



Neutral Citation Number: [2021] EWHC 2555 (Ch)

Case No: IL-2018-000105

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

Royal Courts of Justice  
The Rolls Building  
7 Rolls Buildings  
Fetter Lane  
London EC4A 1NL

Date: Friday, 10th September 2021

**Before:**

**MR. DAVID STONE**  
**(sitting as a Deputy Judge of the High Court)**  
**(Remotely via MS Teams)**

-----  
**Between:**

**(1) ORIGINAL BEAUTY TECHNOLOGY  
COMPANY LIMITED**  
**(2) LINHOPE INTERNATIONAL LIMITED**  
**(3) RETAIL INC LIMITED (in liquidation)**

**Claimants**

**- and -**

**(1) G4K FASHION LIMITED**  
**(2) CLAIRE LORRAINE HENDERSON**  
**(3) MICHAEL JOHN BRANNEY**  
**(4) OH POLLY LIMITED**

**Defendants**

-----  
**MR. DAVID IVISON** (instructed by **Mono Law**) appeared on behalf of the **1st and 2nd Claimants**

**MR. CHRIS AIKENS** (instructed by **Fieldfisher**) appeared on behalf of the **Defendants**

-----  
**Approved Judgment**

Digital Transcription by Marten Walsh Cherer Ltd  
2<sup>nd</sup> Floor, Quality House, 6-9 Quality Court, Chancery Lane, London WC2A 1HP  
Telephone No: 020 7067 2900 DX: 410 LDE  
Email: [info@martenwalshcherer.com](mailto:info@martenwalshcherer.com)  
Web: [www.martenwalshcherer.com](http://www.martenwalshcherer.com)

## THE DEPUTY JUDGE:

1. This matter was listed before me today during the long vacation to deal with an urgent application by the First and Second Claimants (the **Claimants**) dated 26 August 2021. The Third Claimant is in liquidation and no longer playing an active role in the proceedings. The Claimants' application is in two parts. First, they seek an order that the Respondents provide answers to their Part 18 request dated 24 August 2021. Second, the Claimants seek directions for disclosure prior to the damages inquiry fixed to be heard over five days from 25 October 2021.
2. The Respondents took advantage of the listing to file their own application notice, dated 8 September 2021, seeking a contingent, reciprocal disclosure order. That is, if the Claimants are successful in their application for disclosure, the Respondents seek an identical order, *mutatis mutandis*. That application was made without permission and without proper notice, and was put on the following footing: "the Claimants' preference is for disclosure to be kept as limited as possible since they do not consider that the cost and effort involved in providing and reviewing extensive disclosure is justifiable as necessary or proportionate in the circumstances of this case".

## Background

3. The background to this case is set out in the judgment I gave on 9 July 2021, which can be found at [2021] EWHC 1848 (Ch). Relevantly for today's purposes, it is sufficient to note the following. After a trial over eight days, I gave judgment on 24 February 2021 in relation to the alleged infringement of UK unregistered design rights (**UKUDR**) and Community unregistered design rights (**CUDR**) in 20 selected garments (the **Selected Garments**) out of a total of 91 garments, which rights the Claimants said were infringed by the Defendants. That judgment can be found at [2021] EWHC 294 (Ch). I found that seven of the Selected Garments infringed both UKUDR and CUDR and 13 infringed neither right. I dismissed the passing off claim. A form of order hearing took place on 1 April 2021, where I made orders for dealing with the remaining 71 garments which had not then been adjudicated. I gave a short *ex tempore* judgment (which can be found at [2021] EWHC 836 (Ch)) on the Defendants' request for declarations of non-infringement. An issue arose after the form of order hearing in relation to the various colourways of some of the infringing garments, and I dealt with that in a judgment which can be found at [2021] EWHC 953 (Ch). I dealt with a further issue relating to costs where a Part 36 offer has been made: that judgment can be found at [2021] EWHC 954 (Ch). Also on 1 April 2021, I listed the matter for trial on 6 August 2021 to deal with any of the remaining 71 garments which the parties were not able to resolve. I gave directions to prepare for that trial, together with directions for the Claimants' election of a damages inquiry or account of profits in relation to all infringements. I listed the result of that election to be heard over five days from 25 October 2021.
4. Following the Claimants' election of a damages inquiry in relation to the infringing Selected Garments, and relevantly for today's applications, I then heard a CMC on 24 June 2021. At that CMC the Claimants made no request

for disclosure (beyond *Island Records v Tring* disclosure) and, indeed, went so far as to say that disclosure was not necessary for the purposes of the damages inquiry. The Defendants requested a provision for disclosure but could not at that time say what it was in relation to which they sought disclosure. At the CMC, neither party requested disclosure under PD51U. I therefore ordered that there be no disclosure other than known adverse documents, but I provided permission to the Defendants to apply for disclosure if so advised after service of the Points of Claim. The Claimants did not seek permission to apply for disclosure, nor was it given to them. No permission to appeal that part of my order was requested by either party (although the Defendants sought permission to appeal other aspects of my order).

5. In the end, the additional trial listed for 6 August 2021 was not necessary, because the remaining disputes as to liability were resolved between the parties (encapsulated in an order dated 30 July 2021), and I am grateful to them for doing so. The Defendants have delivered up the infringing garments. The Claimants have served their Points of Claim in the damages inquiry. The parties have been using the time to prepare for the damages inquiry, which is listed to start roughly six weeks from today. Witness statements in chief are due to be exchanged on 24 September 2021, any expert reports on 8 October 2021, and skeletons are to be lodged on 22 October 2021.

## **Evidence**

6. In relation to today's applications, I have been provided with:
  - i) second and third witness statements of Mr Joshua Marshall, a member of the Defendants' legal team; and
  - ii) an eleventh witness statement of Mr Richard Southall, a member of the Claimants' legal team.

I have also been asked to read a number of pieces of correspondence passing between the parties and I have done so. I have also had detailed skeleton arguments from Mr Chris Aikens, who appears on behalf of the Defendants, and Mr David Ivison, who appears on behalf of the Claimants.

## **Part 18 Request**

7. The Defendants seek an order under CPR 18.1 for the Claimants to provide the information and clarification sought by the Defendants in their Request for Further Information dated 24 August 2021. That document made eleven requests:
  1. *Please state each and every fact and matter relied on in support of the First and Second Claimants' case on loss of profit as set out in paragraph 7.*
  2. *Please state the value of P contended for by the First and Second Claimants in relation to each Infringing Garment.*

3. *If it is the First and Second Claimants' position that they are unable to answer request 2 at this stage in the Inquiry, please explain why and state when it is anticipated they will be able to answer it. Please also set out, if applicable, each and every piece of further information or evidence which the First and Second Claimants require of the Defendants in order to answer request 2.*
4. *Please explain how the Per Unit Profit figures set out in Schedule 1 have been calculated. Without prejudice to the generality of the foregoing, please set out, for each garment, the source and value of the starting revenue figure and each and every category of cost (for example cost of manufacturing the garment) that has been deducted from the starting revenue figure to calculate Per Unit Profit.*
5. *In relation to each garment, please set out each and every category of cost actually incurred in relation to the sale of such garment which has not been deducted from the starting revenue figure to calculate Per Unit Profit.*
6. *Please state each and every fact and matter relied on in support of the First and Second Claimants' case that, in the hypothetical scenario, the Defendants would have been prepared to agree a royalty calculated as a percentage of the Claimants' normal (i.e. undiscounted) sales price, as opposed to a percentage of the Defendants' anticipated gross profit.*
7. *Please state each and every fact and matter relied on in support of the First and Second Claimants' case that, in the hypothetical scenario, the Defendants would have been prepared to agree that the royalty would be payable in respect of each garment imported into the United Kingdom/ EU (as applicable) even where the imported garment was sold to a customer outside the United Kingdom/ EU (as applicable).*
8. *Please state each and every fact and matter relied on in support of the pleaded values of X and Y.*
9. *Please explain how the figures for "Minimum acceptable reasonable per-unit royalty" in the furthest right-hand column of the table in Schedule 2 have been calculated.*
10. *Please explain why the figures for "Cs' normal selling price" and "25% Cs' normal selling price" differ as between Cs' Designs C61 and C61\*.*
11. *Please state each and every fact and matter relied on by the First and Second Claimants in support of their case on Additional Damages as set out in paragraph 21.*

8. The Defendants submitted that the Claimants' Points of Claim are not compliant with CPR 16.4(1)(a) in that they do not contain a concise statement of the facts on which the Claimants rely in support of a number of aspects of their pleaded case. Mr Marshall's second witness statement sets out that, as a result, the Defendants are not able to plead back to those aspects of the Points of Claim. In reality, to comply with the timetable, the Defendants did serve a Defence to the Points of Claim, but on a number of issues, they gave a bare denial.
9. Counsel for the Defendants submitted that the test to be applied is whether answers to the Part 18 request are "reasonably necessary and proportionate to enable the other party to prepare its own case and to understand the case that it has to meet." He referred me to the judgment of Norris J in *Pacific Biosciences of California v Oxford Nanopore Technologies* [2018] EWHC 806 (Ch):
  19. ... A request for further information, under CPR 18, arises really as part of the responsibility of the court to manage cases and the parties to co-operate in the just and efficient disposal of the issues between them. The function of a request is to identify the material facts that are going to be relied upon at trial, but not to plead evidence that will be led to prove those facts. The identification of the material facts, ideally, ought to be with the same degree of particularity as will be relied on at the trial itself. That way, everyone knows where they stand.
  20. A major objective of case management is to ensure that statements of case do set out the parties' cases, and define the dispute between them. As part of its responsibility for managing cases, the court must ensure that parties plainly state the factual ingredients of their case, so that the true nature and scope of the dispute can be identified. I read from paragraph 18.0.1 of the White Book."
10. Counsel for the Claimants did not disagree with that analysis, and I gratefully adopt it. Nevertheless, Counsel for the Claimants resisted ten of the eleven requests on the basis that they are not necessary for the Defendants to understand or respond to the Claimants' case. Rather, he said, they are "for the most part attempts to gain advance notice of the contents of the Claimants' trial evidence and submissions". The Claimants agreed to respond to the eleventh request.
11. Mr Southall gave evidence on behalf of the Claimants. For example, in relation to request 1, which relates to substitute sales, he said that the Claimants will rely on many factors to prove their case on substitute sales, and gave one example, but says the others will be included with the Claimants' evidence. Further examples are requests 4 and 5, which relate to costs deducted to calculate the Claimants' Per Unit Profit. Again, Mr Southall says that this information will be provided in evidence.
12. I have reviewed very carefully the ten remaining requests made in contention, and Mr Southall's evidence in relation to them (although Mr Southall does not address requests 2, 3, 9 or 10). I have listened very carefully to both parties' submissions. I have also taken into account the current timetable, parts of which

I have set out above. It is clear that the parties have a lot to do in the next six weeks to prepare for the damages inquiry. Therefore, anything that can be done proportionately by either party to help the other in preparing its case ought, in my judgment, to be done.

13. Further, the evidence before the court is that the Claimants have to hand much of the information that has been sought by the Defendants, and intend to use it in their evidence. That evidence is due in two weeks' time. Disclosing it then leaves the Defendants very little time to react to it. Counsel for the Claimants suggested that this danger could be reduced by making a provision now for evidence in reply. This does not seem to me to be a proportionate or appropriate response. Rather, the information the Defendants seek is available now and it ought to be made available to them. I do not consider that the approach adopted by the Claimants is consistent with *Pacific Biosciences*. I agree with counsel for the Defendants' submission that the Claimants know which facts they will rely on, but wish to hold back those facts until they serve their evidence.
14. Take for example requests 2 and 3, which relate to the value of P – P is the number of substitute sales that would likely have been made. P is said to be between 0 and 1. It therefore makes a significant difference to the Defendants if P is 1 (that is, every garment sold by the Defendants constitutes a sale denied to the Claimants) or 0.01 (which the Defendants may be willing to concede). This request does not relate to “evidence” or “documents” as contended by the Claimants – it is a quite proper request, in my judgment, for the facts on which the Claimants rely, and it ought to be answered.
15. I will order that requests 1, 2, 3, 6, 7, 8, 9 and 10 be answered. Request 11 is to be answered by consent. In relation to requests 4 and 5, the Claimant has offered spreadsheets on the basis that they are kept confidential. I will order that the spreadsheets be provided and I will order that they be confidential, but I will not order a further response to requests 4 and 5.

*(For further proceedings: please see separate transcript)*

## **Disclosure**

16. As set out above, at the CMC on 24 June 2021, I made an order that the only disclosure to be provided was known adverse documents, to be disclosed by both parties, on the basis that the Claimants sought no disclosure, and the Defendants were unable to articulate what classes of documents they might wish to see. I gave the Defendants permission to apply for disclosure following service of the Points of Claim. Similar orders were made in relation to the trial of any outstanding claims on 6 August 2021 (which turned out not to be necessary). Neither side's costs budgets made a provision for disclosure.
17. Pursuant to the permission I gave on 24 June 2021, the Defendants now seek disclosure on what I understand are three alternative bases, although two of them may actually turn out to be the same basis. The first is an application under PD51U for the full disclosure pilot scheme to apply from this point in time in relation to the damages inquiry. The second is an application under CPR rule 3.1(7) for a variation of my earlier order that there be no disclosure, instead to

apply the full disclosure pilot scheme under PD51U. That variation is based on a submission that there has been a material change in circumstances and/or innocent misstatement of facts. The third is an application in the alternative for specific disclosure of certain categories of documents, if I find that PD51U does not apply.

*PD51U*

18. I can deal with the PD51U points briefly. As set out above, at the CMC the Claimants said no disclosure was necessary, and the Defendants requested disclosure but could not say what categories of documents they may wish to see. Neither party asked me at the CMC to apply PD51U. The order I made on 24 June 2021 was therefore that the parties were only required to disclose known adverse documents. All other disclosure was dispensed with. However, so as not to shut the Defendants out of specific disclosure, I gave them permission to apply once they had seen the Points of Claim. That permission was not to apply for PD51U disclosure at that juncture, as all parties have conceded before me today. The order that disclosure be limited to known adverse documents was not appealed and the appeal period has now passed (indeed, it is now two and a half months since the CMC). I therefore do not consider that it is open to the Defendants to seek to relitigate that point now.
19. I turn now to the Defendants' second ground under CPR 3.1(7), namely that there has been a material change of circumstances and/or that facts were innocently misstated, such that (they say) I am now required to readdress the issue of disclosure. There are said to be two relevant changes of circumstance:
  - i) the Defendants now have the Claimants' Points of Claim in the damages inquiry; and
  - ii) the Claimants appear, through their Points of Claim, to have acknowledged that they now require disclosure.
20. I do not consider that the provision of the Points of Claim is a material change of circumstances, because that circumstance was well-known at the time that my order was made on 24 June 2021. Points of Claim are a well-known part of preparing for a damages inquiry, and, indeed, were ordered by me on that date. So it can be of no surprise to the Defendants that Points of Claim were then duly served. The Claimants' Points of Claim are light on detail, but they are not surprising, and counsel for the Defendants did not take me to any aspect of the document which could not have been predicted. Therefore, I do not consider that service of the Points of Claim is a material change of circumstances.
21. I do not consider that the second of counsel for the Defendants' submissions constitutes a material change of circumstances either. Even if the use of the standard expression "pending disclosure" in the Points of Claim truly heralds the change of heart which the Defendants contend (and I am by no means assured that it does), the Claimants' view of what disclosure they require is, in my judgment, not relevant to the disclosure required by the Defendants. Disclosure is not a tit-for-tat obligation. Rather, it is an order that a party now

has to justify prior to the court's allowing the time and costs that such disclosure requires.

22. Whilst counsel for the Defendants submitted orally that there had been an innocent misstatement of facts, he did not set out what facts had been misstated, other than that disclosure is now said to be necessary. That argument is circular, and I do not accept it.
23. I therefore reject the Defendants' application under CPR 3.1(7).

### **Specific Disclosure**

24. The Claimants do not dispute that the court has the power to grant the Defendants' request for specific disclosure, but they say that I should not exercise that power. I was referred to CPR 31.12 and also the commentary in the White Book at 31.12.1 and 31.12.2.
25. Since the parties prepared their helpful skeleton arguments, things have moved on, in that earlier this morning I ordered that the Claimants respond to the Defendants' Request for Further Information. That will result in some materials being provided that would otherwise have fallen under the heads for which specific disclosure is sought.
26. In addition, the Claimants have offered to disclose spreadsheets generated by their UK accountant, from which the asserted Per Unit Profit figures have been taken. To the extent that the Claimants' offer is not already covered by the RFI order, I will make an order that that be done, and that those documents be kept confidential.
27. I turn now to the specific disclosure requests. In dealing with each of these I am mindful of a number of factors, all of which fall within the overriding objective to do justice between the parties in a proportionate way. As I said earlier, the damages inquiry is some six weeks away. Embarking on a time-consuming and costly disclosure exercise, including searching through large volumes of documents, does not seem to me to be a proportionate use of any of the parties' time or resources at this stage. Indeed, I was told that both sides are keen to avoid "a time-consuming and expensive disclosure exercise". Where there are specifically identified documents that the Claimants can provide and which will assist the Defendants in their case, a specific disclosure order can be made. Unfortunately, many of the requests drafted by the Defendants are simply far too broad for this phase of the proceedings.
28. I am also mindful of the submissions made by both parties about the costs of this case already accrued and the additional costs budgeted for the damages inquiry. The parties between them will end up spending more than double, and possibly triple, the current estimated maximum value of the claim (which is less than £1million). It is disproportionate to expend still further costs without good reason.
29. I turn now to the specific disclosure requests.



*(a) – The key documents on which the Claimants have relied (expressly or otherwise) in support of the claims advanced in the Points of Claim.*

*(b) – The key documents that are necessary to enable to Defendants to understand the claims advanced in the Points of Claim.*

30. In relation to requests (a) and (b), these are already dealt with by the orders I have made earlier this morning, so I decline to order disclosure in relation to (a) and (b).

*(c) – Documents recording information relating to offers for sale of each of the Claimants' Garments (as defined in the Points of Claim), including the following information: (i) the relevant periods of time in which the relevant Claimants' Garment was offered for sale to the public; (ii) the locations (i.e. countries and whether in-store or online) in which the Claimants' Garment was offered for sale; and (iii) the different prices at which the relevant Claimants' Garment was offered for sale and the time periods during which it was offered for sale at each price.*

*(d) – Internal documents, including all communications, meeting reports, business plans, price lists and strategy documents, recording any discussion or decision relating to the pricing of any of the Claimants' Garments (either specifically or as garments in the overall range of garments sold by the Claimants).*

*(e) – Advertising, marketing and promotional materials for each of the Claimants' Garments.*

31. In relation to (c), (d) and (e), the Defendants submit that they need this information in order to determine whether the Defendants have made any substitute sales and therefore whether the Claimants can claim damages based on loss of profit as opposed to a reasonable royalty, including what profits the Claimants would have made on those sales. The Defendants urge Model D disclosure under PD51U. In my judgment, ordering disclosure in order to get that information would be grossly disproportionate given the effort involved and the likely outcome.

32. For example, in relation to (e), the Defendants request all advertising, marketing and promotional materials for each of the Claimants' infringed garments. That is obviously a huge request involving potentially hundreds if not thousands of documents, most of which will tell the Defendants very little. Rather, what the Defendants have submitted before me this morning is that they want this category of disclosure to determine the 17 dates on which the 17 infringed garments ceased to be promoted by the Claimants. Those dates are known to the Claimants and can be readily provided. But it would be grossly disproportionate to order the disclosure of all advertising of those 17 garments so that the Defendants can work out when that advertising ceased.

33. It does seem to me that it is useful for the Defendants to know in relation to each garment the various prices at which it was offered and over what period or periods, and how many garments were sold at each price. But doing that through disclosure would be grossly disproportionate. Rather, as counsel for the Defendants accepted in his oral submissions, a targeted RFI for the particular information that is needed would be appropriate. I will allow the Defendants to make that request for information by a date early to mid next week to be responded to rapidly by the Defendants.

*(f) – Documents recording information relating to sales of each of the Claimants’ Garments, including the following information: the number of garments sold; the location of the customers to whom they were sold; whether the garments were sold online or in store; the dates on which they were sold; the prices at which they were sold; and how many units were returned.*

*(g) – All invoices and purchase orders as between Sirens Designs Ltd and the First and/or Second Claimants, and any other documents recording payments made by the First and/or Second Claimants to Sirens Design Ltd, relating to the Claimants’ Garments.*

34. In relation to (f), Mr Southall’s evidence was that complying with this request would take many hours and involve the review of thousands of documents. Whilst Mr Southall does not comment in relation to (g), I can readily see that the position would be the same. These therefore do not seem to me to be proportionate requests in all the circumstances. Further, and in any event, the information sought will be largely dealt with by the spreadsheets that I have ordered to be provided. I therefore decline to permit these requests.

*(h) – All invoices and purchase orders recording sums paid and/or incurred for the manufacture of the Claimants’ Garments.*

*(i) – All invoices and purchase orders recording sums paid and/or incurred for the shipping of the Claimants’ Garments.*

*(j) – All documents recording any taxes charged and/or paid in respect of the Claimants’ Garments.*

35. Requests (h), (i) and (j) seek underlying documents, including invoices, an entirely burdensome and grossly disproportionate approach at this stage. The accountant’s spreadsheets will be provided and ought to be sufficient answer to these requests.

*(k) – The Annual Accounts, management accounts and any interim accounts prepared for and/or filed on behalf of the First Claimant and the Second Claimant since 2015.*

36. Request (k) seeks the annual accounts of the Claimants in order to verify the Per Item Profit for each garment. The Claimants are Hong Kong-based companies, so the accounts, whilst filed with the relevant government department, are not

made public. The Claimants therefore request that, if an order is made in relation to the accounts, they be kept confidential. These documents are readily available, and I can see their utility to the Defendants. It will not be burdensome to provide them, and it is proportionate to do so. I will therefore order that they be provided and that they be kept confidential.

*(1) – Any written agreements entered into by the First and Second Claimants (or any affiliated company) granting a licence to or from the First and Second Claimants to exploit any right subsisting in the design of a garment, accessory or other article.*

37. In relation to request (1), the Claimants say they have no such documents, because they do not license their designs to third parties. I accept that submission. Therefore, I will not permit request (1).

### **Claimants' application for disclosure**

38. Towards the end of the hearing, the Claimants withdrew their contingent reciprocal application for further disclosure. I therefore need say no more about it.
39. Both sides have said they are keen not to vacate the listing of the damages inquiry from 25 October 2021. Each side has accused the other of behaviour that makes that goal more challenging. I do not wish to comment on that at this stage. However, I would, yet again, urge the parties to do their best to litigate this matter in a proportionate way. Litigation can be hard-fought without taking every point. I would urge the parties and those advising them to keep that front of mind.

*(For further proceedings: please see separate transcript)*

-----