



Neutral Citation Number: [2020] EWHC 1841 (Ch)

Case No: IL-2019-000103

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
INTELLECTUAL PROPERTY LIST (ChD)
SHORTER TRIAL SCHEME

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

Date: Thursday, 2nd July 2020

Before:

MR. JUSTICE FAN COURT
Remotely via Skype

Between:

- (1) SAZERAC BRANDS, LLC**
- (2) SAZERAC COMPANY, INC**
- (3) SAZERAC UK LIMITED**

Claimants

- and -

- (1) LIVERPOOL GIN DISTILLERY LIMITED**
- (2) HALEWOOD INTERNATIONAL LIMITED**
- (3) HALEWOOD INTERNATIONAL BRANDS LIMITED**

Defendants

MR. JAMES MELLOR QC and MR. MAXWELL KEAY (instructed by Fieldfisher LLP)
for the Claimants

MR. TOM MOODY-STUART QC and MR. THOMAS JONES (instructed by TLT LLP)
for the Defendants

Approved Judgment

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THE HON. MR JUSTICE FAN COURT

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MR. JUSTICE FANCOURT :

1. This is an application by the claimants dated 23 June 2020 for permission to re-re-amend the particulars of claim. The proposed amendment pleads what is in substance similar fact evidence seeking to establish a propensity on the part of the defendants to behave in a particular way. In this claim for Trade Mark infringement and passing off, the claimants wish to allege and prove that the defendants, or some of them have, to put it colloquially, "form" in intentionally or deliberately taking unfair advantage of the reputations and goodwill of others.
2. There is no doubt that in principle similar fact evidence showing that a defendant has done what is alleged previously is likely to be of probative value in a claim where an Article 9(2)(c) infringement of a Trade Mark is alleged, particularly where, as here, there is an issue as to whether the defendants have intentionally taken unfair advantage of the claimants' reputation and goodwill.
3. I make it clear at the outset that I do not accept the argument on the part of the defendants that even if the allegations are proved there can be no probative value in the matters alleged simply because the third parties in the previous cases were not in a competing business with the defendants.
4. The argument that the claimants advance is that the court should be persuaded on a balance of probabilities that the defendants intentionally took unfair advantage of them, not only because of what happened on the facts of this case but because the defendants had acted similarly on one or more previous occasions.
5. The difficulty the claimants face is that the matters alleged have been raised at a late stage in a shorter trial scheme case. The trial will start before me on 13 July, which is in only 11 days' time. One of the four days for the trial is allocated for pre-reading, there are two days for evidence and one day for closing submissions. The evidence on each side comprises factual evidence and expert evidence. There are three witnesses in all for the claimants and four for the defendants.
6. In effect, therefore, each side will only have one court day in which to cross-examine the other side's witnesses, to seek to establish or undermine questions of the claimants' reputation and goodwill, any likelihood of confusion on the part of the average consumer, any intentional or reckless taking unfair advantage, and questions of harm or damage.
7. The shorter trial scheme contemplates that the issues in the case will be agreed at the case management conference; that disclosure will be limited; applications for further evidence or information after the case management conference are discouraged and, save in exceptional circumstances, the court will not permit a party to submit material at trial in addition to that permitted at the CMC or by later court order.

8. These limitations are contained in practice direction 57AB paragraphs 2.38, 2.39, 2.43 and 2.50. There is therefore a presumption, not an irrebuttable presumption but nevertheless a presumption, against change in the nature of the issues to be tried. That is all the stronger at a late stage of the preparation for trial.
9. On 19 June 2020 I heard the pre-trial review and I gave the claimants permission to amend to raise further matters in relation to the alleged recklessness of the defendants as regards interference with their reputation and rights. The amendment on that occasion was agreed by the defendants but only on the basis that at trial the claimants would be limited in their cross-examination to the allegations of recklessness pleaded and would not be able to range more broadly. The claimants agreed that limitation.
10. The amendments that were permitted then did not relate to the claimants' case on intentional taking unfair advantage. Their case on intentional and reckless taking unfair advantage is currently pleaded in paragraph 24, sub-paragraph (4) of the re-amended particulars of claim, as follows:

"It is to be inferred that the defendants chose the mark AMERICAN EAGLE because of the high degree of similarity to the Sazerac Marks and with the intention of taking advantage of the reputation attaching to the Sazerac Marks. Alternatively, even if the Defendants did not choose the mark AMERICAN EAGLE specifically for this reason, they knew or should have known that the said mark would benefit from the reputation of the Sazerac Marks and intended, or were reckless, as to this effect."

Sub-paragraph (4A) then pleads the particulars that the claimants rely on in relation to their plea of recklessness.

11. The claimants now say that immediately following the pre-trial review they realised that there was strong evidence of previous exploitation by the defendants in relation to other matters, which would support their case that they were intentionally exploited by the defendants. They, therefore, made on the next day the application that is before me. The application is for permission to plead further matters in support of their case that the defendants intended to take advantage of the reputation of the Sazerac marks or were reckless, and the matters relied on are matters of similar fact evidence alleged to establish a propensity on the part of the defendants to ride on the back of the brands or representations of others and thereby take unfair advantage of them.
12. There are then two particular matters that are pleaded in detail. First, that in June 2018, shortly before the application to register the AMERICAN EAGLE trade mark, the third defendant applied to register as a UK trade mark the word mark VERA LYNN in respect of the sale of alcoholic goods. That application was opposed by Dame Vera on the ground, amongst others, that it was made in bad faith in order to take advantage of her reputation. On 12th December 2019 the United Kingdom Intellectual Property Office ("the IPO") refused registration of the word mark, including on the ground that the third defendant had made the application in bad faith. That is the first of the two matters.

13. The second is rather more complex, and relates to the well-known television series *Peaky Blinders*. The pleaded case exceeds two pages and I will summarise it briefly.
14. In 2014, a company called Sadlers started to brew and sell a beer called PEAKY BLINDER, in homage to the television show, and it registered a UK trade mark for that name in respect of beer alone. In 2016 Sadler's made a further application to register a PEAKY BLINDER trade mark in relation to other classes of goods.
15. The second defendant company is then alleged to have acquired the Sadlers in 2017 and Mr. Hainsworth, one of the directors of the second defendant and a witness in this trial, was then appointed a director of Sadlers and OF a sister company called Windsor Castle Brewery Limited ("Windsor"). Shortly after Sadler's became a subsidiary of the second defendant, Windsor is then alleged to have applied to register PEAKY BLINDER as an EU trade mark for the classes beer and alcoholic beverages except beer. That application was granted in November 2017 and the registration was later transferred into the name of Sadlers in August 2018.
16. In November 2017 the defendants are alleged to have launched new brands using the name PEAKY BLINDER. At a later time, the production company that created the PEAKY BLINDERS series applied to register its own EU trade marks in broad classes of goods, which application was then allegedly successfully opposed by the defendants. The allegation is that the defendants thereby succeeded in deliberately taking advantage of the reputation of the television series in that way.
17. These two matters are pleaded as supporting the claimants' case on intention and recklessness, but what is alleged seems to me to go principally to intentional taking advantage.
18. The application to amend is, as I have said, late. An amendment in the terms sought would require the defendant, first, to amend its defence to plead to the facts alleged. Even if, as I understand to be the case, an order for disclosure is not sought against the defendants in relation to these matters, nevertheless the defendants will themselves wish to search for documents that relate to these allegations and any defence to them, so that they can deploy them at trial. Further, they are likely to want to prepare a further witness statement or witness statements to meet the allegations and set out the defendant's factual case. If all that is done in relation to these matters, there is a significant risk that the trial will be encumbered by argument about inferences from these documents, cross-examination of witnesses and submissions about these events which are not the events with which the trial is principally concerned.
19. It follows from the nature of propensity evidence that the court would ultimately have to decide whether or not the defendants or their subsidiaries did the matters that are alleged to have been done, to the extent that they are not admitted, and what their motives were for doing them, all in addition to deciding the facts directly in issue in the current claims.
20. The claimants do not intend to call evidence about the similar facts but wish to cross-examine Mr. Hainsworth about them. No doubt they will also seek to rely on the documents that they have disclosed, in particular the decision of the UK IPO.

21. Although the claimants may say the documents speak for themselves and they only wish to cross-examine the defendants' witnesses, the position is that the defendants must be given a fair opportunity to prepare to defend the allegations that the claimants seek to make against them. That would, in my judgment, involve at least a search for documents and the preparation of a further witness statement in addition to a responsive pleading. All of that would have to be done in effectively one week before the trial, at a time where the lines of communication are still not what they were before the Covid-19 restrictions were put in place.
22. As I have said, it seems to me that a full trial of these matters would also significantly extend the scope of the facts in issue at trial, which is supposed to be focused on the particular issues that were agreed at the case management conference in January. The defendant put in rather generalised evidence suggesting that there simply would not be sufficient time to deal with all of these matters ahead of trial, but did not put in any specific evidence to say that it was impossible to deal with any of them. There was a good deal of assertion but very few specifics as to real difficulties in meeting the case. However, of course, I accept that any work to be done in connection with these matters will inevitably deflect the defendants and their lawyers from preparing for trial.
23. The relevant questions that have a bearing on my decision are the following. First, how much of the evidence that the claimants seek to rely upon will be disputed and therefore how much time will be taken up during the trial dealing with these matters? In the case of the VERA LYNN allegations, the answer, it seems, is that very little will be disputed and little time is therefore likely to be taken, since the only remaining issue, as Mr. Moody-Stuart frankly accepts, is what motive is to be imputed to the defendants for the matters that are recorded in the decision of the IPO.
24. In the case of PEAKY BLINDERS however, the facts are very much more complicated because they involve the effective control of other companies. Mr. Moody-Stuart says that there may well be factual matters that are not agreed and there are complex issues of corporate control and ownership, and about the imputation to a corporation of knowledge and intention which will arise. These matters may need more time to deal with at trial.
25. The second issue is what response the defendant can reasonably be expected to wish to make before the trial. I have dealt with that and I accept that they will inevitably have to spend time responding to the pleaded case, searching for helpful documents and preparing further witness evidence. That is likely to be more time consuming in respect of the PEAKY BLINDER allegation.
26. Third, can they reasonably be expected to do that before the start of the trial? It seems to me the answer to that is it depends how much requires to be done and how much time will be taken, given that the trial is only 11 days away.
27. Fourth, is the application late in the sense that the claimants could and should have made it sooner? The claimants were aware in December 2019 of the VERA LYNN application and decision and, in my view, they should have been sufficiently aware of the PEAKY BLINDERS issue sooner than 19 June 2020. Although Mr. Mellor QC on behalf of the claimants says, and I accept, that the dots were not fully joined to complete the picture until 19 June, the claimants, in my view, could and should have

investigated further at an earlier stage if they were intending to rely on similar fact evidence of this nature at trial. On any view, they certainly had the VERA LYNN material to hand at a much earlier date.

28. Fifth, is the application so late or very late in the sense that it will require extra steps to be taken or steps already taken to be repeated, thereby duplicating costs and time? I have indicated that some further steps will require to be taken at a late stage, which could involve some repetition of preparation of evidence on behalf of the defendants.
29. Sixth, is there real prejudice to the defendant in having to meet these matters at a late stage? I am satisfied that having to deal with both the VERA LYNN matter and the PEAKY BLINDERS matter at this late stage would inevitably cause some prejudice to the defendants in preparing for a fair trial of the existing issues. As I have indicated, the PEAKY BLINDERS matter in particular has some factual complexity and would be likely to require more investigation, more search for relevant documents, and possibly even a witness statement from a director of one of the subsidiary companies (Sadlers and Windsor) who is not already a witness at the trial.
30. The final consideration is whether there would be significant prejudice to the claimants if the application for permission to re-re-amend was refused. I accept that there would be some prejudice in that potentially probative material on which the claimants wish to rely would not be able to be advanced by them. But, in that regard, I consider that the claimants are, to some extent at least, the authors of their own misfortune. Until 19 June, the claimants were willing to go to trial on the basis of their existing case.
31. The overriding objective, of course, requires me to ensure that the case is dealt with justly and fairly, in accordance with the rules. I consider that there could only be a good reason for extending the reach of the claim and the evidence at this late stage if it will not cause serious complications and encumber the existing trial to a significant degree.
32. I am not satisfied of that in relation to the PEAKY BLINDERS matter, but I do consider that the VERA LYNN allegation on its own is relatively straightforward and not apparently a matter of dispute about the primary facts and it is therefore something that will not require any extensive work on the part of the defendants to prepare to deal with at trial.
33. I will, therefore, allow the application to re-re-amend in relation to part only of the draft amended pleading, that is to say sub-paragraph (4B) and sub-paragraph (a) which immediately follows it, but not the remaining sub-paragraphs of paragraph (4B) which deal with the PEAKY BLINDER allegation.
34. I have considered whether the allegation as pleaded in relation to recklessness should also be removed, but I consider that it would be artificial to allow the VERA LYNN evidence to be considered at trial in relation to an allegation of intentional exploitation but to exclude it in relation to recklessness. I will therefore allow paragraph (4B) and (4B)(a) as pleaded, despite the agreement that was previously reached between the parties on the previous application to amend. That agreement did not touch on the case of intentional taking advantage. As regards recklessness, I am satisfied that the agreement does not preclude the court from granting permission to amend at a later

stage, although it is, of course, a factor that the court can and should take into consideration.

35. For the reasons that I have given, I grant permission to amend to a limited extent in relation to one of the matters that the claimants wish to rely upon at trial.
36. For the avoidance of doubt, I do not consider that the claimants should be permitted to cross-examine any of the defendants' witnesses in relation to the PEAKY BLINDER matter either. The reason for that is that if the defendants' witnesses were liable to be cross-examined on those matters the defendants would need to do similar work in terms of preparing to meet the allegations, looking to see what relevant documents said and preparing a case in answer, as they would need to do if the matter were allowed to go forward as similar fact evidence.
37. I do not therefore allow the PEAKY BLINDERS matter to be raised in cross-examination at trial but I do give the claimants permission to plead and rely on the VERA LYNN allegation.

(For continuation of proceedings: please see separate transcript)
