



Neutral Citation Number: [2019] EWCA Civ 477

Case No: A3/2017/2973

**IN THE COURT OF APPEAL (CIVIL DIVISION)**  
**ON APPEAL FROM THE HIGH COURT OF JUSTICE**  
**BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES**  
**INTELLECTUAL PROPERTY LIST (Ch)**

**His Honour Judge Hacon**  
**HC-2016-003703**

Royal Courts of Justice  
Strand, London, WC2A 2LL

Date: 20 March 2019

**Before:**

**LORD JUSTICE LEWISON**  
**LADY JUSTICE KING**  
and  
**LORD JUSTICE DAVID RICHARDS**

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**Between:**

**(1) EASY RENT A CAR LIMITED**  
**(2) GEORGE NESTEROS**  
**- and -**  
**EASYGROUP LIMITED**

**Appellants**

**Respondent**

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**David Ivison** (instructed by **Ince Gordon Dadds LLP**) for the **Appellants**  
**Stephanie Wickenden** (instructed by **Shoosmiths LLP**) for the **Respondent**

Hearing date: 3 December 2018  
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**Approved Judgment**

**1. Lord Justice David Richards:**

*Introduction*

2. This appeal concerns the application of articles 29 and 30 of Regulation (EU) No 1215/2012 (the Judgments Regulation) to proceedings for trade mark infringement and passing off issued in England by the respondent against the appellants, a month after the appellants had commenced proceedings in Cyprus against the respondent. HH Judge Hacon, sitting as a Deputy High Court Judge, dismissed an application by the appellants to stay these proceedings (the English proceedings) under article 29, alternatively under article 30. The appellants appeal with permission granted by Floyd LJ.

*The facts*

3. The respondent is a company incorporated in England which is the registered proprietor of a large number of United Kingdom, European and other trade marks that combine the word “easy” with a second word that refers to key goods or services offered under the mark. The best known is probably “easyJet” but, for the purposes of this appeal, the most relevant marks are for “EASYRENTACAR” in respect of the hire and rental of motor vehicles and “EASYCAR” for the rental and hire of vehicles and information services relating to transportation services, including information services provided online from a computer database or the Internet. One of the marks takes the form of the word “easyCar” with a rectangular block orange background. The respondent or its licensees have, since 2000 or earlier, provided car rental services on a substantial scale under these marks, including online information services and advertisements.
4. The particulars of claim allege that from about May 2002, the first appellant, a company incorporated in Cyprus and owned by the second appellant, has carried on a car rental business in Cyprus under signs which are identical or similar to the marks owned by the respondent. It has also offered car rental services to the public on a website which uses the sign “EASYRENTACAR” and “easyRentaCar” on an orange background and which is directed to consumers in countries including the United Kingdom.
5. In January 2003, the respondent and three other group companies commenced proceedings in Cyprus against the appellants, alleging trade mark infringement and passing off, and the appellants filed a defence and counterclaim. In 2005, both the claim and the counterclaim were dismissed without any hearing on the merits or other determination. The appellants allege that the dismissal was the result of a settlement agreement reached between the parties which, by its terms, permitted the appellants to carry on their car hire business in the manner of which complaint is made by the respondent in the English proceedings. The respondent alleges that the agreement was no more than an agreement that both parties would abandon their claim and counterclaim with no order as to costs.
6. In February 2012, lawyers in Cyprus acting on behalf of the respondent wrote to the appellants, alleging infringements of trade marks and of other intellectual property rights. The appellants’ lawyers responded, denying any infringement.

7. The respondent alleges that from about March 2013 the appellants added to the number of marks they were infringing on their website and that from about May 2014 they extended their infringing activities to their Facebook page.
8. In September 2016, English solicitors acting for the respondent wrote to the appellants, alleging infringements of their trade marks. The appellants replied, denying the allegations. Further correspondence followed.
9. On 24 November 2016, the appellants issued proceedings in the District Court of Nicosia, Cyprus, (the Cypriot Court) against, among others, the respondent (the Cypriot proceedings). The relief sought included: declarations that the appellants may use the phrase “easy rent a car” or similar phrases and accompanying drawings, colours or images as have previously been used in Cyprus and on their website; a declaration that the respondent (and the other defendants in the Cypriot proceedings) are estopped from asserting any rights they may have against the appellants’ use of these phrases and accompanying drawings, colours or images; an injunction to prohibit any interference with the appellants’ business; an injunction to prohibit the respondent from using in Cyprus or through their website the phrase “easy rent a car” or similar phrases; an order for specific performance of the settlement agreement which the appellants allege was made in 2005; and damages for breach of such agreement.
10. On 28 December 2016, the respondent issued the English proceedings in the High Court in London. It seeks relief in respect of alleged infringements of UK-registered marks and passing off. Unsurprisingly, the particulars of claim do not refer to the alleged settlement agreement and no part of the respondent’s case is based on that agreement. However, the appellants have made clear that “the central plank” of their defence would be the terms of the alleged settlement agreement.
11. There has been one important development since the judge’s decision. In September 2017, prior to the hearing below, the respondent issued an application in the Cypriot court to set aside the claim in the Cypriot proceedings, and service of the claim. The principal grounds, in summary, were that the appellants had not obtained an order for service of the proceedings out of the jurisdiction and that the proceedings disclosed no reasonable cause of action and were an abuse of the court’s process. The application was still pending at the time of the hearing before Judge Hacon in October 2017.
12. The respondent subsequently succeeded in this application and, by an order made by the Cypriot Court on 22 May 2018, the claim was set aside. The grounds for the order, as summarised in a witness statement of the appellants’ Cypriot lawyer, were that (i) the appellants had not demonstrated that they had a prima facie good cause of action and an arguable case against the respondent and (ii) they had failed to obtain leave, or valid leave, to serve the proceedings out of the jurisdiction. The orders granting leave to issue the proceedings and to serve the proceedings on the respondent were set aside.
13. Within the time allowed for doing so, the appellants filed an appeal against the Cypriot court’s order. The appeal was served on the respondent on 6 September 2018. In the words of the appellants’ Cypriot lawyer it is “a nice point” whether in these circumstances the District Court of Nicosia is still seised of the proceedings and, “for that reason and for the avoidance of doubt” he issued an application for a stay of the

order of 22 May 2108 pending appeal. The District Court dismissed the application on 26 October 2018 on the grounds that the order did not impose any obligation or duty on the appellants and therefore could not be the subject of a stay under the applicable procedural rules. The position is therefore that the claim has been set aside but an appeal is pending. It is common ground that the appeal will not be heard for a substantial time, in the order of 3-4 years from the filing of the appeal.

14. An appeal court will not normally admit evidence of events which have occurred since the making of the order under appeal: *R (Iran) v Secretary of State for the Home Department* [2005] EWCA Civ 982, [2005] INLR 633 at [34]-[37]. An appeal is limited to a review of the decision of the lower court, unless either a practice direction makes different provision for a particular category of appeal (not relevant in this case) or the court considers that in the circumstances of an individual appeal it would be in the interests of justice to hold a re-hearing: CPR 52.21(1). As will appear, the striking-out of the Cypriot proceedings and the filing of an appeal by the appellants are capable of having a profound effect on the application of both articles 29 and 30 in this case. I am therefore of the view that this court should admit evidence of these events.

#### *Article 29*

15. Article 29 provides:

“1. Without prejudice Article 31(2), where proceedings involving the same cause of action and between the same parties are brought in the courts of different Member States, any court other than the court first seized shall of its own motion stay its proceedings until such time as the jurisdiction of the court first seized is established.

2. In different cases referred to in paragraph 1, upon request by a court seized of the dispute, any other court seized shall without delay inform the former court of the date when it was seized in accordance with Article 32.

3. Where the jurisdiction of the court first seized is established, any court other than the court first seized shall decline jurisdiction in favour of that court.”

16. It is common ground that the District Court of Nicosia was at the date of the judge’s decision the court first seized for the purposes of article 29.
17. The issue before the judge was whether the Cypriot and English proceedings involved “the same cause of action” within the meaning of article 29. The events since the hearing mean that a second, but anterior, issue arises: is the Cypriot court now seized of the proceedings at all?
18. I will take first the issue whether the Cypriot court is now seized of the Cypriot proceedings. The immediate effect of the order made on 22 May 2018 was that there were no longer any proceedings pending before the Cypriot court. But, at that time, the appellants had the right to file an appeal against that order, which they did within

the time permitted for doing so. The effect of filing an appeal did not stay or suspend the effect of the order but, I assume (although the court does not have evidence on the point), a successful appeal will set aside the order with effect from the time it was made. It was not suggested to us that the effect would be different from this but Ms Wickenden, on behalf of the respondent, submitted that the correct position currently was that the Cypriot court had ceased to be seised on 22 May 2018 and that the Supreme Court of Cyprus became seised on the filing of the appeal, but it was for the purposes of article 29 the court second seised. I am unable to accept this analysis. The Supreme Court is seised only of an appeal. The choice, as it seems to me, must be between the Cypriot court not being currently seised as a result of the order of 22 May 2018 (and only becoming seised again if an appeal succeeds, at which time it will be the court second seised) and the Cypriot court still being seised by reason of filing the appeal and remaining so at least until the appeal is determined.

19. The effect of filing an appeal in these circumstances on the operation of article 29 is, in my judgment, a question of European law, not the national laws of member states. If it were the latter, the operation of article 29 could differ markedly according to the member state concerned, which would run counter to the objective of achieving “a clear and effective mechanism for resolving cases of *lis pendens* and related actions, and for obviating problems flowing from national differences as to the determination of the time when a case is regarded as pending”: recital (21) to the Judgments Regulation. Recital (21) continues that for the purposes of the Regulation, the time when a case is pending “should be defined autonomously”.
20. We were not referred to any decision of either the CJEU or the national courts of any member state in which the effect on the operation of article 29 of a pending appeal in these circumstances has been determined. It was, however, considered, albeit on an *obiter* basis, in *Moore v Moore* [2007] EWCA Civ 361; [2007] 2 FLR 339. The judgment of the court (Thorpe LJ, Lawrence Collins LJ and Munby J) states at [103]:

“The effect of an appeal from a decision by the court first seised that it has no jurisdiction does not appear to be settled by authority: cf *Dicey, Morris & Collins on the Conflict of Laws*, (Sweet & Maxwell, 14<sup>th</sup> edn, 2006), paras 12-047, 12-062; Briggs and Rees, *Civil Jurisdiction and Judgments*, (Informa Professional, 4<sup>th</sup> edn, 2005), para 2.205. It is true that a judgment for the purposes of Brussels I is final even if an appeal is pending: eg Arts 37 and 46. But the object of Art 27 is to prevent irreconcilable judgments, and as a matter of policy it would be very odd if proceedings in the court second seised could continue even if on appeal the jurisdiction of the court first seised is established. Consequently, we consider (contrary to the view of the judge) that Art 27 applies until the proceedings in the court first seised are finally determined in relation to its jurisdiction. That would mean that the expression in Art 27.1 ‘until such time as the jurisdiction of the court first seised is established’ should be interpreted to include the case where the court first seised has declared that it has no jurisdiction, but an appeal is pending against that decision and

that it would be unsatisfactory for the matter to be dealt with through a discretionary stay in the court seised second.”

21. I agree with this view and I would hold, for the reasons given in that paragraph, that the Cypriot court remains seised of the Cypriot proceedings until the appeal against the order of 22 May 2018 is determined. It is true that, because of the particular circumstances prevailing in the Supreme Court of Cyprus, it will probably be a long time until the appeal is finally disposed of, but the autonomous meaning of “seised” in article 29 cannot depend on factors of this sort which will vary greatly among member states.
22. The issue decided by the judge, whether the two proceedings involve the same cause of action, is therefore still a live issue. find
23. The elements of the “same cause of action” in what is now article 29 were authoritatively examined by the Supreme Court in *Starlight Shipping Company v Allianz Marine and Aviation, Versicherungs AG (The Alexandros T)* [2013] UKSC 70, [2014] Bus LR 873. The leading judgment is that of Lord Clarke, with whom Lord Sumption and Lord Clarke agreed and Lord Neuberger and Lord Mance in large part agreed.
24. For present purposes, the propositions to be derived from the judgment of Lord Clarke (see [28]) are as follows:
  - i) The phrase “same cause of action” has an independent and autonomous meaning as a matter of European law and it is not to be interpreted according to the criteria of national law.
  - ii) In order for proceedings to involve the same cause of action they must have “le même objet et la même cause”.
  - iii) Identity of “cause” means that the proceedings in each jurisdiction must have the same facts and rules of law relied upon as the basis for the action. Rules of law in this context mean the juridical basis on which arguments as to the facts will take place. The court looks to the basic facts and the basic claimed rights and obligations of the parties to see if there is coincidence between the proceedings, making due allowance for differences in the classification of rights and obligations between the states concerned.
  - iv) Identity of “objet” means that the proceedings must have the same end in view.
  - v) The assessment of the identity of “cause” and “objet” is to be made by reference only to the claims in each action and not to any defences to those claims.
  - vi) It follows that article 29 is not engaged merely by virtue of the fact that common issues might arise in both sets proceedings. This is an important point of distinction between articles 29 and 30.
  - vii) Given the flexible discretionary power to stay “related proceedings” under article 30, it is unnecessary to strain to fit a case into article 29. The purpose of

preventing parallel proceedings in different jurisdictions and avoiding, so far as possible, conflicting decisions is addressed by the combination of articles 29 and 30.

- viii) The fact that the claimant in one set of proceedings is the defendant in the other set of proceedings, and vice versa, will not necessarily prevent the application of article 29. If the claims in the two sets of proceedings are essentially mirror images, article 29 will apply. For example, a claim in one action by A against B for damages for a particular breach of contract and a claim by B against A in the other action for a declaration that it has not committed that breach of contract will have the same “cause et objet”.
25. As to whether the Cypriot and English proceedings have the same “objet”, the judge accepted the submission for the appellants that both relate to whether the appellants are entitled to use its trading name and style on its website. The appellants seek to be able to do so, and the respondent seeks to prevent it. Although counsel for the respondent had in her skeleton argument for the appeal stated that the respondent maintains its position that the proceedings do not have the same “objet”, a respondent’s notice has not been served and it is not open to the respondent to challenge the judge’s decision on this point.
26. As to whether the two actions have the same “cause”, the judge said at [16]:
- “On their face the two actions plainly do not have the same facts and rules of law as the basis of their cause of action. The English action is based on tort on the law of trade marks and passing off; the defendants’ Cypriot action is based on contract. Mr Ivison argued that this is just a quirk dependent on which party is claimant or plaintiff, as the case may be in each jurisdiction.”
27. The judge then referred to the facts and circumstances in *The Alexandros T* and to Lord Clarke’s analysis of them. A claim against insurers by the owners of a vessel lost at sea was settled. The owners then commenced proceedings in Greece against the insurers and their solicitors for damages for bribing witnesses and other misconduct. The insurers commenced proceedings in England for declarations that the Greek claims were in breach of the settlement agreement.
28. The insurers resisted the owners’ application for a stay of the English action on the basis that the grounds on which they claimed declarations that the Greek action was a breach of contract did not have the same cause as the Greek action. There were three such grounds. First, they claimed that if damages were awarded in the Greek action, they would be entitled to an indemnity from the owners under the terms of an express indemnity in the settlement agreement. The validity of the settlement agreement or of the indemnity provision was not impugned in the Greek action. Second, they claimed that the Greek action was brought in breach of exclusive jurisdiction clauses in the settlement agreement and the underlying insurance policies. Third, the insurers claimed that the claims advanced in the Greek action fell within the terms of the release of claims contained in the settlement agreement.

29. Lord Clarke held that the claims in the two actions did not have the same “cause and objet”. The Greek claims were in tort, alleging bribery and other wrongs. Whether the insurers and their solicitors had been guilty of such conduct was not an issue in the English proceedings. Even if they had been, it was said that bringing such claims in Greece was in breach of the release of claims and of the exclusive jurisdiction clause in the agreement and that, if successful, they would give rise to a right of indemnity under the agreement. It can readily be seen that the causes are quite different, with different factual bases and different objects: see [41]. Lord Clarke continued at [42]:

“This is to my mind clear in the case of the claims for damages for breach of the release provisions in the settlement agreements and for a declaration that the bringing of the Greek claims is a breach of the settlement agreement. The nature of the claims is almost identical to the nature of the claims for breach of the jurisdiction agreements. In both cases the alleged breach is the bringing of the claims in Greece. Moreover, like the claims for an indemnity, the claim for damages for breach of the settlement agreement assumes that the claims in Greece may succeed. Is the position different in respect of the claim for a declaration that the Greek claims fall within the terms of the release in the settlement agreements? In my opinion the answer is no.”

30. After quoting paragraphs [33-34], [41] and [43] of Lord Clarke’s judgment, the judge said:

“18. In my view, the circumstances in the present case are analogous. The two claims mirror each other but are not the same for the reasons given by Lord Clarke. I therefore dismiss the application in relation to Article 29.”

31. Reading paragraph [18] of the judgment with paragraph [16], which together contain the judge’s reasons on this issue, it appears that the decisive point for him was that the English proceedings are in tort for trade mark infringement and passing off, while the Cypriot proceedings are based on a contract. The appellants challenge the judge’s conclusion as failing to take into account the nature of the relief sought in the Cypriot proceedings. The claims for declarations that the appellants may use the phrase “easy rent a car” and similar phrases on their website and that the respondent is estopped from asserting any rights they may have in respect of such phrases presuppose that the respondent has, or alleges itself to have, a *prima facie* right to prevent the appellants’ use of those phrases. Therefore, the appellants submit, the Cypriot action does concern the same cause because it directly concerns whether they are infringing the respondent’s rights. The proceedings are analogous to mirror claims of the sort discussed above. If the appellants succeed in the Cypriot proceedings, it will result in a decision that the respondent is not entitled to rely upon any rights they may otherwise have in relation to the appellants’ business activities.
32. The respondent supports the distinction on which the judge based his decision, placing great emphasis on the claims being respectively in tort and in contract. It submits, in keeping with the judge’s reasoning, that the two claims therefore have different causes.



33. In my judgment, it is necessary to analyse the elements in the two claims in order to decide whether they involve the same “cause”. It is not sufficient simply to rely on the different domestic law causes of action (contract and tort) on which the claims are based; see proposition (i) above derived from *The Alexandros T*.
34. The respondent’s claim is based on section 9 of the Trade Marks Act 1994, which gave effect to what became article 5 of Directive 2008/95/EC (the Trade Marks Directive). Section 9(1) provides:
- “The proprietor of a registered trade mark has exclusive rights in the trade mark which are infringed by use of the trade mark in the United Kingdom without his consent.”
35. Article 5.1 provides:
- “The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade....”
36. As appears from the terms of these provisions, an essential element of the statutory tort of infringement is that the use should be without the consent of the proprietor. It is an allegation that must be pleaded, as it is in paragraph 24 of the particulars of claim in this case. The absence of the respondent’s consent is part of its claim in the English proceedings. It is not a matter that arises by way of defence, even though the burden of proving consent, rather than its absence, lies or may lie on the alleged infringer, a point which I will consider below. The lack of the proprietor’s consent is one of the five “general conditions for infringement” identified and discussed in *Kerly’s Law of Trade Marks and Trade Names* (16<sup>th</sup> ed, 2018) in Chapter 16. Defences are separately discussed in Chapter 17 and the discussion does not include consent. At para 17-062 *Kerly* also refers to a decision of the CJEU which holds in terms that consent is not the same as acquiescence. The same must equally be true of estoppel.
37. The same is true of the tort of passing off. There can be no misrepresentation, an essential element in the tort, if the claimant has consented to the defendant carrying on business in the manner alleged to be passing off. An absence of consent is essential to a plea of misrepresentation, and it is indeed pleaded by the respondent in its particulars of claim in the English proceedings at paragraph 33 where it is alleged that the appellants “have made representations leading the public to, or likely to lead the public to, believe that the services provided by the Defendants are the services of (*or* associated with, *approved, authorised* or endorsed by) the Claimant” and in paragraph that such representations were “false in that the services offered by the Defendants are not those of (*or* otherwise associated with, *approved, authorised* or endorsed by) the Claimant” (emphasis added). Consent is not the same as estoppel or acquiescence. The latter, which assumes there is no express consent, may provide a defence but the absence of estoppel or acquiescence is no part of the tort of passing off.
38. The CJEU has held that the burden of proving consent lies on the alleged infringer in cases brought under section 12 of the Trade Marks Act 1994 or its equivalents: see *Class International v Colgate Palmolive* [2005] ECR I-8735. It seems likely, and I

will assume in the respondent's favour, that the same is true of an infringement claim under section 9. However, the placing of the burden of proof on the defendant to prove consent does not affect the status of the absence of consent as an essential element in the tort of infringement of a trade mark. It is clear that in passing off, the burden of proof in establishing misrepresentation lies on the claimant: *Reckitt & Colman Products Ltd v Borden Inc* [1990] 1 WLR 491 at 499 per Lord Oliver. Since passing off is a purely domestic tort, principles of EU substantive law have no part to play.

39. The very matter being asserted by the appellants in the Cypriot proceedings is that the respondent consented to their use of the marks. They assert that such consent was given by way of a contractual provision, but while consent for the purposes of infringement may be given by contract, it is not essential that it should be. The essential element in the declarations sought by the appellants in the Cypriot proceedings is that the respondent consented to their use of the marks and to carrying on business in a manner which might otherwise amount to passing off. The alleged settlement agreement is, for these purposes, the vehicle for such consent.
40. The CJEU has made clear that article 29 requires attention to be focused on the claim made by the claimant, not on any defences that are or may be raised: see *Gantner Electronic GmbH v Basch Exploitatie Maatschappij BV* (Case C-111/01) [2003] ECR I-4207 at paras 24-32. See also propositions (iii) and (v) above derived from *The Alexandros T*.
41. If the claims in the English and Cypriot proceedings are examined, without regard to any possible defences, it is apparent that the respondent's consent to the appellants' use of the marks, or lack of such consent, is an essential element of both claims. While the Cypriot proceedings are more extensive in the relief sought than the English proceedings, so that there is not a complete overlap between the proceedings, the essential question is whether the "cause" in the English proceedings is mirrored in the Cypriot proceedings. It is, in my judgment, as regards the issue of consent.
42. However, that is not the end of the matter. When considering the application of article 30, the judge at [30] recorded that counsel for the appellants had undertaken on their behalf not to challenge the validity of the trade marks in the Cypriot proceedings and had indicated that the argument in those proceedings would be concerned solely with the alleged contract. Counsel had not been able to give any such undertaking or indication as regards the English proceedings, so that all issues in those proceedings are potentially in dispute.
43. The effect of this undertaking and the indications, if carried through, will be to limit the scope of the Cypriot proceedings, but not the English proceedings, to the single issue of consent. On this basis, the range of issues raised by the claims in the two sets of proceedings will not be the same. The question then is whether they nonetheless raise the same "cause" for the purposes of article 29.
44. It is first worth noting that, if the appellants sought to challenge the validity of the respondents' trade marks in the English proceedings, this would have to be by way of defence or, more appropriately by way of counterclaim: see *Kerly's Law of Trade Marks and Trade Names* (16<sup>th</sup> ed., 2018) at 12-174. Defences and, it must follow,

counterclaims are to be disregarded for the purpose of identifying the “cause”: see [24] above.

45. There remain a significant number of factual allegations in the particulars of claim, quite apart from the issue of consent, which the respondent must establish if it is to succeed in its infringement and passing off claims. However, it must also succeed on the issue of consent, which is common to both claims, if it is to succeed in the English proceedings. In other words, the respondent could fail on one or more of those prior issues and so fail in one or both of its claims in the English action, without getting to the issue of consent, but it must succeed in showing that there was no consent in order to succeed on either claim in the English action. The potential for irreconcilable judgments in the English and Cypriot proceedings is immediately apparent.
46. Just as consent is an essential element in the respondent’s claims in the English proceedings, so the issue of consent is not raised by the appellants in Cyprus as an academic issue, but to establish that they are entitled to do what would, or might, otherwise be impermissible by virtue of the respondent’s trade marks and business goodwill.
47. We were not referred to any decision, whether in this or any other country or in the CJEU, addressing the situation arising in the present case. That situation is best described as one in which the claimant in the English proceedings seeks to establish liability for infringement and passing off, and all the elements of those “causes” are potentially in issue, while the claimants in the Cypriot proceedings seek to establish that they have no liability for infringement or passing off, but only one element of those “causes” is in issue.
48. The consideration that there is clear potential for conflicting decisions is a relevant but not decisive factor. As Rix J said in *Glencore International AG v Shell International Trading and Shipping Co Ltd* [1999] 2 All ER (Comm) 922 at 929, in a passage approved by the majority in *The Alexandros T*, the purposes of preventing parallel proceedings in different jurisdictions and avoiding if possible irreconcilable decisions are to be achieved by what are now both articles 29 and 30.
49. The resolution of this issue is, in my judgment, to be found in the explanation given by Cooke J in *JP Morgan Europe Ltd v Primacom AG* [2005] EWHC 508 (Comm); [2005] 2 Lloyd’s Rep 665 at [42], also approved by the House of Lords in *The Alexandros T*:

“The expression ‘legal rule’ or ‘rule of law’ appears to mean the juridical basis on which arguments as to the facts will take place so that, in investigating ‘cause’ the court looks to the basic facts (*whether in dispute or not*) and the basic claimed rights and obligations of the parties to see if there is co-incidence between them in the actions in different countries,…”  
(emphasis added)
50. While the scope of the dispute in the Cypriot proceedings may be narrower than in the English proceedings, that which is not disputed in the Cypriot proceedings is in effect assumed in the respondent’s favour, narrowing the case to the single issue of consent.

Fundamentally, the “cause” and, as is common ground, the “objet” of the two sets of proceedings are the same.

51. Even if I were wrong on that, there is a further basis on which I would hold that article 29 applies to these proceedings. The authorities make clear that it is the claims as formulated by the claimants in the two sets of proceedings that determine whether they have the same “cause” and “objet”. The appellants’ claim in the Cypriot proceedings, as set out in their writ, is drafted in very wide terms. It is not limited to the issue of consent but is wide enough to encompass a challenge to all or any of the facts and matters on which the respondent relies in the English proceedings. The apparent narrowing of the scope of the Cypriot proceedings results from an undertaking given to the English court not to challenge the validity of the respondent’s trade marks and indications given by counsel that the only issue would be consent.
52. The undertaking is not important in this context for the reason given above, that a challenge to the validity of the marks would be by way of defence or counterclaim. In all other respects, the narrowing of the issues depends entirely on counsel’s indications. It seems unlikely that those “indications” would have any binding force in Cyprus, and we certainly have no evidence that they would bind the appellants. Before the Cypriot proceedings were struck out, there had been no amendment to the writ nor had particulars of claim narrowing the case to the issue of consent been served. If we are to judge the “cause” by reference to the claim in the Cypriot proceedings, as we are required to do, that claim was and remained in a form that potentially put in issue all the elements of the respondent’s claim in the English proceedings.
53. For these reasons, I conclude that article 29 does apply and the English court has no choice but to decline jurisdiction in the English proceedings.

#### *Article 30*

54. In the light of my conclusion on the application of article 29, the question of a discretionary stay under article 30 does not arise. However, the issue was fully argued and I will set out my views on it.
55. Article 30 has a wider ambit than article 29 but confers a discretion rather than requiring a stay to be granted. It provides:

“Article 30:

1. Where related actions are pending in the courts of different Member States, any court other than the court first seized may stay its proceedings.
2. Where the action in the court first seized is pending at first instance, any other court may also, on the application of one of the parties, decline jurisdiction if the court first seized has jurisdiction over the actions in question and its law permits the consolidation thereof.

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

56. Without expressly addressing the issue, the judge proceeded on the basis that the two sets of proceedings were “related actions” as defined by article 30(3) and this is not surprising, given the centrality of the alleged settlement agreement in both proceedings. This is not challenged by the respondent on this appeal.

57. In considering the exercise of his discretion under article 30, the judge cited paragraph 76 of the Opinion of Advocate General Lenz in *Owens Bank Ltd v Bracco* (Case C-129/92) [1994] QB 509, which addressed article 22 of the Brussels Convention which was in substantially the same terms as article 30 of the Judgments Regulation:

“76. Furthermore, there are three factors which may be relevant to the exercise of the discretion vested in national courts by virtue of Article 22, but this does not mean that other considerations may not also be important:

- The extent of the relatedness and the risk of mutually irreconcilable decisions;
- The stage reached in each set of proceedings; and
- The proximity of the courts to the subject-matter of the case.”

58. Both parties agree that these are indeed relevant considerations, but Mr Ivison for the appellants also draws attention to paragraph 75 of the same opinion:

“75. The decision required in the context of Article 22 of the Convention is a *discretionary* decision. It goes without saying that the circumstances of each individual case are particularly important here. The national courts must bear in mind that the aim of this provision is ‘to prevent parallel proceedings before the courts of different Contracting States and to avoid conflicts between decisions which might arise therefrom’, as the Court stated in its judgment in *Overseas Union Insurance*. It would therefore be appropriate in case of doubt for a national court to decide to stay its proceedings under Article 22”

59. As regards the first factor listed by the Advocate General, the judge accepted that there was common ground between the proceedings, as clearly there was in relation to the issue of the respondent’s consent.

60. As to the second factor, the stage reached in each set of proceedings, the judge noted that while a defence had yet to be served in the English proceedings, it would need to be served within at most four weeks if he were to refuse a stay, and there would be a case management conference not long afterwards. He saw no reason why there should

not be a trial well within twelve months. As to the Cypriot proceedings, the judge correctly treated as relevant both the probability that the respondent's application to strike out the Cypriot proceedings would not be heard until about March 2018 and the possibility that the application would succeed. He then stated at [29]:

“Assuming that the District Court of Nicosia was to take the view that it has jurisdiction, there is no evidence as to when a final resolution is likely to be reached. Bearing in mind what I do know, it seems to me unlikely that that is going to happen very soon, and not until sometime after resolution in the present court if matters go ahead in the present court.”

61. As a result of the order subsequently made to strike out the Cypriot proceedings and the long delay before the appeal is heard, the judge's assessment of the stages reached by the two proceedings has been overtaken by events.
62. As regards the proximity of the courts to the subject-matter of the case, the judge took account of (i) the likelihood, as he saw it, that the alleged settlement agreement, if it existed, would be governed by English law and (ii) the need for evidence from those individuals who were involved in the process that led to the dismissal of the proceedings in Cyprus in 2005. He regarded the first of these matters as favouring a trial of the English proceedings. As the potential witnesses were in Cyprus and England, he regarded the second matter as neutral. On the second point, the judge was in my view correct.
63. I find the first point, the governing law of the settlement agreement, more difficult. Assuming the agreement was made as alleged, it was made in Cyprus, in settlement of Cypriot proceedings and made provision for the manner in which a Cypriot company would continue to carry on business in and from Cyprus. The alleged agreement did not relate only to UK-registered marks. I would not for these purposes make any assumption as to the proper law of the agreement.
64. The judge concluded that a stay should not be granted under article 30, saying at [40] that he had come to the view that “justice would be best served by refusing to stay the English case”. He continued:

“It seems to me that there is a risk of delay in the resolution of the matter if I do grant a stay and there is a likelihood that the 2005 agreement is governed by English law. The other factors which I have to take into account tend to balance each other out and are neutral overall. Therefore, I dismiss the application under Article 30.”
65. On this appeal, the appellants submit that the first of the three factors identified by the Advocate General in *Owens Bank Ltd v Bracco* is by far the most important factor, going as it does to the overriding purpose, as stated in recital 21 to the Regulation, of avoiding concurrent proceedings and conflicting judgments. The court must engage in an assessment of the extent to which the proceedings are related and the extent of the risk of conflicting judgments. They submit that it should only be in a case where the degree of overlap is small, and there are compelling reasons for permitting the two actions to proceed, that the other factors mentioned by the Advocate General should

be given significant weight. In support, they rely on paragraph 77 of the Advocate General's Opinion:

“77. Clearly, the closer the connection between the proceedings in question, the more necessary it would appear for the court second seised to stay its proceedings. If other factors are of some relevance to the proceedings pending before the court first seised, it may be appropriate for the court second seised not to stay the proceedings. It would also appear sensible, for example, for a court to decline to stay its proceedings on the grounds that only an interim measure can be taken in those proceedings and that there is therefore no risk of irreconcilable decisions, the more likely it will be that the court second seised should stay its proceedings in accordance with Article 22.”

66. The appellants submit that the judge erred in the exercise of his discretion, first, in failing to have regard to, or to give sufficient weight to, the degree of overlap between the two sets of proceedings. He should have, but did not, assess the degree of overlap, which the appellants submit is extensive. Second, by concluding that “justice would be best served” by the refusal of a stay, he applied a test which has no place, expressly or by implication, in article 30.
67. I do not see any substance in this second ground. It is perfectly clear from the judgment read as a whole that the judge was seeking to apply the approach adopted in the authorities to which he referred. His reference to justice being best served was not the adoption of a new and illegitimate test but simply a way of expressing his conclusion reached by applying the conventional approach.
68. As to assessing the degree of overlap, there is, in my judgment, some substance in the appellants' challenge. The judge did not, as the Advocate General had suggested, assess the extent of the relatedness. As regards the issue of consent, there is clearly the highest degree of overlap, and to that extent this is a powerful factor in favour of a stay. However, the same is not true of the other issues which, as discussed above, may arise for decision in the English proceedings but will not do so in the Cypriot proceedings. The question of overlap is therefore important but is not in this case overwhelming. I would not in any event accept the appellants' submission that it is only when the degree of overlap is small, and the other factors are compelling, that a stay should be granted. The degree of overlap is a factor of great importance but, even if the overlap is complete, it may be outweighed by other factors.
69. The most significant factor against the grant of a stay is the respective stages of the two sets of proceedings.
70. The appellants criticised the judge for failing to assess the extent of any delay in the resolution of the Cypriot proceedings as against the English proceedings, saying only that it would be “not until sometime after resolution in the present court” that the Cypriot proceedings would be determined. He accepted that he had no evidence on this point. He should have identified any material prejudice to the respondent in any delay, bearing in mind that the appellants have been carrying on this business, to the knowledge of the respondent, for many years and that the respondent could have applied for interim relief in the Cypriot proceedings but had not done so. The relative

speed of parallel proceedings should only rarely be a decisive factor in cases which have a substantial overlap, given the overriding interest in avoiding parallel proceedings and conflicting judgments.

71. Whatever may be said of these submissions as regards the situation as it existed at the time of the hearing before the judge, the position is now fundamentally different. It will be 3 to 4 years before the appeal against the striking out of the Cypriot proceedings is decided. The appeal may, of course, fail but even if it succeeds the Cypriot proceedings will not have progressed beyond the initial stages of the issue and service of the claim form.
72. In all the circumstances of this case, the fact that there will be no Cypriot proceedings unless the appellants succeed in their appeal in Cyprus, and the fact of the very lengthy delay in any progress in the Cypriot proceedings even if the appeal is allowed, are overwhelming factors against the grant of a stay of the English proceedings under article 30.
73. I should mention that the judge was criticised for failing to have regard to the relative abilities of the parties to fund the litigation. The appellants do not have the financial and other resources available to the respondent and the appellants' ability to contest either set of proceedings will be prejudiced if they are required to contest both of them at the same time. However, Mr Ivison accepted that he had not pursued this point before the judge and there was no evidence on the appellants' financial resources. This is not a point which it is open to the appellants to pursue on this appeal.

#### *Conclusion*

74. For the reasons given in this judgment, I would allow the appeal on the ground that article 29 applies to the English proceedings.
75. I do not reach this conclusion with enthusiasm. But as this court pointed out in *Research in Motion UK Ltd v Visto Corp* [2008] EWCA Civ 153, [2008] FSR 20 at [35]:

“The Regulation relies on mechanical tests—the mechanical test of the court first seised, and the further largely mechanical test in Art.30 as to how one ascertains which court is first seised. ...The trouble with mechanical tests is that they are sometimes prone to yield results which do not coincide with the clear merits or even common sense.”

#### **Lady Justice King:**

76. I agree.

#### **Lord Justice Lewison:**

77. I also agree.