

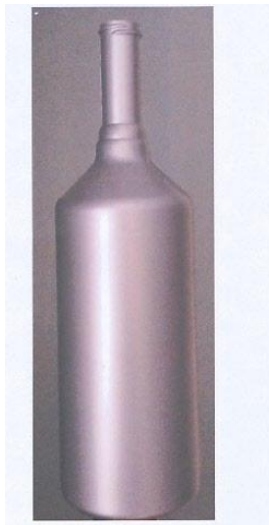
O-544-17

REGISTERED DESIGNS ACT 1949 (AS AMENDED)

IN THE MATTER OF

REGISTERED DESIGN NO. 4033752

OWNED BY TRUSCOTT TERRACE HOLDINGS LLC



AND

APPLICATON NO. 7/16 BY SYSTEMS PRODUCTS UK LIMITED

TO INVALIDATE THE REGISTERED DESIGN

Background, pleadings and procedural history

1. The registered design the subject of these proceedings was filed by Truscott Terrace Holdings LLC (“the registered proprietor”) on 15 January 2014. The design was subsequently registered with effect from that date. The design is depicted in the following representations:



2. The application form confirms that the design is for a “plastic bottle, aluminium bottle, chemical bottle, general use bottle, fuel tank applications bottle”. The form includes a disclaimer as to the “2” and the letters “HDPE” at the base of the bottle, which are regulatory requirements and do not form part of the design.

3. On 29 February 2016, Systems Products UK Limited (“the applicant”) applied for the registration of the design to be invalidated. The statement of case pleaded section 11ZA(2) of the Registered Designs Act 1949 (as amended) (“the Act”), which provides for claims to be brought because the registered proprietor is not actually the proprietor of the design. Paragraph 16 of the statement of case includes the following:

“[I]n the further alternative that the Design Registration is invalid as lacking novelty in the light of such evidence as may come to light during the course of these proceedings.”

This is foreshadowed in paragraph 13 of the statement of case:

“Given the effluxion of time since the creation of the Design and the Application Date, the Claimant is aware of the possibility that the Design was published more than one year prior to the Application Date and that, accordingly, the Design Registration is invalid for lack of novelty. The Claimant is agnostic as to the novelty of the Design. It seeks its invalidation primarily on the grounds set out in section 11ZA(2). If, however, in the course of these proceedings, evidence emerges of which the Claimant is currently unaware, and that indicates the Design Registration lacks novelty, the Claimant would be content to have the Design Registration declared invalid on that ground.”

4. The Registry wrote to the applicant on 19 April 2016 to inform it that the application had that day been served upon the registered proprietor. The official letter included the following:

“In view of the comments at paragraph 13 of the statement of case, the Registry considers that if the cancellation applicant wishes to rely on a lack of novelty claim, they may apply to have it added if they see fit during the evidence stages. I would point out however, that the Registry does not consider this to be a ground of invalidity at present.”

5. The registered proprietor filed a counterstatement denying the proprietorship claim (section 11ZA(2)). In relation to novelty, the registered proprietor stated that the any such allegation was too vague to be answered, referring to the letter from the Registry of 19 April 2016; but were, in any event, denied.

6. Proceedings having been joined, the evidence rounds commenced. The applicant filed evidence firstly, followed by the registered proprietor. The latter’s evidence was filed on 10 October 2016. The following day, the applicant filed an amended statement of grounds to add the novelty ground under section 11ZA(1)(b) of the Act. Two weeks were allowed for the registered proprietor to make any comments about the amendments.

7. There were issues over whether and when the applicant’s amended statement of case was communicated to the registered proprietor, self-represented by Mr Gordon

Gannon. This appeared to resolve itself, and the registered proprietor filed further evidence on 5 January 2017 in response to the amended statement of case, followed by evidence in reply by the applicant on 16 February 2017.

8. There were, again, issues over non-receipt by the registered proprietor of the applicant's evidence in reply and a consequential dispute as to whether the evidence could have been said to have been filed in time. This resulted in a case management conference before me, on 6 April 2017, by telephone. Mr Gannon appeared for the registered proprietor and Ms Hannah Fawcett, of Hill Dickinson LLP, appeared for the applicant.

9. I reproduce the contents of my case management conference follow-up letter here:

"I refer to the case management conference held on 6 April 2017. I have allowed Mr Gannon, for the Registered Proprietor, until 18 April 2017 to write to me after he has consulted his papers in connection with the applicant's request to amend its statement of case. Mr Gannon wishes to check his papers to see if he objected to the applicant's request to amend the statement of case, and to check which email address the applicant used, and on what dates, to inform the proprietor of its request. However, any such correspondence should bear in mind that the Registry file shows me the following:

- The first statement of case included a reference to novelty, which the applicant was 'agnostic' about. The statement of case said that if evidence emerged during the course of the proceedings which indicated that the design lacks novelty, the applicant would be content to have the case decided on novelty, rather than its primary claim of proprietorship.
- The Registry informed the applicant, on 19 April 2016, that it had served the application on the proprietor, but did not consider the novelty claim to be a ground of invalidity "at present" (as it had not explicitly been pleaded). The letter stated that if the applicant wished to rely on a lack of novelty claim that

it may apply to have it added if the applicant saw fit during the evidence rounds.

- The applicant filed its evidence on 22 July 2016. On 31 August 2016, the proprietor's agent, Antonio Diezma Molina, emailed the Registry asking that correspondence for the proprietor be forwarded to him at antoniodiezma@icam.es. On 8 September 2016, the Registry wrote to the applicant stating that all correspondence for the proprietor should be sent to antoniodiezma@icam.es. The proprietor was given until 12 October 2016 to file evidence.
- On 11 October 2016, the applicant filed a request to amend its statement of case, and enclosed the same. The letter refers to the Registry's letter of 8 September 2016 and says that a copy of its letter and the amended statement of case had been sent to antoniodiezma@icam.es. The letter apologised that it had not been requested before; this was, the writer stated, an oversight and the request was meant to have been made when the applicant filed its evidence on 22 July 2016.
- The proprietor filed its evidence on 10 October 2016. The Registry set a deadline for the proprietor to make any comments about the amended statement of case by 10 November 2016.
- Mr Gannon, for the proprietor, emailed the Registry, copied to the applicant, on 31 October 2016 saying that his agent had not received the amended statement of case from the applicant, nor had it received any correspondence from either the applicant or the Registry since before the submission of evidence. Mr Gannon requested that, henceforth, all communications be sent to him at gg3@comcast.net.
- In view of the proprietor's non-receipt of the amended statement of case, as advised by Mr Gannon, on 3 November 2016, the Registry requested the applicant to send a copy on or before 17 November 2016. The Registry did

not refer to any particular email address. The Registry sent a reminder to the applicant on 6 December 2016, directing that it forward a copy of the amended statement of case to the proprietor by 16 December 2016, warning that failure to do so may result in the amended statement of case being struck out.

- On 6 December 2016, the applicant emailed the registry, copying the proprietor at the antoniodiezma@icam.es address, attaching a letter in response, an email of that same day forwarding the amended statement of case to the Spanish agent, at antoniodiezma@icam.es, and the original email of 11 October, which was sent to antoniodiezma@icam.es. None of these were sent to gg3@comcast.net.
- On 15 December 2016, the Registry confirmed to the applicant that the applicant had sent the amended statement of case to the proprietor. The Registry confirmed, in hard copy, to the proprietor's address for service, as it appeared on the notice of defence and counterstatement, that the applicant had emailed the proprietor with the necessary documents. The Registry set a period of 3 weeks, to 5 January 2017, for the proprietor to make any comments about the amended statement of case. The Registry did not appear to have noticed that the applicant had sent the papers to antoniodiezma@icam.es and not to gg3@comcast.net.
- On 5 January 2017, Mr Gannon emailed the Registry, copied to the applicant, attaching the proprietor's reply and supporting documentation. The email said that all future correspondence for the proprietor should be sent to olgalopezlago@hotmail.com. The proprietor's reply and supporting documentation consisted of evidence from Mr Gannon, dated 5 January 2017, in which he refuted the evidence filed by the applicant on 22 July 2016 in respect of the novelty claim. The last two paragraphs of Mr Gannon's statement say:

“34. Without the unauthorized reproduction of the Registered Design by Baigent, no source of the bottle would have ever existed in the UK, thus rendering Baigent unable to make the claims in the Statement of Case and the Amended Statement.

35. The Defendant respectfully asks that the Hearing Officer deny the claim of lack of novelty submitted by Baigent and dismiss the application and award costs.”

- There was no reference to whether the requested amendment to the statement of case should be refused. In the context of the evidence refuting the novelty claim, the above quotation was not perceived by the Registry to amount to the proprietor contesting the amendment. It was perceived as a denial of the ground itself.
- This is apparent from the next letter to the parties from the Registry in which it acknowledged receipt of the proprietor's evidence in respect of the amended statement of case and allowed the applicant until 26 January 2017 to notify the Registry whether it intended to file evidence in reply. The applicant replied on 25 January 2017 by email, stating that it would file evidence in reply. The email said that it was copying in the proprietor at the email address to which the proprietor had requested. The email the applicant used was the first email address, antoniodiezma@icam.es.
- The Registry did not appear to notice this email address, because its next letter, dated 26 January 2017, set the period for the applicant to file evidence in reply as 16 February 2017, and did not mention the 'old' email address having been used by the applicant. However, the Registry sent a copy of its letter to two email addresses for the proprietor: antoniodiezma@icam.es and olgalopezlago@hotmail.com, the latter being the address most recently requested by the proprietor.
- On 16 February 2017, the applicant filed its evidence in reply, consisting of two ring binders and two DVDs which consisted of recordings and the

exhibits referred to in the recordings of the depositions given by Gordon Gannon and Gregory Gannon in US proceedings. The letter stated that the evidence was 'self-evidently' in the possession of the proprietor, so it appeared unnecessary to serve them again on the proprietor; "if, however, the Proprietor wishes to have them served it [sic] on them once again, we shall do so."

- The Registry wrote to the applicant on 28 February 2017 saying that the applicant had not sent the evidence to the proprietor at the agreed email address of olgalopezlago@hotmail.com. The Registry directed the applicant to send a copy of the evidence at the correct address by 7 March 2017 and to inform the Registry of the date of despatch.
- On 6 March 2017, Mr Gannon emailed a letter (dated the previous day) to the Registry, copied to the applicant, referring to failed deadlines, lack of copying to the proprietor, requesting that the amendments to the statement of case be refused, that the applicant's evidence in reply be refused admittance, and that the application for invalidity be dismissed. The applicant responded the same day, replying that it was not practical to transmit the evidence electronically, which it stated the proprietor already had, but it was willing to send hard copies to the proprietor's agent in Spain.
- On 7 March 2017 (the due date for compliance), the applicant sent an email to the Registry, copied to olgalopezlago@hotmail.com and gg3@comcast.net, providing access for the proprietor to a 'Sharepoint' site where the applicant's evidence could be viewed electronically. The applicant stated that this was the only feasible way it could provide electronic access to the evidence.
- Mr Gannon replied on 8 March 2017, stating that the applicant's evidence was untimely and should not be allowed, and that it constitutes new, not reply evidence.

Rule 42 of the Registered Design Rules 2006 (“the Rules”) provides that an address for service shall be in the UK, an EEA state or the Channel Islands. The proprietor provided an address for services in Spain (within the EEA). Strictly speaking, this is the address to which all correspondence to the proprietor should be sent in order for service to have been deemed effected. Email addresses are not a substitute for an effective physical address for service. However, email addresses are a useful way to expedite matters and reduce costs when one or more parties resides outside of the UK.

I consider that there has been considerable confusion about which email addresses should have been used. Unlike Mr Gannon, I am not convinced that this is ‘gameplaying’. It is not proportionate to shut out the applicant’s correspondence and evidence for using the ‘wrong’ email address when there had been no less than three email addresses in use, rather than use ‘snail mail’ to Spain (which it offered to do). As confirmed by Ms Fawcett for the applicant, the evidence constitutes reply evidence relating to the proprietorship claim, not to the novelty claim. As confirmed by Mr Gannon, the evidence is ‘years old’, and he has seen it before; in fact, it consists of depositions made by Mr Gannon and his brother in the US. It does not contain any surprises for the proprietor. The applicant’s evidence is admitted to the proceedings.

The proprietor has until 18 April 2017 if it wishes to write to me in the terms set out at the beginning of this letter. I will then decide the next steps. In the meantime, these are the email addresses to be used, in addition to the physical addresses for service:

gg3@comcast.net

olgalopezlago@hotmail.com

ipformalities@hilldickinson.com”

10. Mr Gannon wrote to the Registry on 18 April 2017, saying:

“On reflection, whereas the Proprietor continues to deny the allegations contained in the draft Amended Statement of Case, we do not object to the request by the Applicant to serve the said amended pleading.”

11. The applicant was directed to file a clean copy of its amended statement of case, which was received on 15 May 2017. Paragraph 13 was amended to read:

“Bottles containing the Claimant’s fuel additive and having precisely the same shape as that of the Design were on sale in the United Kingdom via amazon.com from at least 5th October 2011 onwards. Those bottles were supplied by the Claimant to the parties retailing them and thus such public disclosures which arose from those offers for sale and sale were made with the full consent of the Claimant and the proprietor of the Design Registration and knowledge of CAL. Accordingly, because the Design was made available to the public more than one year prior to the date of application for registration the Design Registration lacks novelty and is, therefore, invalid.”

12. On 7 June 2017, the Registry wrote to the parties to inform them that the evidence rounds had concluded and that the case was ready for a decision. The parties were given a choice to have a decision made from the papers or after a hearing. They were given the chance to file written submissions in lieu of a hearing, should they wish to have the decision made from the papers. Both parties filed written submissions in lieu of a hearing. The 7 June 2017 letter from the Registry included a direction under rule 19(3)(h) of the Registered Designs Rules 2006, separating the proceedings and directing that the novelty claim would be decided first. The applicant’s submissions in lieu relate to the novelty claim only.

Evidence

13. I will provide here a summary of the evidence insofar as it is relevant to the novelty claim (rather than the proprietorship claim), but will include some detail about perceived ownership to provide context about dates.

14. The applicant has filed a witness statement from Ross Baigent, who is its Director. He is also Director and a shareholder in Rosehoff Limited (RL), which is the sole shareholder of the applicant. Cataclean Global Limited (“CGL”), which is a wholly-owned subsidiary of RL, is a sister company of the applicant. Mr Baigent adduces a single large exhibit (Exhibit RB1) which is page-numbered.

15. Mr Baigent states that the business of the applicant and of CGL is the manufacture and sale of fuel additive (the “Cataclean business”). He started the business with Hugh Collins¹, both gentlemen owning half the shares each in RL. In 2007, they decided to expand the business to the US and were introduced to Gordon and Gregory Gannon. Following this, Cataclean Americas LLC (“CAL”) was incorporated in March 2008. A copy of the licence granted from the applicant to CAL is shown at pages 18 to 37 of the exhibit.

16. The licence is dated 17 July 2008. The territory is defined as North America, South America, Canada and the Caribbean region and the licence grants to CAL the exclusive and irrevocable right to use the intellectual property in the territory to distribute, market, sell and to solicit orders for the products (listed in the second schedule in the territory). The products are defined, *inter alia*, as “Cataclean characters, icons, logos, images and videos”, as well as the actual product (patented in the UK) and “all supporting or related research, testing, documentation and similar items relating to the foregoing product”. CAL, as the licensee, agreed not to distribute the products outside the territory without obtaining the prior written consent from the applicant, as the licensor. CAL obtained the products by buying them from the applicant. The intellectual property is listed in the first schedule to the licence as consisting of “Cataclean and/or any associated marks, logos and any rights in or to the same”. Clause 9 of the licence relates to the use and protection of intellectual property, part of which states:

¹ Mr Collins died in 2015.

9.3 The Licensee undertakes not to derive any rights pertaining to trade marks, text and text image trade marks, and trade marks outside of this agreement through the use of trade marks, text, image and text image trade marks, as well as the trade mark "CATACLEAN". Further the Licensee also undertakes not to use the text, trade marks, or " CATACLEAN " name should this License agreement be withdrawn unless with the Licensor's express written permission.

9.4 The Licensee shall not be entitled to offer or distribute the Products in any other package or size or description or make up other than allowed by the Licensor and written permission is expressly given.

9.5 In order to ensure the overall unity of the trade name "CATACLEAN", the Licensee shall provide a corporate identity for same. As a representative serving the Territory the Licensee undertakes that all public relations material (particularly advertising brochures, advertisements, product information, business cards, etc) which they design or have designed in connection with the distribution of the Products will be discussed in advance with the Licensor and approved by the Licensor in writing (Email correspondence accepted for this) before being passed to or otherwise distributed to customers or other third parties.

17. Clause 11 relates to confidentiality:

11. Obligation to Confidentiality

11.1 The parties to this Licence hereby undertake to maintain the strictest confidentiality with respect to information and documents placed at one another's mutual disposal in connection with this Licence, including the contents of this Licence, as well as other internal procedures and company secrets of the other party (hereinafter referred to as "the information").

11.2 The confidentiality obligation shall remain in force for a period of 2 years after termination of this agreement.

11.3 The Licensee shall pass on the information only to those employees and other individuals who require this information for the proper fulfilment of the obligations of the Licensee arising out of this agreement. In this case, the Licensee shall impose its obligation of confidentiality on respective employees or any other contractual partner for the period as in clause 12.2 above even after termination of employment or agreement. The Licensee shall be directly liable to the Licensor in the event of a breach of confidentiality by them or any person or entities connected with them.

18. The applicant has also filed a witness statement by Charles Von Simson, of Barclay Damon LLP, the applicant's attorney in the US litigation between the parties. Mr Von Simson quotes from an interim judgment by Magistrate Judge Hugh B. Scott, dated 13 May 2013, which refers to a claim by the applicant for the termination of the licence (under clauses 4.2.5 and 18.1) on 17 August 2011, due to the claimed failure of CAL to make payments and minimum purchase obligations provided for in the licence.

19. Previous to this, Mr Baigent states there were problems with the existing aluminium bottle in which the product was sold, and problems in obtaining a satisfactory alternative from China. In autumn 2010, Mr Collins had a mould produced in the UK by Linton Products Limited to create the bottle in HDPE (plastic). Page 43 of the exhibit is a copy of an invoice to the applicant from Linton Products Limited for this work, dated 14 October 2010 (costing £2467.50).

20. Page 78 of the Exhibit is a copy of an email, dated 15 February 2011, from Gregory Gannon to Mark Miner and Andrea Thompson (it is not explained who they are, but other emails imply that they worked for CAL) in which Mr Gannon says that he has “worked with our existing UK company to free up some of their existing inventory”, sending 2,500 bottles to the US and ordering 20,000 more because the only bottle mould was in the UK. After this, it was hoped that there would be a mould in the US so that the bottles could be manufactured without having to import them from the UK. The email is part of a thread, which Mr Baigent states runs from pages 78 to 82 of the Exhibit, all sent on 15 February 2011. Mark Miner sent an email that day to colleagues in CAL explaining that “England has an oversupply of this bottle we can use that will get us through then [sic] next few months”, allowing CAL to get US production of the bottle set up in the “next few months”. Page 81, part of the email thread, shows this photograph:



21. Pages 83 and 84 of the Exhibit are copies of two invoices from the applicant to CAL for 6,016 and 20,000 empty plastic bottles, dated 18 February 2011 and 21 February 2011.

22. Mr Baigent states that he cannot recall the specific date on which the new shape of bottle was first used. He states that he is sure that the product was on sale and was being shipped in the new shape of bottle by 2012. Pages 85 to 118 of the exhibit are screen images taken from WayBack, the internet archive machine. Page 85 contains the following, from 5 October 2011:

The screenshot shows the Amazon.co.uk website interface. At the top, there is a Wayback Machine header with the URL <http://www.amazon.co.uk/Cataclean-Catalytic-Converter-Cleaning-Treatment/dp/> and a calendar showing the date 5 October 2011. The Amazon.co.uk logo is on the left, and navigation links like 'Hello, Sign in to get personalised recommendations' and 'New Customer? Start here' are on the right. Below the navigation bar, there are search and department filters. The main product listing is for 'Cataclean 475ml Engine and Catalytic Converter Cleaning Treatment' by Cataclean. It features a product image, a star rating of 4.5 from 18 reviews, and pricing information: RRP of £14.99, current price of £13.99, and a 7% discount. The product is marked as 'In stock' and 'Delivered FREE in the UK'. To the right of the product listing, there is a 'Quantity: 1' dropdown, an 'Add to Basket' button, and a 'More Buying Choices' section listing alternative sellers like AutoGear, Roaduserdirect, and Speeding with their respective prices and shipping costs.



(enlarged bottle image)

23. Similar Amazon.co.uk prints are provided, from different dates², at different prices, sold by different third parties³, all showing the same shaped bottle although the label graphics changed to the label in the second image shown in paragraph 25 below. The product information includes mention that the product comes in a new bottle with a non-spill filler neck extension tube.

24. Pages 136 to 142 of the exhibit comprise a copy of an application for a trade mark in the US, number 86159235. The application was filed by the registered proprietor in these proceedings on 1 July 2014, and the application form was signed by Gregory Gannon, as a statement of truth. The description of the mark reads “The mark consists of a solid metalliac [sic] silver in color plastic bottle comprised of three quarter height cylindrical body transitioning into a sloped or angled collar and a stepped narrow neck.” The application form asked two questions about use of the mark, which were answered as follows:

“FIRST USE ANYWHERE DATE	At least as early as 12/15/2010
FIRST USE IN COMMERCE DATE	At least as early as 01/15/2011”

25. Two images were attached to the trade mark application, the first being a representation of the mark applied for, and the second being a specimen as used at the application date:

² 6 November 2011, 6 December 2011, 3 February 2012, 1 May 2012, 21 June 2012, 4 September 2012 and 23 June 2013.

³ AutoGear, FastcarDirect, Champion Motor Spares



26. The registered proprietor has filed witness statements from Gordon Gannon and from Gregory Gannon, dated 8 October 2016. They co-own the registered proprietor.

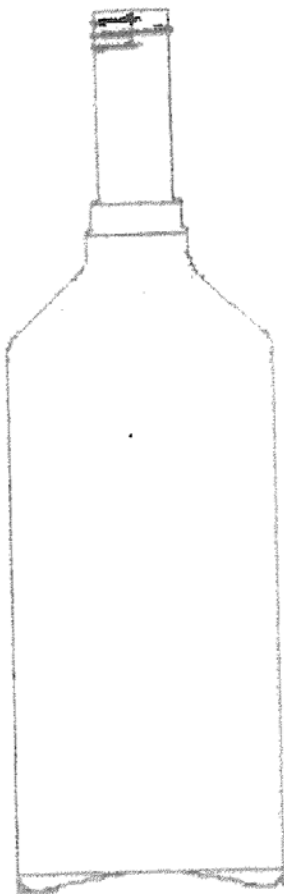
27. Gregory Gannon states:

“10. I designed the Bottle during 2010 without assistance.”

28. He states that he licensed the bottle for use to CAL on 13 July 2010. A copy of the licence was sent to Mr Baigent and Mr Collins, neither of whom objected. Gregory Gannon states that he assigned his rights to the bottle design to the registered proprietor on 15 October 2012. He states that because he is not a party to the licence between the applicant and CAL, he is not bound by any restrictions which the applicant may argue apply to CAL. He states that he has never been an employee of CAL and therefore did not design the bottle as an employee of CAL.

29. Gregory Gannon states that he contacted Asian bottle manufacturers in July 2010 in order to source a more distinctive and attractive bottle. Gregory Gannon states that he did this completely on his own, without any input from any member of CAL or

companies directed by Ross Baigent. He exhibits (pages 95 to 97 of Exhibit GPG1) an email thread between him and Janine Xu which begins on 2 July 2010. The discussions relate to aluminium bottles. Page 97 is not presented as an email, and is undated, but purports to be part of the discussion, in which Gregory Gannon requested removal of the bump above the shoulder of the example provided by Ms Xu. He states that the design concept from these discussions was filed as a UK design on 30 June 2011 (page 22 of the exhibit) although he states that the drawing was created during the first week of July 2010:

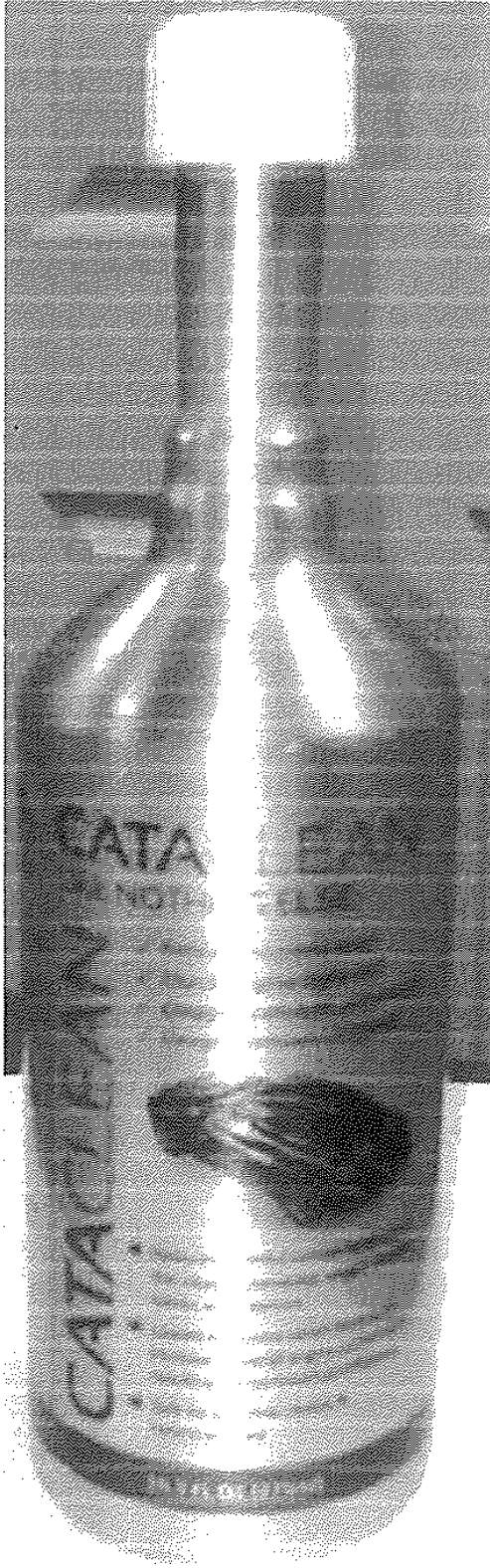


30. This UK design application was abandoned owing to formalities discrepancies which were not remedied (page 24 of the exhibit).

31. Page 13 of the exhibit is a copy of an email from Ms Xu to Gregory Gannon, on 7 July 2010, referring to taking the bump out of the bottle if 'open mold'. Page 100 of the exhibit is an invoice from a Chinese company to CAL for an open bottle mould, dated 20 July 2010. Gregory Gannon states that five samples of his design arrived at

CAL on or around 20 August 2010. He states that he emailed a photograph of the bottle to Mr Collins:

ugh...here you go...GG



32. Gordon Gannon's witness statement is also dated 8 October 2016. He states:

“For its own part, at no time has the Defendant marketed to and/or sold product into the European Economic Area (“EEA”) in bottles with the shape of the Registered Design. With regard to the website pages exhibited at pages 85 through 118 to the statement of Ross Baigent [the amazon.co.uk pages], I do not admit to the authenticity of such documents, but I can say with absolute confidence, since each and every bottle on these pages carry a USA only label, that these would not have been sold into the EEA or marketed to the EEA. Furthermore I would be surprised if actual or potential customers would have sought out and/or considered such pages since the product was offered solely for the USA market. The Claimant's website as well as websites whose content is controlled directly or are provided content through a distribution agreement display through at late 2013 and mid-2014 the Exal bottle that precedes the Registered Design. These websites include Cataclean UK, Slovenia, Australia and Nigeria and Spain. (Pages 74-78) Furthermore, when the Claimant decided to update its website around mid-2014, it did not use the Registered Design as its image; nor did it use the Exal image (Page 79). One might conclude, if the product purportedly offered on Amazon.co.uk could not be purchased as displayed and if the Claimant itself maintained its Exal image on its official corporate websites well into 2014, that the Claim in paragraph 13 of the Statement of Claim is false.”

33. Gordon Gannon states in his second witness statement, dated 5 January 2017, that the applicant violated the confidentiality clause in the 2008 licence by contracting with Linton Products Limited to copy the design without the express consent of CAL or Greg Gannon, the licensor of the design to CAL. Further,

“6. The 7 different images from UK website amazon.co.uk exhibited to the Amended Statement of Claim are all images of bottles manufactured in the US and labeled exclusively for the US market, (“the Images”).

7. It is denied that TTH [the registered proprietor] nor CAL exported or offered for sale bottles made to the design of the Registered Design with labels targeted

for the US markets to any person outside the US including, but not limited to, any of Ross Baigent's associated businesses.

8. It is denied that the Images would have been of interest to consumers or others working in the specialist areas within the European Union and that such would have come to their attention.

9. Without prejudice to the denial in paragraph 7 above, the amazon.com references to the Amended Statement of Claim come from a third party source, Wayback Machine and their probative value is not admitted.

10. Further or in the alternative, the designs as shown and as labelled on amazon.co.uk as exhibited to the Amended Statement of Claim were never made available for use in the United Kingdom not least because for regulatory issues they would never have been [sic] met amazon.co.uk hazard materials (Hazmat) requirements.

...

16. The bottles, as is evidence from the labels, are for CAL US based customer, Prestolite and its successor marketing name, Mr. Gasket. The product is distributed by Cataclean Americas LLC USA, carries a US website address and references federal requirements and gasoline, as opposed to petrol engines, and that it is made in the USA."

17. The labels appearing on the amazon.co.uk pages exhibited to the Amended Statement of Claim did not exist outside North America and most certainly were not of bottles intended for sale or sold by the Defendant [the registered proprietor] or any other person into Europe."

Decision

34. Section 11ZA of the Act provides the capacity for a registered design to be invalidated on the ground (section 1B) that it was not new or that it did not have individual character. Section 1B reads:

- “(1) A design shall be protected by a right in a registered design to the extent that the design is new and has individual character.
- (2) For the purposes of subsection (1) above, a design is new if no identical design whose features differ only in immaterial details has been made available to the public before the relevant date.
- (3) For the purposes of subsection (1) above, a design has individual character if the overall impression it produces on the informed user differs from the overall impression produced on such a user by any design which has been made available to the public before the relevant date.
- (4) In determining the extent to which a design has individual character, the degree of freedom of the author in creating the design shall be taken into consideration.
- (5) For the purposes of this section, a design has been made available to the public before the relevant date if-
 - (a) it has been published (whether following registration or otherwise), exhibited, used in trade or otherwise disclosed before that date; and
 - (b) the disclosure does not fall within subsection (6) below.
- (6) A disclosure falls within this subsection if-
 - (a) it could not reasonably have become known before the relevant date in the normal course of business to persons carrying on business in the European Economic Area and specialising in the sector concerned;

- (b) it was made to a person other than the designer, or any successor in title of his, under condition of confidentiality (whether express or implied);
 - (c) it was made by the designer, or any successor in title of his, during the period of 12 months immediately preceding the relevant date;
 - (d) it was made by a person other than the designer, or any successor in title of his, during the period of 12 months immediately preceding the relevant date in consequence of information provided or other action taken by the designer or any successor in title of his; or
 - (e) it was made during the 12 months immediately preceding the relevant date as a consequence of an abuse in relation to the designer or any successor in title of his.
- (7) In subsections (2), (3), (5) and (6) above “the relevant date” means the date on which the application for the registration of the design was made or is treated by virtue of section 3B(2), (3) or (5) or 14(2) of this Act as having been made.
- (8)
- (9)”.

35. According to section 1B(7) of the Act, prior art can only be relied upon to invalidate a registered design if it has been disclosed to the public prior to the application date of the registered design being attacked, unless the exceptions in subsection (6) apply. This means that the relevant date for my assessment is 15 January 2014.

36. Anybody can file a novelty claim. It is not necessarily a claim that the applicant itself had already used or disclosed the design. A novelty claim is that the design had already been disclosed prior to the relevant date and that the exceptions provided for in section 1B(6) of the Act do not apply. The registered proprietor’s evidence about

whether the design appeared on the applicant's website and whether the applicant sold the product in the contested bottle is, therefore, irrelevant. It is also a red herring to defend the novelty claim on the basis that neither party sold the (product in the) contested bottle in the UK. Disclosure of a design can occur anywhere in the world, subject to the 'EEA exception' in section 1B(6)(a).

37. The evidence about the registered proprietor's use of the contested design is relevant to the question of novelty; in particular:

(i) The US trade mark application, made by Gregory Gannon for the registered proprietor which states that the design was first used in commerce at least as early as 15 January 2011.

(ii) Gordon Gannon's statement in his second witness statement that the seven Amazon.co.uk images, all of which pre-date the relevant date, are all images of bottles manufactured in the US and labelled exclusively for the US.

(iii) The amazon.co.uk bottles are for the registered proprietor's US-based customer, Prestolite, and its successor, Mr. Gasket.

(iv) The labels appearing in the amazon.co.uk images did not exist outside of North America.

38. The registered proprietor has not denied that the amazon.co.uk images show the registered design with labels. It does question the provenance and probity of the images. Firstly, the offers for sale on amazon.co.uk are not anonymous; they are offers for sale by amazon.co.uk, AutoGear, FastcarDirect and Champion Motor Spares. Secondly, evidence from the Wayback Machine is routinely accepted in intellectual property proceedings in the UK; in *National Guild of Removers & Storers Ltd v. Silveria* [2011] F.S.R. 9⁴, His Honour Judge Birss said:

⁴ In the Patents County Court, now the Intellectual Property Enterprise Court (part of the High Court of England and Wales).

“33 Mr Hill submitted and I accept that the fair way to assess the damages appropriate in this case is again to consider the fees due under the rules and use them to gauge an appropriate level of damages. The first question arising is the period of infringing use/passing off. To assess this Mr Sheahan used a website called the “Internet Archive” which is run by a not for profit organisation in the United States. This has a service called the “Wayback Machine” which allows a user to find snapshots of how websites appeared in the past. The Wayback Machine is commonly used in intellectual property cases to see what old websites looked like even when the operators of the websites have changed them or removed them altogether.”

39. The latest of the amazon.co.uk prints shows the Mr. Gasket label. This is also the label shown on the specimen bottle image in the registered proprietor’s US trade mark application. The other image in the trade mark application is the bottle without the label. The two images are clearly meant to be the bottle, which is subject of the trade mark application, and the bottle with a label. A comparison of the mark which is the subject of the registered proprietor’s US trade mark application readily shows that it is identical to its contested UK design. The trade mark application states that the mark had been in use in commerce since at least as early as 15 January 2011. This was a month before the email thread referring to the only mould being in the UK and that the UK had several thousand bottles which the US company could use prior to getting a mould in the US, and a few months prior to the filing of the abandoned UK design application on 30 June 2011. The context of these dates, viewed in conjunction with the use statement in the US trade mark application, implies that there was commencement of use of the bottle in 2011.

40. I take from the evidence that the bottle the subject of the contested design had been disclosed prior to the relevant date in the US. Secondly, I find that it had also been disclosed in the UK prior to the relevant date because the products contained within the bottle were for sale on amazon.co.uk prior to the relevant date. The registered proprietor submits that the only way this could have happened was through breach of confidentiality by the applicant. By implication, the registered proprietor accepts that the registered design is identical to that appearing in the amazon.co.uk evidence. It does not deny that the amazon.co.uk bottles are identical to the registered

design. The graphics/label are information about the product (and the brand name), neither of which would make much impression on the informed user from a design perspective. The overall impression is the same.

41. Part of the registered proprietor's defence is based on section 1B(6) of the Act which enables a disclosure to be ignored for the purposes of the novelty assessment if it:

“...could not reasonably have become known before the relevant date in the normal course of business to persons carrying on business in the European Economic Area and specialising in the sector concerned.”

42. The amazon.co.uk evidence shows that the design had been disclosed in the EEA. Gordon Gannon states that the registered proprietor never sold or marketed the (product in the bottle) to the EEA. He also states that the applicant's failure to show the bottle on its website means that it did not sell the product in the bottle either. For the reasons given above, this is not relevant. Mr Gannon also states that the 'images' on amazon.co.uk would not have been of interest to consumers or others working in the specialist areas within the EU (which is part of the EEA) and would not have come to their attention.

43. In *H. Gautzsch Großhandel GmbH & Co. KG v Münchener Boulevard Möbel Joseph Duna GmbH*, case C-479/12, the Court of Justice of the European Union (CJEU) had referred to it the following preliminary questions.

“1. Is Article 11(2) of Regulation ... No 6/2002 to be interpreted as meaning that, in the normal course of business, a design could reasonably have become known to the circles specialised in the sector concerned, operating within the European Union, if images of the design were distributed to traders?

2. Is the first sentence of Article 7(1) of Regulation ... No 6/2002 to be interpreted as meaning that a design could not reasonably have become known in the normal course of business to the circles specialised in the sector

concerned, operating within the European Union, even though it was disclosed to third parties without any explicit or implicit conditions of confidentiality, if:

(a) it is made available to only one undertaking in the specialised circles,

or

(b) it is exhibited in a showroom of an undertaking in China which lies outside the scope of normal market analysis?”

44. The CJEU answered:

“..... on a proper construction of Article 11(2) of Regulation No 6/2002, it is possible that an unregistered design may reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the European Union, if images of the design were distributed to traders operating in that sector, which it is for the Community design court to assess, having regard to the circumstances of the case before it”.

“... The same is true of the question whether the fact that a design has been disclosed to a single undertaking in the sector concerned within the European Union is sufficient grounds for considering that the design could reasonably have become known in the normal course of business to the circles specialised in that sector: it is quite possible that, in certain circumstances, a disclosure of that kind may indeed be sufficient for that purpose.

In the light of the foregoing, the answer to the second question is that, on a proper construction of the first sentence of Article 7(1) of Regulation No 6/2002, it is possible that an unregistered design may not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the European Union, even though it was disclosed to third parties without any explicit or implicit conditions of confidentiality, if it has been made available to only one undertaking in that sector or has been

presented only in the showrooms of an undertaking outside the European Union, which it is for the Community design court to assess, having regard to the circumstances of the case before it.”

45. The case concerned prior art that had been shown in showrooms in China and the design disclosed to a single undertaking in Belgium. The CJEU answers are, essentially, that disclosure in the EEA is a question of fact for national courts and tribunals to determine. However, it is also clear that a single disclosure to a person in the relevant sector in the EEA may, on occasions, be sufficient to prevent article 7(1) of Regulation 6/2002 from applying. The same must be equally applicable to the corresponding identical provisions of the EU Designs Directive⁵ and the implementing national legislation, which includes section 1B(5)(b) of the Act.

46. It therefore appears that (a) disclosures outside the EEA may be sufficient to bring the design to the attention of *the circles specialised in the sector concerned*’ within the EEA, (b) the extent of the disclosure required need not involve widespread disclosure to relevant persons in the EEA. This is consistent with the European Commission’s 1996 Amended Proposal for the Designs Regulation, which explained the exception as follows:

“...Article [6] has furthermore been amended in accordance with the wishes of the European Parliament and the Economic and Social Committee through the introduction of what is commonly known as the ‘safeguard clause’. Its aim is to protect the design industry from claims that a design right is not valid because there was an earlier design in use somewhere in the world where the European industry could not possibly have been aware of it. The intention of this provision is to avoid the situation where design rights can be invalidated by infringers claiming that antecedents can be found in remote places or museums.”

47. In *Senz Technologies BV v OHIM*, joined cases T-22/13 and T-23/13, the General Court of the European Union (“GC”) upheld the EUIPO’s decision to invalidate an EU

⁵ Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs.

design on the basis of a prior disclosure of the design in the US register of patents, there being no evidence that designers in the EU would not have seen the entry. If this was the finding of the GC when there is no requirement for a patent to be in use, it must apply *a fortiori* in the case of a US trade mark application which carries with it a requirement of use. The registered proprietor has been silent about its US trade mark application for the bottle shape. The onus is on the registered proprietor to explain why this could not reasonably have become known in the EEA in the normal course of business to persons carrying on business in the European Economic Area and specialising in the sector concerned. The persons concerned are designers and manufacturers of bottles and also traders in the product contained within the bottle. The US is one of the most important industrialised nations in the world. It would, therefore, be wrong to conclude that the trade mark application for the bottle shape could not reasonably have become known to persons specialising in the relevant sector in the EEA.

48. I conclude that the registered proprietor cannot rely upon the defence in section 1B(6) because of its prior disclosure on the US trade mark register. Additionally, the use statement on the trade mark application means that the bottle was in use in the US and had, therefore, been disclosed. It follows that if the bottles were on the US market would not be difficult for third parties, including the huge global retailer, Amazon, to source and place them on the UK version of Amazon's website for sale. There were UK sales because the amazon.co.uk prints include customer reviews which were posted after the dates of the advertisements and prior to the relevant date. That they were posted after the dates of the advertisements, which show the identical bottle to the registered design, strongly implies that the goods received were in the same shaped bottle. The reviews refer to miles, Vauxhall, a garage in Nottinghamshire and MOT tests, so are UK-based. In any event, it is unnecessary that anyone bought the product in the bottle; the requirement is about knowledge.

49. The other exception relied upon by the registered proprietor is that the items could not have appeared on amazon.co.uk for sale without a breach of the confidentiality clause in the 2008 licence by the applicant. It is unnecessary to address this as, for the reasons given above, I consider that the registered proprietor itself had disclosed

the registered design at least as early as 15 January 2011, three years prior to the relevant date.

50. The final consideration is estoppel. There is a reference in the counterstatement to the matter of novelty having already been determined in a previous decision by the Intellectual Property Office⁶, in which the registered proprietor was successful in defending an attack against the same design registration, at that time brought by CGL (the identity of which I explain in paragraph 14 of my decision):

The Defendant admits the first and second sentences of paragraph 11, but denies the remainder of paragraph 11. The Defendant refers to the letter from the UK Intellectual Property Office to the Defendant dated April 19, 2016. As stated in that letter, it is unclear whether in these proceedings the Claimant is even alleging as grounds for invalidity of the Registered Design, lack of novelty or individual character. Any such allegations, if such are indeed being made the Claimant, are far too vague even to invite a response and thus are too embarrassing to form the basis of a pleading. Nevertheless, insofar as such an allegation is being raised by the Claimant that the Registered Design lacked novelty or individual character, such is denied by the Defendant. In this regard, the Defendant notes that the UK Intellectual Property Office has already determined – in invalidity proceedings brought by Cataclean Global Limited (Cataclean) and Ross Baigent, a company and individual respectively associated with the Claimant (Invalidity No.3/14), in a decision dated April 9, 2015 (the Previous UKIPO Proceedings) – that the Registered Design had individual character over the prior art cited and is valid. An appeal of the UKIPO decision to the High Court was filed by Cataclean on May 21, 2015 (Appeal ref: CH/2015/0250) which appeal, was dismissed by an Order of Mr. Justice Henry Carr dated November 26, 2015.

⁶ BL O/155/15

51. In its submissions filed in lieu of a hearing, the registered proprietor submits:

“Ross Baigent as the controlling force behind Rosehoff, owner of Claimant [the applicant] and the previous Cancellation Applicant, Cataclean Global, should be precluded from re-arguing the case to deny the Defendant of its rights as owner of the Registered Design.”

52. In *Virgin Atlantic Airways Limited v Zodiac Seats UK Limited*, [2013] UKSC 46, Lord Sumption, giving the leading judgment for the Supreme Court, said:

“17. Res judicata is a portmanteau term which is used to describe a number of different legal principles with different juridical origins. As with other such expressions, the label tends to distract attention from the contents of the bottle. The first principle is that once a cause of action has been held to exist or not to exist, that outcome may not be challenged by either party in subsequent proceedings. This is "cause of action estoppel". It is properly described as a form of estoppel precluding a party from challenging the same cause of action in subsequent proceedings. Secondly, there is the principle, which is not easily described as a species of estoppel, that where the claimant succeeded in the first action and does not challenge the outcome, he may not bring a second action on the same cause of action, for example to recover further damages: see *Conquer v Boot* [1928] 2 KB 336. Third, there is the doctrine of merger, which treats a cause of action as extinguished once judgment has been given upon it, and the claimant's sole right as being a right upon the judgment. Although this produces the same effect as the second principle, it is in reality a substantive rule about the legal effect of an English judgment, which is regarded as "of a higher nature" and therefore as superseding the underlying cause of action: see *King v Hoare* (1844) 13 M & W 494, 504 (Parke B). At common law, it did not apply to foreign judgments, although every other principle of res judicata does. However, a corresponding rule has applied by statute to foreign judgments since 1982: see Civil Jurisdiction and Judgments Act 1982, section 34. Fourth, there is the principle that even where the cause of action is not the same in the later action as it was in the earlier one, some issue which is necessarily common to both was decided on the earlier occasion and is binding on the parties: *Duchess of Kingston's Case* (1776) 20 St Tr 355.

"Issue estoppel" was the expression devised to describe this principle by Higgins J in *Hoysted v Federal Commissioner of Taxation* (1921) 29 CLR 537, 561 and adopted by Diplock LJ in *Thoday v Thoday* [1964] P 181, 197-198. Fifth, there is the principle first formulated by Wigram V-C in *Henderson v Henderson* (1843) 3 Hare 100, 115, which precludes a party from raising in subsequent proceedings matters which were not, but could and should have been raised in the earlier ones. Finally, there is the more general procedural rule against abusive proceedings, which may be regarded as the policy underlying all of the above principles with the possible exception of the doctrine of merger.

18. It is only in relatively recent times that the courts have endeavoured to impose some coherent scheme on these disparate areas of law. The starting point is the statement of principle of Wigram V-C in *Henderson v Henderson* (1843) 3 Hare 100, 115. This was an action by the former business partner of a deceased for an account of sums due to him by the estate. There had previously been similar proceedings between the same parties in Newfoundland in which an account had been ordered and taken, and judgment given for sums found due to the estate. The personal representative and the next of kin applied for an injunction to restrain the proceedings, raising what would now be called cause of action estoppel. The issue was whether the partner could reopen the matter in England by proving transactions not before the Newfoundland court when it took its own account. The Vice-Chancellor said:

"In trying this question I believe I state the rule of the Court correctly when I say that, where a given matter becomes the subject of litigation in, and of adjudication by, a Court of competent jurisdiction, the Court requires the parties to that litigation to bring forward their whole case, and will not (except under special circumstances) permit the same parties to open the same subject of litigation in respect of matter which might have been brought forward as part of the subject in contest, but which was not brought forward, only because they have, from negligence, inadvertence, or even accident, omitted part of their case. The plea of *res judicata* applies, except in special cases, not only to points upon which the Court was actually required by the parties to form

an opinion and pronounce a judgment, but to every point which properly belonged to the subject of litigation, and which the parties, exercising reasonable diligence, might have brought forward at the time... Now, undoubtedly the whole of the case made by this bill might have been adjudicated upon in the suit in Newfoundland, for it was of the very substance of the case there, and prima facie, therefore, the whole is settled. The question then is whether the special circumstances appearing upon the face of this bill are sufficient to take the case out of the operation of the general rule."

19. Wigram V-C's statement of the law is now justly celebrated. The principle which he articulated is probably the commonest form of res judicata to come before the English courts. For many years, however, it was rarely invoked. The modern law on the subject really begins with the adoption of Wigram V-C's statement of principle by the Privy Council in *Yat Tung Investment Co Ltd v Dao Heng Bank Ltd* [1975] AC 581. *Yat Tung* was an appeal from Hong Kong, in which the appellant sought to unsuccessfully avoid the exercise by a mortgagee of a power of sale in two successive actions, contending on the first occasion that the sale was a sham and that there was no real sale, and on the second that the sale was fraudulent. Lord Kilbrandon, giving the advice of the Board, distinguished at 589-590 between res judicata and abuse of process:

"The second question depends on the application of a doctrine of estoppel, namely res judicata. Their Lordships agree with the view expressed by McMullin J that the true doctrine in its narrower sense cannot be discerned in the present series of actions, since there has not been, in the decision in no. 969, any formal repudiation of the pleas raised by the appellant in no. 534. Nor was Choi Kee, a party to no. 534, a party to no. 969. But there is a wider sense in which the doctrine may be appealed to, so that it becomes an abuse of process to raise in subsequent proceedings matters which could and therefore should have been litigated in earlier proceedings."

Lord Kilbrandon referred to the statement of Wigram V-C in *Henderson v Henderson* as the authority for the "wider sense" of res judicata, classifying it as part of the law relating to abuse of process.

20. The implications of the principle stated in *Henderson v Henderson* were more fully examined by the House of Lords in *Arnold v National Westminster Bank plc* [1991] 2 AC 93. The question at issue in that case was whether in operating a rent review clause under a lease, the tenants were bound by the construction given to the very same clause by Walton J in earlier litigation between the same parties over the previous rent review. The Court of Appeal had subsequently, in other cases, cast doubt on Walton J's construction, and the House approached the matter on the footing that the law (or perhaps, strictly speaking, the perception of the law) had changed since the earlier litigation. Lord Keith of Kinkel began his analysis by restating the classic distinction between cause of action estoppel and issue estoppel:

"Cause of action estoppel arises where the cause of action in the later proceedings is identical to that in the earlier proceedings, the latter having been between the same parties or their privies and having involved the same subject matter. In such a case the bar is absolute in relation to all points decided unless fraud or collusion is alleged, such as to justify setting aside the earlier judgment. The discovery of new factual matter which could not have been found out by reasonable diligence for use in the earlier proceedings does not, according to the law of England, permit the latter to be re-opened. (104D-E)

Issue estoppel may arise where a particular issue forming a necessary ingredient in a cause of action has been litigated and decided and in subsequent proceedings between the same parties involving a different cause of action to which the same issue is relevant one of the parties seeks to re-open that issue." (105E)

The case before the committee was treated as one of issue estoppel, because the cause of action was concerned with a different rent review from the one

considered by Walton J. But it is important to appreciate that the critical distinction in *Arnold* was not between issue estoppel and cause of action estoppel, but between a case where the relevant point had been considered and decided in the earlier occasion and a case where it had not been considered and decided but arguably should have been. The tenant in *Arnold* had not failed to bring his whole case forward before Walton J. On the contrary, he had argued the very point which he now wished to reopen and had lost. It was not therefore a *Henderson v Henderson* case. The real issue was whether the flexibility in the doctrine of res judicata which was implicit in Wigram V-C's statement extended to an attempt to reopen the very same point in materially altered circumstances. Lord Keith of Kinkel, with whom the rest of the Committee agreed, held that it did.

21. Lord Keith first considered the principle stated by Wigram V-C that res judicata extended to "every point which properly belonged to the subject of litigation and which the parties exercising reasonable diligence might have brought forward at the time." He regarded this principle as applying to both cause of action estoppel and issue estoppel. Cause of action estoppel, as he had pointed out, was "absolute in relation to all points decided unless fraud or collusion is alleged". But in relation to points not decided in the earlier litigation, *Henderson v Henderson* opened up

"the possibility that cause of action estoppel may not apply in its full rigour where the earlier decision did not in terms decide, because they were not raised, points which might have been vital to the existence or non-existence of a cause of action" (105B).

He considered that in a case where the earlier decision had decided the relevant point, the result differed as between cause of action estoppel and issue estoppel:

"There is room for the view that the underlying principles upon which estoppel is based, public policy and justice, have greater force in cause of action estoppel, the subject matter of the two proceedings being

identical, than they do in issue estoppel, where the subject matter is different." (108G-H)

The relevant difference between the two was that in the case of cause of action estoppel it was in principle possible to challenge the previous decision as to the existence or non-existence of the cause of action by taking a new point which could not reasonably have been taken on the earlier occasion; whereas in the case of issue estoppel it was in principle possible to challenge the previous decision on the relevant issue not just by taking a new point which could not reasonably have been taken on the earlier occasion but to reargue in materially altered circumstances an old point which had previously been rejected. He formulated the latter exception at 109B as follows:

"In my opinion your Lordships should affirm it to be the law that there may be an exception to issue estoppel in the special circumstance that there has become available to a party further material relevant to the correct determination of a point involved in the earlier proceedings, whether or not that point was specifically raised and decided, being material which could not by reasonable diligence have been adduced in those proceedings. One of the purposes of estoppel being to work justice between the parties, it is open to courts to recognise that in special circumstances inflexible application of it may have the opposite result."

This enabled the House to conclude that the rejection of Walton J's construction of the rent review clause in the subsequent case-law was a materially altered circumstance which warranted rearguing the very point that he had rejected.

22. *Arnold* is accordingly authority for the following propositions:

(1) Cause of action estoppel is absolute in relation to all points which had to be and were decided in order to establish the existence or non-existence of a cause of action.

(2) Cause of action estoppel also bars the raising in subsequent proceedings of points essential to the existence or non-existence of a cause of action which were not decided because they were not raised in the earlier proceedings, if they could with reasonable diligence and should in all the circumstances have been raised.

(3) Except in special circumstances where this would cause injustice, issue estoppel bars the raising in subsequent proceedings of points which (i) were not raised in the earlier proceedings or (ii) were raised but unsuccessfully. If the relevant point was not raised, the bar will usually be absolute if it could with reasonable diligence and should in all the circumstances have been raised.

23. It was submitted to us on behalf of Virgin that recent case-law has re-categorised the principle in *Henderson v Henderson* so as to treat it as being concerned with abuse of process and to take it out of the domain of res judicata altogether. In these circumstances, it is said, the basis on which Lord Keith qualified the absolute character of res judicata in *Arnold v National Westminster Bank* by reference to that principle is no longer available, and his conclusions can no longer be said to represent the law.

24. I do not accept this. The principle in *Henderson v Henderson* has always been thought to be directed against the abuse of process involved in seeking to raise in subsequent litigation points which could and should have been raised before. There was nothing controversial or new about this notion when it was expressed by Lord Kilbrandon in *Yat Tung*. The point has been taken up in a large number of subsequent decisions, but for present purposes it is enough to refer to the most important of them, *Johnson v Gore-Wood & Co* [2002] 2 AC 1, in which the House of Lords considered their effect. This appeal arose out of an application to strike out proceedings on the ground that the plaintiff's claim should have been made in an earlier action on the same subject-matter brought by a company under his control. Lord Bingham took up the earlier suggestion of Lord Hailsham of St. Marylebone LC in *Vervaeke v Smith* [1983] 1 AC 145, 157 that that the principle in *Henderson v Henderson* was "both a rule of public

policy and an application of the law of res judicata". He expressed his own view of the relationship between the two at p 31 as follows:

"*Henderson v Henderson* abuse of process, as now understood, although separate and distinct from cause of action estoppel and issue estoppel, has much in common with them. The underlying public interest is the same: that there should be finality in litigation and that a party should not be twice vexed in the same matter. This public interest is reinforced by the current emphasis on efficiency and economy in the conduct of litigation, in the interests of the parties and the public as a whole. The bringing of a claim or the raising of a defence in later proceedings may, without more, amount to abuse if the court is satisfied (the onus being on the party alleging abuse) that the claim or defence should have been raised in the earlier proceedings if it was to be raised at all. I would not accept that it is necessary, before abuse may be found, to identify any additional element such as a collateral attack on a previous decision or some dishonesty, but where those elements are present the later proceedings will be much more obviously abusive, and there will rarely be a finding of abuse unless the later proceeding involves what the court regards as unjust harassment of a party. It is, however, wrong to hold that because a matter could have been raised in earlier proceedings it should have been, so as to render the raising of it in later proceedings necessarily abusive. That is to adopt too dogmatic an approach to what should in my opinion be a broad, merits-based judgment which takes account of the public and private interests involved and also takes account of all the facts of the case, focusing attention on the crucial question whether, in all the circumstances, a party is misusing or abusing the process of the court by seeking to raise before it the issue which could have been raised before."

The rest of the Committee, apart from Lord Millett, agreed in terms with Lord Bingham's speech on this issue. Lord Millett agreed in substance in a concurring speech. He dealt with the relationship between res judicata and the *Henderson v Henderson* principle at pp 58H-59B as follows:

"Later decisions have doubted the correctness of treating the principle as an application of the doctrine of res judicata, while describing it as an extension of the doctrine or analogous to it. In *Barrow v Bankside Members Agency Ltd* [1996] 1 WLR 257, Sir Thomas Bingham MR explained that it is not based on the doctrine in a narrow sense, nor on the strict doctrines of issue or cause of action estoppel. As May LJ observed in *Manson v Vooght* [1999] BPIR 376, 387, it is not concerned with cases where a court has decided the matter, but rather cases where the court has not decided the matter. But these various defences are all designed to serve the same purpose: to bring finality to litigation and avoid the oppression of subjecting a defendant unnecessarily to successive actions. While the exact relationship between the principle expounded by Sir James Wigram V-C and the defences of res judicata and cause of action and issue estoppel may be obscure, I am inclined to regard it as primarily an ancillary and salutary principle necessary to protect the integrity of those defences and prevent them from being deliberately or inadvertently circumvented."

25. It was clearly not the view of Lord Millett in *Johnson v Gore-Wood* that because the principle in *Henderson v Henderson* was concerned with abuse of process it could not also be part of the law of res judicata. Nor is there anything to support that idea in the speech of Lord Bingham. The focus in *Johnson v Gore-Wood* was inevitably on abuse of process because the parties to the two actions were different, and neither issue estoppel nor cause of action estoppel could therefore run (Mr Johnson's counsel conceded that he and his company were privies, but Lord Millett seems to have doubted the correctness of the concession at p 60D-E, and so do I). Res judicata and abuse of process are juridically very different. Res judicata is a rule of substantive law, while abuse of process is a concept which informs the exercise of the court's procedural powers. In my view, they are distinct although overlapping legal principles with the common underlying purpose of limiting abusive and duplicative litigation. That purpose makes it necessary to qualify the absolute character of both cause of action estoppel and issue estoppel where the conduct is not abusive. As Lord Keith put it in *Arnold v National Westminster Bank* at p 110G, "estoppel

per rem judicatam, whether cause of action estoppel, or issue estoppel is essentially concerned with preventing abuse of process."

26. It may be said that if this is the principle it should apply equally to the one area hitherto regarded as absolute, namely cases of cause of action estoppel where it is sought to reargue a point which was raised and rejected on the earlier occasion. But this point was addressed in *Arnold*, and to my mind the distinction made by Lord Keith remains a compelling one. Where the existence or non-existence of a cause of action has been decided in earlier proceedings, to allow a direct challenge to the outcome, even in changed circumstances and with material not available before, offends the core policy against the re-litigation of identical claims."

53. Although the applicant in the previous proceedings was Cataclean Global Limited and the applicant in the present proceedings is Systems Products UK Limited, as explained in paragraph 14 of this decision, these entities are sister companies and therefore 'privies'. The registered proprietor has not used the word estoppel, but that is the effect of its pleadings in the counterstatement, especially since, to start with, the application was ambiguous as to whether novelty was being put in issue. Estoppel is a defence, and it has been pleaded by the registered proprietor. Bearing in mind the words of the Supreme Court, I find that the applicant is estopped from bringing the novelty ground for a second time, relying on prior art which could have been relied upon in the first proceedings.

54. Therefore, despite my findings that the registered design had been disclosed in the UK and the USA prior to the relevant date, meaning it was not new at the time of the application in the UK to register the design, the applicant is estopped from bringing the novelty claim for a second time, which means that the novelty claim fails.

55. As explained earlier in this decision, the proceedings were separated. As the novelty claim has failed, it is necessary now to proceed with the proprietorship claim. I have considered whether it is an abuse of process for the applicant to bring this claim (for the first time), but have concluded that the applicant is not barred because the

registered proprietor did not plead abuse of process as a defence in its counterstatement. Estoppel in all its forms is a defence which must be pleaded.

Next steps

56. The Tribunal will write to the parties to direct how the proceedings should continue and set a timetable.

Status of this decision

57. The appeal period for this decision will not start running until the proprietorship decision is issued. I will consider the issue of costs for the proceedings as a whole as part of the proprietorship decision.

Dated this 27th day of October 2017

Judi Pike

For the Registrar,

the Comptroller-General