



Neutral Citation Number: [2023] EWHC 240 (Ch)

Case No: IL-2019-000120

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

Rolls Building
Fetter Lane
London EC4A 1NL

Date: 06/02/2023

Before :

SIR ANTHONY MANN

Between :

EASYGROUP LIMITED

Claimant

- and -

(1) EASY LIVE (SERVICES) LIMITED

(2) ACHILLEAS PAVLOU ACHILLEOUS

(3) JONATHAN RICHARD DEAN BURNSIDE

Defendants

Michael Edenborough KC and Stephanie Wickenden (instructed by **Edwin Coe LLP**) for
the **Claimant**

Chris Aikens (instructed by **Hansel Henson**) for the **Defendants**

Hearing date: 30th January 2023

Approved Judgment on Costs

This judgment was handed down remotely at 10.30am on [date] by circulation to the parties
or their representatives by e-mail and by release to the National Archives.

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SIR ANTHONY MANN

Sir Anthony Mann :

1. This reserved judgment deals with the costs of these proceedings. It is delivered in slightly odd circumstances in which each side claims to have won.
2. As my main judgement reveals, this is a case in which the claimant sought to establish trademark infringement in respect of a number of signs. The claim under section 10(2) of the Trade Marks Act 1994 failed. The claim under section 10(3) succeeded in respect of three of the signs which were in use for a period of some nine years and in relation to one, or possibly two, marks. It was unnecessary to consider the others (see paragraph 220). A passing off claim failed. In the course of my judgment I acceded to a large part of the counterclaim of the defendants which sought to have revoked parts of the specification of a number of the claimant's marks which they relied on. That was in large measure why the claim under section 10(2) failed.
3. The parties were essentially in agreement as to the principles which should be applied to a determination of costs. They agreed that the starting point was that the winner should recover its costs, but it might be appropriate to give effect to a deduction if there were significant matters on which the otherwise losing party in fact succeeded, depending on the significance of those issues. This is a familiar approach and each party based its submissions on it. In those circumstances it is necessary to identify who, if anyone, was the winner as a first step – *Omnipharm Ltd v Merial* 2012] EWHC 172 (Pat). Again, the parties agreed that that was a judgment which had to be made as a matter of sensible practical and commercial reality.

“The judge must look closely at the facts of the particular case before him and ask: who, as a matter of substance and reality, has won? Has the plaintiff won anything of value which he could not have won without fighting the action through to a finish? Has the defendant substantially denied the plaintiff the prize which the plaintiff fought the action to win?” (*Roache v News Group Newspapers* [1998] EMLR 161 at 168)

4. Mr Aikens submitted, and I accept, that there are circumstances in which an apparent winner was not to be treated as a winner at all if the victory was small in comparison with the claim made and the issues raised – see, as an example, *Rotam Agrochemical v GAT Microencapsulation GMBH* [2018] Costs LR 1365. He said that the present case was an instance of that. Mr Edenborough did not dispute the possibility of such a case arising, but said that the present case was not one of those. Both parties also accepted that the fact that a party had lost on one or more points did not necessarily mean that that party should not be treated as a winner overall – *HLB Kidsons v Lloyds Underwriters* [2007] EWHC 2699 at para 11.
5. In accordance with those principles, therefore, my first task is to try to identify whether either party has won. Mr Edenborough submitted that the claimant has won, notwithstanding that it had failed on a number of significant issues. It had won because it had sued for trademark infringement and had managed to establish significant infringement of at least one of its marks over a significant period of time (albeit that the period of actual recovery or financial relief was limited by the limitation period). The claimant was entitled to restrain infringement and there was no way in which it could have done that without bringing these proceedings, in which

it was successful. It established infringement under section 10(3) and that was significant. He submitted that at no stage in the preceding events did the defendants offer anything in the nature of an undertaking from which the claimant could have benefited, so it was necessary to bring the proceedings in order to establish its rights. He relied on the fact that the Defence seems to assert a continued right to use all the signs, though only when it was pointed out by me, so it cannot have been taken by his clients as an indication by the defendants that they would not revert to signs 2 or 3. He accepted, realistically, that there are significant issues on which he had lost, but said that that did not make him any the less a winner. His clients sought to stop an infringing mark, and they have achieved that end. On the basis of my findings, use of the infringing marks stopped when Easygroup's rights were asserted, but there has never been an undertaking not to revert so the proceedings were justified. The proper way of taking into account the significant issues on which Easygroup lost was to abate the costs to which you would otherwise be entitled. His solicitors had carried out an extensive exercise on the client's costs in order to identify the costs relating to issues on which he won and lost and to separate out (so far as it could be done) costs which related to issues on which it had won. As a result of that exercise he accepted that an abatement should be made of 50% of his costs in order to reflect issues on which he failed.

6. For the defendants, Mr Aikens disputed that analysis. He submitted that in fact his clients were the winners because, when one looked at the real prize sought by the claimant then that prize had not been achieved, and what they had obtained was just a small part of it. His clients had in fact seen off a major challenge. His starting point for this was the letter before action dated 30 October 2018. In that letter the claimant's solicitors enumerated the matters which were said to infringe. They were the company name, the first defendant's domain name (easyliveauction.com, and the website to which it was directed) and the "infringing sign" which was said to be "Easy Live Auction". It maintained that the claimant was entitled to maintain proceedings for a permanent injunction to restrain the supply of services under the sign and the company name, to compel the transfer of the infringing domain name, to compel delivery up of infringing material and to have damages or an account of profits (and costs). It offered to forego legal proceedings if within 14 Mr Achilleous (to whom the letter was directed) immediately ceased using the infringing company name, the sign and the infringing domain name and immediately disabled all public access to the website. Following receipt of confirmation to that effect, the claimant would seek to agree appropriate terms to settle the dispute including a requirement to remove the infringing sign from the website. Mr Aikens drew attention to the wide-ranging nature of that relief.
7. There then followed open correspondence in which solicitors for the defendants refuted the claim, but the correspondence did not offer any alternative or any undertaking to cease any of the allegedly offending activities. However, concurrently with that correspondence there was some correspondence marked "without prejudice save as to costs", which Mr Aikens relied on as showing the true nature of what the claimant was really seeking. It was not disputed by Mr Edenborough that I could look at that material for these purposes. The first letter is one dated 22 November 2018 in which the defendants' solicitors said the following:

“It seems to us likely that the only aspect of our client’s business that has caught Sir Stelios’s eye is the use of the word “easy” in lowercase, albeit in the colour blue and in a different, sloping font.

Accordingly, our client is prepared to enter into a settlement agreement with your client on the following ‘high-level’ terms:

1. Our client shall not use the mark ‘Easy Live Auction’ with a lowercase ‘e’ at the beginning of the first word;
2. Our client shall continue to use spaces in between the words included in the mark;
3. Our client shall continue to use the colour blue when representing the mark as a logo and in any case shall not use the colour orange;
4. Our client shall continue not to use the font Cooper Black when representing the mark as a logo; and
5. Your client shall not challenge, object, or bring proceedings against our client on account of our client’s use of the mark in the manner described above, nor shall it oppose any applications for trade mark protection in relation to the above mark.

Please let us know if your client is amenable to entering into settlement on such terms.”

8. That proposal apparently did not interest the claimant. On 19 December 2018 the claimant’s solicitors wrote saying that unless a solution was forthcoming proceedings would be started in the New Year. They went on to say:

“Our client would be prepared to consider speaking with your client to discuss whether a sale and licence-back arrangement would be attractive to your client. Your Mr Hansel is aware of the sort of arrangement to which we refer by virtue of being involved in the negotiation of similar arrangements in the past.”

9. That proposal was rejected by the defendant’s solicitors on 4 January 2019 on the footing that the arrangement would be of no benefit to their client. There was no further activity in this chain until 13 May 2019. During this time (in March 2019) the defendants had changed the sign used in their business to Sign 4, moving away from Sign 3 as referred to in my judgement. On 13th May the claimant’s solicitors indicated that their client was not amenable to entering into a settlement agreement on the terms which had been proposed by the defendants because the terms amounted to no more than small tweaks of the logo. An email of that date urged the defendants to reconsider possibility of a sale and licence back.

10. That was rejected again by the defendants' solicitors on 24 May 2019. The letter of that date repeated a slightly different form of the earlier offer:

“6. Our client shall not use the mark “Easy Live Auction” with a lowercase ‘e’ at the beginning of the first word;

7. Our client shall use spaces in between the words used in the mark;

8. Our client shall continue to use the colour blue when representing the mark as a logo and in any case will never use the, orange (it never has used orange and has no desire to do so); and

9. Our client shall continue not to use the font Cooper Black when representing the mark as a logo.

We attach... our client's proposed new logo.

Please confirm if your client is prepared to agree in writing to continue to co-exist peacefully with our client on the basis that your client agrees to the terms above and the changes to our client's new logo?”

11. The attached logo was not quite Sign 4. It was “EasyLiveAuction.com” with the ‘O’ in Auction replaced by a circle with an auctioneer's gavel in it. Although the letter had referred to there being spaces in the logo, what was produced to the claimant's solicitors did not have spaces between what would otherwise have been words.
12. Nothing came of that and on 8 October 2019 the claimant issued these proceedings.
13. Further proposals came on 22 June 2021 when the defendant again proposed a settlement on the basis of a sale and licence back, producing a draft agreement for that purpose. That was rejected by solicitors for the defendants on 25 June 2021 and they proposed a drop hands deal. That proposal was not acceptable to the claimant. There was a further proposal settlement from the defendant on 14 March 2022 which is not material to the present debate.
14. Based on that material, Mr Aikens submits that the defendant did not get the prize that it wanted. What it was really after was preventing any use of the words “Easy Live Auction” and the closing down of the website unless the defendants were willing to enter into a sale and licence back arrangement. They have not achieved anything like that. The conclusion that this was the real aim of the claimant is said to be reinforced by a further action which has been commenced by the claimant. In July 2022 the claimant took an assignment of a stylised mark with the word “easylife” and the words (in much smaller print) “lifestyle solutions” underneath the word. I am told the assignment was taken as part of the compromise of an appeal in *Easygroup Ltd v Easylife Ltd* [2021] EWHC 2150. Easygroup is also the proprietor of the plain word mark “easylife/Easylife”, which was registered with effect from 14th September 2020. It is not clear whether that was also taken by assignment or whether Easygroup registered it

itself. Having acquired those marks, Easygroup started a fresh set of proceedings for infringement against the current defendants based on them, alleging that all its signs infringed under section 10(2) of the Act. The proceedings were commenced in August 2020 but not served until the beginning of December 2022 (before a draft of my judgment was distributed). The proceedings amount to the same attack on ELA's signs as was mounted in the present proceedings, but without the section 10(3) claim, and including an attempt to have ELA's own mark declared invalid but without the passing off claim.

15. I agree with Mr Aikens that those proceedings reinforce the already strong suggestion that the real aim of Easygroup is to have the defendants close down all activities involving the words "Easy Live Auctions", and taking the original letter before action with the offers in negotiation the sensible conclusion is that the real aim is to close down the business, under that name, as a separate business and bring it within the Easygroup fold. That is capable of informing a realistic view of "the winner" that has to be formed. In that sense the claimant would not be the winner; the defendants are the winners. The defendants are allowed to carry on with their registered mark intact (in a separate judgment I ruled against an attempt by Easygroup to have the mark declared invalid, a point left over from my main judgment at paragraph 239), and for the past 3 years have been using a non-infringing mark. They are able to maintain the use of the company name and the domain name easyliveauction.com. True it is that the defendants lost on signs 2 and 3, but they are now historic. In that overall sense the defendants can also claim to be the winners.
16. I therefore agree with Mr Aikens that his clients can claim to be winners for all the reasons appearing above. That means that both sides can claim to be winners in their own respective ways, although I tend to favour the view that the defendants are more realistically viewed as winners based on the failure of Easygroup to achieve its apparent objectives. However, this is not the clearest of cases on that point.
17. Pausing there for the moment, the just result might be no order for costs, or that the defendants should receive a proportion of their costs. However, before reaching that conclusion it is necessary to revisit the conduct of the "without prejudice save as to costs" negotiations because they are capable of having an impact on the assessment. This is not a case in which either side claims to have made an offer which is clearly better than the result achieved in the proceedings, but Mr Aikens nonetheless submits that had Easygroup engaged properly with the offer that his client made this litigation could have been avoided. His offer, he submits, provided an implied undertaking not to use signs 2 and 3 because it offered to remove the lower case "e" which was part of those signs. Proper engagement would have resulted in moving away from what turned out to be the offending sign. True it is that the letter did not deal with a remedy for past infringements (which were never admitted) but Mr Aikens submitted that that could have been settled reasonably if Easygroup had engaged with the process. There was not a lot of money involved in the historic infringements, as Mr Edenborough conceded (rightly, in my view). So if Easygroup had engaged with the settlement process the litigation would probably not have occurred. Instead Easygroup sought something different – control over the Easy Live Auction signs and usage, under

a licence agreement. They have not got that. Accordingly, the costs order should reflect Easygroup's culpable failure to engage. In addition, Mr Aikens relied on what he said was Easygroup's failures to engage properly with the disclosure process, and the unreasonableness of Easygroup's initial behaviour in relying on a much large number of marks (24 of them) at the outset of the litigation and only agreed to limit the case after an application by the defendants (and he said that even then there was a culpable failure to agree the precise form of the Amended Particulars of claim thereafter for some 6 months); and he also relied on what he said was unreasonable behaviour in relation to the disclosure process, and the unreasonable addition of the easyProperty mark to the litigation.

18. As a counter to that set of submissions, Mr Edenborough said that his client's attempts to put in place a permissive arrangement for the use of marks was a justifiable attempt to regularise what Mr Burnside had sought to do, that is to have the benefit of the Easy marks and reputation. Accordingly, its counter-offers were justified, as was non-engagement with the defendants' offer (so far as there was any). Furthermore, the offer from the defendants was not a particularly good one. The offer not to "continue not to" use the Cooper Black font (the font used by the Easy group in its logos) was meaningless since it had not been used by the defendants in the first place.
19. In dealing with this point I do not take into account against the claimant the alleged unreasonable behaviour in the litigation (the large number of marks relied on and the complaints about disclosure). I did not receive full information or evidence about this, and all I had was a broad description of the activities without any detailed substance. That is not enough to enable me to make any judgment about reasonableness.
20. There is, however, enough to enable me to consider the points that Mr Aikens raises. There is much to be said for them. As I have observed the offer did not amount to offers to give something equivalent to or more than the claimant got out of the litigation. It did not clearly amount to an offer to move clearly away from the offending sign, and did not acknowledge the previous offence. However, I do consider that the offers were on the right lines to enable the parties to avoid litigation if they wished to do so. The claimant did not engage with that because it had its sights set on wider things – at attempt to create a transfer and a licence back via a threat to prevent any effective independent use of the designation Easy Live Auction, not only in the signs but also in the company name and the domain address. In my view this was an over-ambitious claim in order to achieve a commercial result going beyond the trade mark issues in the case. In my view if Easygroup had approached the matter as a reasonable litigant focusing on the issues in hand there is a good chance that the matter would have settled without resorting to the extensive and very expensive litigation which followed. One cannot know that for certain, of course, but my view is that the proposals of the defendants were genuine and demonstrated a justified and justifiable desire to maintain their overall name whilst seeking to avoid confrontation with Easygroup, something which I have held they are entitled to do. I think there is reasonable chance that would have led to a settlement had it not been for the more overbearing intentions of Easygroup. In this context it should be borne in mind that so far as the section 10(2) claim is concerned, this failed largely because

Easygroup had registered marks with uses that were unjustifiably wide and which were revoked.

21. It is tempting at this stage of the reasoning to say that leads to the conclusion that Easygroup should pay the whole of the costs of litigation that could have been avoided, but I do not think it right to pursue that remorseless logic when Easygroup has established a significant infringement which was, in its nature deliberate, and which means that, to a degree, the defendants brought the litigation on themselves.
22. Having said that, I consider that this analysis reinforces a view that the recovery of costs ought to be in the direction of the defendants. This was litigation in which the defendant can, in some real sense, be regarded as the winner, and it is litigation which might well have been avoided had the claimant engaged properly in a desirable settlement process with the correct factors in mind. It was pursued because the claimant's intention to close down the name of the first defendant and/or to bring it within the Easy fold led it to fail to consider whether the litigation, as a piece of litigation, should be pursued. However, it is also a case in which the defendants have been guilty of an undesirable deliberate wrong, and in which they failed to make completely plain that such a wrong would not be repeated. Balancing these matters out, and bearing in mind the substantial issues on which the claimant nonetheless won, I consider that the correct order is that the claimant should pay some of the defendants' costs, and that that proportion is 35%.
23. As already arranged with counsel, I will rule separately on the payment of a sum on account of those costs if it cannot be agreed.