wickenden's submissions on behalf of the claimant, EU Regulation 2017/1001 was not part of EU retained law under section 2(1) of the EU Withdrawal Act 2018.
32. Mr Abrahams QC submitted that there were a number of matters which were important preliminary considerations in giving paragraph 20 of Schedule 2A its proper construction. First was that there was a presumption against an enactment having territorial effect: *R (KBR) v SFO* [2021] UKSC 2. Second was that at the time that the 2019 Regulations were made it was anticipated that there would be a "no deal" Brexit and it would have made no sense for Schedule 2A to provide for extra-territorial jurisdiction in those circumstances, even in pending proceedings. Mr Abrahams QC submitted that if the UK had left with no deal, it would have been extraordinary if the UK court could grant an EU-wide injunction.
33. Third, he submitted that paragraph 7.15 of the Explanatory Memorandum could not be in clearer terms. It could not be said that paragraph 20 of Schedule 2A was so clear that the Explanatory Memorandum must be wrong, so it was a legitimate aid to the correct construction of paragraph 20. It was striking that the 2020 Regulations, made after the Withdrawal Agreement, had not made any change to paragraph 20 nor had the IPO changed its Guidance at that time, which Mr Abrahams QC submitted demonstrated that his submissions about paragraph 20 as enacted were correct. The fact that the IPO changed its Guidance in 2021 did not mean that the claimant's construction was correct. It simply meant that there was a bit of a mess.
34. Fourth, Mr Abrahams QC submitted that on the claimant's case, this Court had to have jurisdiction over both validity and enforcement. Ms Wickenden said that this Court would have power in pending proceedings to revoke or invalidate a trade mark registered with the European Patent Office ("EPO") in Alicante which he submitted would be very surprising. The fifth preliminary point was that the Withdrawal Agreement was entered a year after the 2019 Regulations were made so that the 2019 Regulations should not be construed by reference to the Withdrawal Agreement.
35. Turning to the actual construction of paragraph 20 of Schedule 2A to the Trade Marks Act 1994 inserted by the 2019 Regulations, Mr Abrahams QC submitted that the exclusion of parts of Article 128 and Article 132 of EU Regulation 2017/1001 from the provisions of that Regulation which continued to apply after exit day or IP completion day, was important. The exclusion of the provisions in Article 128 made clear that the

English courts were no longer required to defer to the EU IPO. Thus, Article 128.2, which provided for an issue estoppel where the EU IPO had already decided an issue, no longer applied. Article 128.4 also no longer applied. This provided that an EU trade mark court should not proceed with a counterclaim for invalidity without first informing the EU IPO and that where a challenge was proceeding before the EU IPO the court had to stay its proceedings. Also excluded were Article 128.6 which provided that once an EU trade mark court had given judgment it had to inform the EU IPO which would record the judgment in its register and 128.7 which provided for a discretionary stay to send a case for decision to the EU IPO where the proprietor of a trade mark asked. Article 132 which was also excluded dealt with the position where multiple EU trade mark courts were seised of an issue of validity.

36. Mr Abrahams QC submitted that the inapplicability of these provisions under paragraph 20(2) could only be explained if this Court was no longer to have the power to invalidate EUTMs. He posited the example of a case where the defendants had raised invalidity of an EUTM unsuccessfully before the EU IPO. With the exclusion of the provisions in Article 128 the defendants could challenge the comparable trade mark before this Court, even if they had lost on the issue of invalidity before the EU IPO. If this Court decided that the comparable trade mark was invalid, there was no need to tell the registrar of the EU IPO.
37. He submitted that the opening words of paragraph 20(2): “Subject to sub-paragraphs (3) and (4)” were a clear indication that the words of (3) and (4) were words of limitation or derogation. In those circumstances, the words of (3): “the EU trade mark court may grant an injunction to prohibit unauthorised use of the comparable trade mark (EU) which derives from the existing EUTM” were indicating what the limits of this court’s jurisdiction were, namely injunctions which only had effect within the UK in respect of the comparable trade mark. (4) contained a similar limitation in respect of counterclaims for revocation or declarations of invalidity. Contrary to Ms Wickenden’s submission, it was not necessary to include the word “only” between “may” and “grant” and “may” and “revoke” respectively to achieve that limitation, because paragraph 20(2) opened with “Subject to”.
38. Mr Abrahams QC submitted that this construction fitted in with Brexit generally. Paragraph 20(2) allows pending proceedings to continue but (3) and (4) make clear that the powers of the Court are limited. Ms Wickenden’s interpretation made no sense of the words “Subject to” since she must be saying that (3) and (4) did not derogate from or limit (2) but augment it, which was not the meaning of “subject to”, but its opposite. On her interpretation (3) and (4) were entirely redundant since they were not providing anything which was not already provided by paragraphs 1, 2 and 3 of the 2019 Regulations which gave the Court powers in relation to comparable EU trade marks.
39. He submitted that the words “without prejudice to any other relief” etc in (3) confirmed that (3) and (4) were limiting the Court’s power as they were preserving the right to claim damages in respect of acts committed within the United Kingdom, avoiding an argument that the grant of an injunction is the limit of the jurisdiction.
40. In relation to the Withdrawal Agreement Mr Abrahams QC accepted that Article 67 needs to be read with Article 7 which provides:

“References to the Union and to Member States

1. For the purposes of this Agreement, all references to Member States and competent authorities of Member States in provisions of Union law made applicable by this Agreement shall be understood as including the United Kingdom and its competent authorities, except as regards:

- (a) the nomination, appointment or election of members of the institutions, bodies, offices and agencies of the Union, as well as the participation in the decision-making and the attendance in the meetings of the institutions;
- (b) the participation in the decision-making and governance of the bodies, offices and agencies of the Union;
- (c) the attendance in the meetings of the committees referred to in Article 3(2) of Regulation (EU) No 182/2011 of the European Parliament and of the Council ⁽⁴⁾, of Commission expert groups or of other similar entities, or in the meetings of expert groups or similar entities of bodies, offices and agencies of the Union, unless otherwise provided in this Agreement.”

- 41. He accepted that Article 7 effectively supplies the words “as if the United Kingdom were still a member state” contrary to the point he had made in the last sentence of [57] of his skeleton argument, but he submitted that the main point he had made in that paragraph that, because this Court is no longer an EU trade mark court, it has no jurisdiction in respect of actions for infringement or validity of EUTMs, remained a good one.
- 42. So far as concerns section 7A of the EU Withdrawal Act 2018 inserted by the EU Withdrawal Agreement Act 2020, he submitted that this was a general sweep-up provision which was not intended to override specific legislation such as the 2019 Regulations where the legislature has made specific provision for Brexit. The correctness of this analysis is borne out by the 2020 Regulations which postdate the EU Withdrawal Agreement Act 2020 yet deliberately preserve the previous limited provisions of paragraph 20. Despite the purpose of the 2020 Regulations (as set out in the Explanatory Memorandum) those regulations did not change that paragraph. If Ms Wickenden were correct about Article 67, the 2020 Regulations would have amended the 2019 Regulations to include the pan-EU jurisdiction.

43. On behalf of the claimant, Ms Wickenden submitted that the end result and the reality was that the UK had left with a deal as set out in the Withdrawal Agreement. However Article 67 was construed, this Court had the pan-EU jurisdiction for which she contended. Either Article 67.1(b) was implemented fully by Schedule 2A to the Trade Marks Act 1994 or, even if Schedule 2A was limited in the way for which Mr Abrahams QC contended, Article 67.1 was still fully implemented by virtue of section 7A of the EU Withdrawal Act 2018. Either way, the Court retained the jurisdiction in pending proceedings which it had had before Brexit.
44. Although the 2019 Regulations were made on 13 February 2019, they did not come into force until IP completion day i.e. 31 December 2020, by virtue of Regulation 1 of the 2019 Regulations as amended by paragraph 1 to Schedule 5 of the EU Withdrawal Agreement Act 2020. They were thus to be construed by reference to the Withdrawal Agreement and specifically Article 67, which was given legal effect in the United Kingdom by virtue of section 7A of the EU Withdrawal Act 2018 inserted by the EU Withdrawal Agreement Act 2020, which came into force on 31 January 2020, the same date as the Withdrawal Agreement.
45. Contrary to Mr Abrahams QC's submission, the 2006 Regulations were not repealed or intended to be repealed by Schedule 5 to the 2019 Regulations. A month prior to their being made, on 14 January 2019, the Trade Marks Regulations 2018 ("the 2018 Regulations") came into force. Part 4 of those made various relatively minor amendments to the 2006 Regulations essentially to reflect Article numbers in EU Regulation 2017/1001 rather than Council Regulation (EC) No. 207/2009. Thus, Regulation 49 of the 2018 Regulations headed "Designation of Community trade mark courts" amended regulation 12 of the 2006 Regulations so that it referred to Article 123(1) of EU Regulation 2017/1001. Ms Wickenden submitted that this demonstrated that the 2006 Regulations had not been repealed. This Court remained an EU trade mark court as at IP completion day and Article 67 was intended to preserve that status so far as pending proceedings are concerned.
46. Ms Wickenden submitted in relation to paragraph 20(3) of Schedule 2A that it was conferring the right to an injunction in relation to the UK Clone derived from an existing EUTM, in circumstances where that right did not exist previously, since there was no such thing as a comparable trade mark (EU) and, after IP completion day, there was no power to grant an injunction under EU Regulation 2017/1001 in respect of infringement in the United Kingdom so that it was necessary to give that power by paragraph 20(3).
47. Ms Wickenden submitted that paragraph 7.15 of the Explanatory Memorandum should be disregarded. It expressed the view of the executive at a time when a no deal Brexit was a distinct possibility. It could not be an aid to construction of the 2019 Regulations when they actually came into force on IP completion day, as the EU Withdrawal Acts 2018 and 2020, alongside which the Regulations have to be construed, were then in force. In any event the IPO website has been updated to reflect the correct construction of paragraph 20 of Schedule 2A.

Analysis and conclusions

48. Since the 2019 Regulations did not come into force until IP completion day on 31 December 2020, I consider that Mr Abrahams QC's suggestion that they are somehow to be construed as part of a "no deal Brexit" is misconceived. By the time they came

into force, the Withdrawal Agreement had been entered on 31 January 2020 and the EU Withdrawal Acts 2018 and 2020 had also come into force, making it clear that the provisions of the Withdrawal Agreement, including, for present purposes, Articles 4, 5 and 67, had legal effect in the United Kingdom. Because the provisions of EU Regulation 2017/1001 relating to jurisdiction are preserved for pending proceedings by Article 67, rights arise under the Withdrawal Agreement or remedies are provided for by the Withdrawal Agreement which, under section 7A(2) of the EU Withdrawal Act 2018, are to be recognised and available in domestic law and enforced and allowed accordingly.

49. Mr Abrahams QC sought to answer this point by submitting that, after IP completion day, this Court was no longer an EU trade mark court, because even though the repeals in Schedule 5 of the 2019 Regulations did not include the 2006 Regulations, by repealing the 2008 and 2016 Regulations that Schedule had necessarily by implication repealed the underlying 2006 Regulations. However, I do not consider that it is possible to say that the 2006 Regulations have somehow been impliedly repealed by Schedule 5 to the 2019 Regulations. Whilst the legislation giving effect to Brexit is not exactly clearly and coherently drafted, it would be surprising to say the least if the 2006 Regulations had been impliedly repealed by a statutory instrument made on 13 February 2019, when the 2018 Regulations, which had come into force a month earlier on 14 January 2019, had made detailed, albeit minor, amendments to the 2006 Regulations to ensure that they cross-referred to EU Regulation 2017/1001, hardly consistent with the 2006 Regulations being about to be repealed.
50. In any event, even if the 2006 Regulations have somehow been impliedly repealed, I consider the submission that this Court is no longer an EU trade mark court as regards pending proceedings is misconceived. It ignores the position as regards pending proceedings in circumstances where, when the 2019 Regulations came into force on IP completion day, 31 December 2020, the Withdrawal Agreement and the EU Withdrawal Acts 2018 and 2020 were all in force. Immediately prior to IP completion day, these proceedings were pending before this Court, which was an EU trade mark court. Mr Abrahams QC's submission did not really address how it was that this Court ceased to have that status when paragraph 20 of Schedule 2A makes it clear that, as regards proceedings already pending before this Court as an EU trade mark court on IP completion day, this Court continues to be an EU trade mark court. Thus, paragraphs 20(3) and (4), even if they were limiting jurisdiction as Mr Abrahams QC contends, are obviously forward looking, in the sense that they are dealing with jurisdiction in pending proceedings after IP completion day and yet they refer to the relevant court in the United Kingdom as "the EU trade mark court" not "the former EU trade mark court". On the basis that this Court remains an EU trade mark court for the purposes of pending proceedings, the clear intention of Article 67 of the Withdrawal Agreement, which has full legal effect, is that this Court should retain the same jurisdiction under EU Regulation 2017/1001 as it had before IP completion day.
51. It is clear from the decision of the Court of Justice of the European Union in *DHL Express France SAS v Chronopost SA* (C-235/09) that the sanctions imposed by an EU trade mark court under Article 130 of EU Regulation 2017/1001 for an infringement should normally consist of a prohibition extending across the entire area of the EU. This confirms that the jurisdiction conferred on this Court prior to Brexit by Article 130 included the power to grant a pan-EU injunction where appropriate. Other than the

provisions of Articles 128 and 132 which are excluded, it is clear from paragraph 20(2) of Schedule 2A to the Trade Marks Act 1994 that, in pending proceedings, this Court is intended to retain the jurisdiction under Chapter X of EU Regulation 2017/1001 which it had prior to IP completion day and which includes the jurisdiction to grant a pan-EU injunction where appropriate under Article 130.

52. Thus, I agree with Ms Wickenden that although paragraph 20 is not a model of clear drafting, paragraph 20(3) does not limit the jurisdiction which is retained in pending proceedings under paragraph 20(2) and under Article 67 of the Withdrawal Agreement with which the 2019 regulations must be read. The words: “the EU trade mark court may grant an injunction to prohibit unauthorised use of the comparable trade mark (EU) which derives from the existing EUTM” are giving the Court a power and discretion to grant an injunction in respect of infringement of a comparable trade mark (EU) which, by definition, the Court has not previously had because comparable trade marks (EU) did not exist. The preceding words: “without prejudice to any other relief by way of damages, accounts or otherwise available to the proprietor of the existing EUTM” are simply making clear that this new power and discretion does not affect or limit the existing remedies available to a proprietor of an EUTM, which include a pan-EU injunction, where appropriate. The wording of paragraph 20(3) is completely inconsistent with Mr Abrahams QC’s submission that it is limiting the power of the Court to grant injunctions to infringements of comparable trade marks (EU). The use of the permissive words “The EU trade mark court may grant an injunction” together with the words of paragraph 20(2) preserving the existing jurisdiction under EU Regulation 2017/1001 are inconsistent with these being the exclusive circumstances in which this Court can grant an injunction, precluding a pan-EU injunction where appropriate. If paragraph 20(3) had been intended to be a provision limiting or derogating from the jurisdiction preserved by paragraph 20(2), clear words to that effect would have been used, at the very least the word “only” between “may” and “grant” in: “the EU trade mark court may grant an injunction etc.”
53. Thus, on its proper construction, paragraph 20(3) confers a new power and discretion but does not limit or derogate from existing remedies. A similar analysis could be conducted of paragraph 20(4) in relation to counterclaims which grants a power to order revocation or declare the invalidity of a comparable trade mark (EU), which again is by definition a new power. However, nothing in paragraph 20(4) limits or derogates from the existing powers of the Court as an EU trade mark court. Accordingly, in my judgment, when paragraphs 20(3) and (4) are properly construed, the words: “Subject to” at the beginning of paragraph 20(2) are making it clear that the jurisdiction of the Court is not limited to the provisions of Part X of EU Regulation 2017/1001 preserved by paragraph 20(2), but includes the additional jurisdiction set out in paragraphs 20(3) and (4) in respect of the new comparable trade mark (EU). What those words are not doing is imposing further limitations on the jurisdiction under Chapter X of EU Regulation 2017/1001 beyond the express exclusions of part of Article 128 and of Article 132.
54. I agree with Ms Wickenden that, contrary to Mr Abrahams QC’s submission, the exclusions of Articles 128 and 132 are not relevant to the issue which the Court has to decide. The excluded provisions are all ones which required reciprocity with the EU IPO such as obligations to notify or deferring to the EU IPO and, as she said, one can see that at the time the 2019 Regulations were made the legislature may well have

wanted to avoid any reciprocity with the EU IPO in the event of a no deal Brexit. As she also pointed out, it does appear that these exclusions from Articles 128 and 132 are inconsistent with Article 67.1 of the Withdrawal Agreement which provides that in pending proceedings the jurisdiction provisions in Chapter X of EU Regulation 2017/1001 will continue to apply without there being any such exclusions. However, that issue does not arise for determination in the present case so I need say no more about it.

55. There is nothing in Mr Abrahams QC's point about the presumption against an enactment having extra-territorial effect. The issue for the Court is whether paragraph 20 preserves a pan-EU jurisdiction in pending proceedings which the Court undoubtedly had before Brexit and the presumption cannot operate to give the paragraph a different meaning to that which in my judgment it clearly has.
56. Given that paragraph 20 has the meaning which I have found, there is also nothing in Mr Abrahams QC's point that the 2020 Regulations, passed after the Withdrawal Agreement and the EU Withdrawal Agreement Act 2020 came into force, did not alter the wording of the 2019 Regulations. They did not need to because the 2019 Regulations already preserved the jurisdiction to grant a pan-EU injunction in pending proceedings.
57. That leaves Mr Abrahams QC's reliance on paragraph 7.15 of the Explanatory Memorandum. The correct approach to the use by the Court of Explanatory Notes or an Explanatory Memorandum as an aid to construction was recently enunciated by the Court of Appeal in *R (on the application of McConnell) v Registrar General for England and Wales* [2020] EWCA Civ 559; [2021] Fam 77 at [37]:

“In principle the Explanatory Notes to an Act of Parliament are an admissible aid to its construction: see *R (Westminster City Council) v National Asylum Support Service* [2002] UKHL 38; [2002] 1 WLR 2956, at para. 5 (Lord Steyn). However, as Lord Steyn said, this is in so far as the Explanatory Notes “cast light on the objective setting or contextual scene of the statute, and the mischief at which it is aimed”. We do not consider that the Explanatory Notes to the GRA are inconsistent with what we regard as the correct interpretation of sections 9 and 12 but, in any event, if they were, those Notes could not alter the true interpretation of the statute. Our task is to construe what Parliament has enacted, not what the Explanatory Notes say it enacted.”

58. In accordance with that guidance, my task is to construe paragraph 20 of Schedule 2A to the Trade Marks Act 1994 inserted by the 2019 Regulations. For the reasons I have already given, I have concluded that, on its correct construction, paragraph 20 does preserve the jurisdiction of this Court to grant a pan-EU injunction where appropriate. The Explanatory Memorandum was written at a time when a no deal Brexit was a distinct possibility, whereas the 2019 Regulations did not actually come into force until IP completion day, by which time both the Withdrawal Agreement itself and section 7A of the EU Withdrawal Act 2018, in conjunction with which the 2019 regulations have to be construed, were also in force. The Explanatory Memorandum simply fails to

take account of those important legislative changes. To the extent that the Explanatory Memorandum states that the jurisdiction is limited to comparable trade marks (EU) only, it is simply wrong and should be disregarded.

59. Furthermore, even if what Mr Carter said is not strictly speaking admissible as an aid to construction, the Court can and should take into account that the IPO guidance is now inconsistent with the Explanatory Memorandum, suggesting that, at the very least, the Explanatory Memorandum should be approached with caution.
60. In all the circumstances I have concluded that this Court retains jurisdiction to grant a pan-EU injunction in these pending proceedings and that the defendants' application to strike out parts of the claim must be dismissed.