

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



IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS
OF ENGLAND & WALES
INTELLECTUAL PROPERTY LIST (ChD)
INTELLECTUAL PROPERTY ENTERPRISE COURT
Neutral Citation Number: [2022] EWHC 1142 (IPEC)

No. IP-2021-000049

Rolls Building
7 Rolls Buildings
Fetter Lane
London EC4 A1NL

Friday, 29 April 2022

Before:

HIS HONOUR JUDGE HACON
(Sitting as a Judge of the Chancery Division)

B E T W E E N :

(1) MRS ZOE EVANS
(2) MR JAMES EVANS
(3) XTREME GYMS LIMITED

Claimants

- and-

(1) ANYTIME CLUBS UK LIMITED
(2) MS JOSIE OSBOURNE

Defendants

THE CLAIMANTS appeared as Litigants in Person.

MS G. MESSENGER (instructed by Owen White Limited) appeared on behalf of the First Defendant.

MR H. EDWARDS of Counsel (instructed by DAC Beachcroft LLP) appeared on behalf of the Second Defendant and potential Third Defendant.

J U D G M E N T
(via Microsoft Teams)

JUDGE HACON:

- 1 There are four applications before me today. It is convenient to deal with three of them together. Before I do so, I should set out some of the background to this case. This is an action brought by the claimants for infringement of UK trade mark No. 3010352, which takes the form of the words “Xtreme Gyms”. It is registered in classes 25 and 41 and the registration in class 41 includes gymnasium services. The claimants’ action is also for passing off.
- 2 The first and second claimant are mother and son. They are joint proprietors of the trade mark and are sole directors and shareholders of the third claimant, which is a company through which they run a gymnasium business in Stratford-upon-Avon, which has traded since 2015. Before November 2015, Mrs Evans and Mr Evans also used the Xtreme brand for boot camps which they have run in the Stratford area since 2012.
- 3 On 10 May 2021, Mrs Evans and Mr Evans became aware of an advertisement on a Google website. The heading was “Xtreme Gyms, Stratford Leisure Centre”. It is not in dispute that it advertised the services of a gym in Stratford which is part of the Anytime Fitness Group, run by Anytime Fitness LLC, a company based in Minnesota. This US corporation runs its business as a franchise business.
- 4 The first defendant in this action, Anytime UK, has the master franchise rights for the UK; it is entitled to sub-franchise businesses in the UK to run fitness clubs under the name Anytime Fitness. In March 2016, Anytime UK granted a franchise to Tribe Health Clubs Limited (“Tribe”) to operate an Anytime Fitness Club in Stratford.

- 5 The second defendant, Ms Osbourne, is an employee of Tribe and is general manager of Tribe's Stratford branch. On 10 May 2021, the claimants wrote to Anytime UK complaining of the Google advertisement and asking that they desist from using the Xtreme Gym's trademark. No reply satisfactory to the claimants was received and so the claim form was issued on 7 June 2021.
- 6 Alicia West, a solicitor in the firm of Owen White Limited and who has conduct of this matter on behalf of Anytime UK, has said in a witness statement, on instructions, that the 10 May 2021 letter was forwarded by Anytime UK to Tribe. Ms West says that on 7 June 2021 Tribe confirmed to Anytime UK that they had disabled the Google advertisement complained of. So far as I am aware, the Google advertisement has not appeared since then. However, the claimants have filed a witness statement from Samuel Dale, who is a former employee of Tribe. He worked there as a membership adviser. Mr Dale says that he received twenty to thirty calls from potential members who mentioned Xtreme Gyms and he says it is likely that a proportion of these individuals became members of Tribe, having seen the Google advertisement. So, assuming that the advertisement complained of was permanently taken down on 7 June 2021, the claimants do, potentially anyway, have a significant (as opposed to insignificant) claim in damages.
- 7 The claimants are represented today by Mrs Evans and Mr Evans. Anytime UK is represented by Georgina Messenger of counsel. Ms Osbourne and Tribe are represented by Henry Edwards of counsel. The three applications I will deal with first are the application notice dated 23 October 2021. The claimants apply to join Tribe as the third defendant. Secondly, there is an application by Ms Osbourne, dated 7 February 2022, seeking an order that the claimants' claim against Ms Osbourne be struck out. Thirdly, there is an application notice, dated 5 April 2022, seeking to replace Ms Osbourne with Tribe as second defendant.

As appears from that application notice, the claimants no longer seek to have Ms Osbourne as a defendant. I will, therefore, by consent, remove Ms Osbourne as a defendant to this action.

8 The next issue is whether Tribe is to be added as a defendant. I understand that Tribe was not properly served with either of the applications seeking to join it as a defendant.

However, sensibly and to save time, Tribe has instructed Mr Edwards today, so Tribe is formally represented and consents to be joined as a defendant. The upshot is that Ms Osbourne goes and Tribe comes in.

9 That leaves costs. Mr Edwards, on Ms Osbourne's behalf, said that not only was Ms Osbourne entitled to her costs, the claimants have acted unreasonably in relation to Ms Osbourne, who should never have been a defendant in the first place and this should have been apparent to the claimants. Mr Edwards pointed out that in the letter of 10 May 2021, in which the claimants first complained of the Google advertisement, no mention was made of any complaint against Ms Osbourne. Mr Edwards submitted that there was no proper indication of any claim against Ms Osbourne until an email of 4 June 2021 and that was only sent to Anytime UK, not directly to Ms Osbourne.

10 It is also said that the basis of the claim against Ms Osbourne as set out in the Particulars of Claim was always unsatisfactory. She was alleged to be liable purely on the basis that she was the manager of Tribe; Mr Edwards submitted that this was never a sufficient basis. Ms Osbourne was also not correctly served with the claim form. She was served at her place of business whereas she should have been served at her last known place of residence. That appears to be correct: she was not properly served.

- 11 There was a letter from Anytime UK's solicitors to the claimants dated 29 March 2022 which indicated that the solicitors were acting for Ms Osbourne. The letter stated that she had not been correctly served; that the case against her was so weak that it should be struck out and that her costs would be waived if the case against her was dropped at that stage.
- 12 The case was dropped a few days later when the application notice of 5 April 2022 was filed by the claimants seeking an order that Ms Osbourne should be replaced by Tribe as the defendant. By implication, the claimants thereby accepted the offer and formally applied to remove Ms Osbourne as a defendant.
- 13 Mr Edwards told me that there was subsequent correspondence in which it was suggested that there should be a formal notice of discontinuance. Unfortunately, that correspondence is not in the bundles today, so I have not seen it. Mrs Evans told me that it was never their intention that they should seek any costs against Ms Osbourne and, as far as the claimants were concerned, they were going along with the suggestion that the case against Ms Osbourne should be dropped and that there should be no costs.
- 14 It seems to me, in the round, that although there may never have been any satisfactory basis for bringing a case against Ms Osbourne, by 29 March 2022 Ms Osbourne's position was that she was prepared not to make any claim as to costs provided the case against her was dropped. Well, the case against her was dropped on 5 April 2022. It seems to me that the arrangement proposed in the letter of 29 March 2022 should be observed and there will be no order as to costs.

L A T E R

- 15 I turn now to the application notice, dated 18 November 2021, by which Anytime UK seeks an order that the claim against it be struck out; alternatively, that there be summary judgment in Anytime UK's favour.

- 16 Anytime UK's position in brief is that as master franchisor it had no knowledge of the Google advertisement placed by Tribe, the advertisement complained of.
- 17 The claimants make two arguments in support of their contention that Anytime UK is jointly liable with Tribe for Tribe's infringement of the claimants' trade marks. Neither argument is pleaded. However, I will leave that to one side since if either argument provides a basis for my concluding that the claimants have a real prospect of succeeding in their claim against Anytime UK, I would allow the claimants the opportunity to amend their Particulars of Claim. Giving the claimants that opportunity is particularly important where, as here, they are not professionally represented.
- 18 The claimants' first argument is that Anytime UK has control and right of approval over all Tribe's advertising. An inference was drawn by the claimants by reference to a template franchise agreement, which apparently emerged in the course of discovery in US proceedings, and also by reference to a franchise operational manual apparently disclosed in the present proceedings by Anytime UK.
- 19 In a witness statement dated 28 April 2022 Ms West, Anytime UK's solicitor, draws attention to section 6 of the franchise agreement, which is headed "Advertising and Promotion", and, in particular:

"C. Local Expenditures. In addition to the General Advertising Fees, you are obliged to spend not less than Two Hundred and Fifty pounds (£250) per month set out the Schedule on local advertising and promotions approved by us (the 'Local Advertising Fees'). We reserve the right to establish a program requiring that all or some of our franchisees spend Local Advertising Fees on specific approved local advertising projects (the 'Program'). In areas in which Programs have been established prior to the opening of your Anytime Fitness Club, you must participate in the Program upon opening of your Anytime Fitness Club. In areas where we have not established a Program before you open your Anytime Fitness Club, we may do so

upon written notice, at which time you will start contributing the Local Advertising Fees to the Program. We may, at our option, require you to submit to us for our prior approval any advertising you propose to use for the promotion of your Anytime Fitness Club.”

It is at least clear from this term that Anytime UK had the option to require Tribe to submit advertising for the promotion of Tribe’s club in Stratford. However, Ms West says:

“I am instructed that the First Defendant did not exercise their option for Tribe Health Clubs to submit any advertising that proposed to use for approval by the First Defendant. The First Defendant only became aware of the advertisement on 4 June 2021.”

20 Mrs Evans drew my attention to a different section of the franchise agreement between Anytime UK and Tribe, namely section 3, headed “Marks and Copyrights” and, under that, subsections C and D:

“C. Use. Your right to use and identify with the Marks and System applies only to the Franchised Location, and exists concurrently with the term of this Agreement and only so long as you are in complete compliance with the quality standards determined by us and the Master Franchisor. You will have the right to use the Marks and System only in the manner prescribed, directed and approved by us in writing. You will not have or acquire any rights in any of the Marks or System other than the right of use as governed by this Agreement. You may not authorise others to use or reproduce our Marks without our prior written consent. Your use of the Marks and any resulting goodwill will be to the exclusive benefit of the Master Franchisor. If, in our judgment, your conduct infringes upon or demeans the goodwill, standards of uniformity or quality, or business standing associated with the Marks or the System, you will immediately, upon written notice from us, modify your use of the Marks and the System in the manner prescribed by us in writing. You will not during or after the term of this Agreement do anything directly or indirectly which would disparage, infringe upon, harm, or contest the Master Franchisor’s or our rights in, the Marks or System.

D. Promotion. You will operate your Anytime Fitness Club so that it is clearly identified and advertised as an Anytime Fitness Club. The style, form and use of the words ‘Anytime Fitness’ in any advertising, written materials, products or supplies, including but not limited to in or on Your Anytime Fitness Site (defined below), or in or on any Internet website or home page, social networking and/or social media website, profile, account or username relating to or making reference to us or the Master Franchisor or to your Anytime Fitness Club (a ‘Social Media Site’), must, however, have our prior written approval and comply with our specifications as we may prescribe in writing

and as set out in the Manual, or otherwise. You will use the trademark ‘Anytime Fitness®’ and the other Marks which now or hereafter may form a part of the System, on all signs, paper supplies, business cards, uniforms, advertising materials, web sites, Your Anytime Fitness Site, Social Media Sites, signs and other articles in the identical combination and manner as we may prescribe in writing and you will supply to us samples or photographs of the same upon our request. You will comply with all trademark, trade name, service mark and copyright notice marking requirements and you will supply to us samples or photographs of the same upon our request. You will not use the words ‘Anytime Fitness’ in your corporate, partnership, limited liability company or other entity name. You will also not use the words ‘Anytime Fitness’ or any similar name in any domain name, account name, profile or URL you establish without our prior written consent.”

21 It seems to me that those subsections C and D of section 3 are primarily directed to the way in which Tribe is entitled to present the Anytime Fitness name to the public. Subject to the words “Anytime Fitness” being represented in a manner approved of by Anytime UK, those subsections do not deal with the advertisements that were paid for or arranged for by Tribe. The advertisements themselves are dealt with in section 6C quoted above. As Ms Messenger pointed out, the advertisement complained of does not use the words “Anytime Fitness”. They do appear as part of the internet address but not as part of the advertisement itself. Over and above this, I have no reason to doubt the accuracy of the evidence of Ms West (albeit evidence on instructions) that Tribe never submitted any of its proposed advertising to Anytime UK. On that basis, it seems to me that there is not even an arguable ground for alleging that Anytime UK is jointly liable for infringement of the claimants’ trademark by reason of the Google advertisement complained of.

22 The claimants have an alternative argument, which is that Anytime UK is vicariously liable for Tribe’s active infringement because Tribe acted as Anytime UK’s agent when it arranged for the Google advertisement complained of. There is nothing in the franchise agreement which suggests that Tribe could enter into advertising agreements or any other kind of agreement such as to bind Anytime UK, or that Tribe ever purported to do so. I can

see no ground for supposing, even arguably, that Tribe acted as Anytime UK's agent. In the result, I will strike out the claimants' claim against Anytime UK.

23 I would say to Mrs Evans and Mr Evans, since you are not professionally represented, that if in due course you have good reason -- I do not mean a fanciful reason, but a good reason -- to suppose that what Ms West said on instructions is not true, which would be a serious matter, then that is something you could raise with the court and there may be cause to rejoin Anytime UK. But as matters stand, your complaint goes forward only as against Tribe.

L A T E R

24 Even though costs of Anytime UK have not been itemised in the way they should have been, I will make an award of costs in their favour in the sum of £7,000.

L A T E R

25 I retain the view that Anytime UK are entitled to their costs, but I am not persuaded that costs should be awarded on the basis that the claimants have acted unreasonably. As I have said, they are assessed in the sum of £7,000.

CERTIFICATE

Opus 2 International Limited hereby certifies that the above is an accurate and complete record of the Judgment or part thereof.

*Transcribed by Opus 2 International Limited
Official Court Reporters and Audio Transcribers
5 New Street Square, London, EC4A 3BF
Tel: 020 7831 5627 Fax: 020 7831 7737
civil@opus2.digital*

**** This transcript has been approved by the Judge (subject to Judge's approval) ****