If this Transcript is to be reported or published, there is a requirement to ensure that no reporting restriction will be breached. This is particularly important in relation to any case involving a sexual offence, where the victim is guaranteed lifetime anonymity (Sexual Offences (Amendment) Act 1992), or where an order has been made in relation to a young person

This Transcript is Crown Copyright. It may not be reproduced in whole or in part other than in accordance with relevant licence or with the express consent of the Authority. All rights are reserved

IN THE HIGH COURT OF JUSTICE | No. IP-2020-000034

BUSINESS AND PROPERTY COURTS OF ENGLAND & WALES
INTELLECTUAL PROPERTY LIST (Ch)
INTELLECTUAL PROPERTY ENTERPRISE COURT
SMALL CLAIMS TRACK

[2020] EWHC 3037 (IPEC)

Rolls Building
Fetter Lane
London, EC4A 1NL

Tuesday, 20 October 2020

Before:

HIS HONOUR JUDGE HACON

B E T W E E N :

PETER EVANS — Claimant

\- and -

(1) TREBUCHET DESIGN LIMITED
(2) HARWICH HAVEN AUTHORITY — Defendants

MS B. COOKSON (Solicitor Advocate, Filemot Technology Law Ltd) appeared on behalf of the Claimant.

MR M. BEEBE (instructed by Taylor Vinters) appeared on behalf of Defendants.

J U D G M E N T

(via Microsoft Teams)

JUDGE HACON:

1 This is an application to strike out the particulars of claim. It has been conducted by a remote hearing.

2 The hearing is in the small claims track of IPEC. For reasons I need not go into, the application was wrongly brought in the IPEC multi-track but by agreement, to save time and costs, I am hearing the application today, sitting in the small claims track. Therefore all the usual provisions of the small claims track apply, in particular as to costs.

3 The applicants, the defendants, are represented by Mitchell Beebe of counsel. The respondent, Mr Evans, is represented by Barbara Cookson who is a trade mark attorney. I understand that Ms Cookson is appearing for Mr Evans under the auspices of the IP *pro bono* scheme and I would like to commend Ms Cookson for the high degree of public spirit exhibited by her in conducting these proceedings, particularly in difficult times. I also commend the quality of the written and oral advocacy she has provided on behalf of Mr Evans.

4 The claimant's claim is for breach of contract, infringement of copyright and infringement of database right. It relates to a yachting guide published by the second defendant which contains a chart of waters in the Harwich Haven area. The second defendant is a not-for-profit trust port with statutory responsibilities for the safety of navigation in the waters near Harwich. One of its functions is to provide free navigation and traffic information to recreational leisure boat users. The second defendant publishes an annual yachting guide which I understand is provided free to such users.

5 Up to 1999 the yachting guide was created by Norman Roddick. He retired in that year and between 2000 and 2017 the guide was created by Peter Evans UK Limited. From 2017 it was created by J and P Graphic Design Suffolk which is an unincorporated partnership between the claimant and a third party. I was told the third party is a designer. He has not been identified either in the pleadings or in the skeletons and has not figured in the arguments of either party.

6 Since 2018 the guide has been created by the first defendant. The claimant claims that copyright and database rights subsist in the versions of the guide created between 2000 and 2017 and that by various assignments those rights are now owned by the claimant. It is alleged that in the creation of the 2018 to 2020 guides the first defendant infringed the claimant's copyright and database rights. It is alleged that by providing those guides to the public the second defendant has also infringed the claimant's rights.

7 The breach of contract claim is based on an alleged contract between the second defendant and Peter Evans UK Limited which is said to have been novated into a contract between the second defendant and the partnership I mentioned earlier, J and P Graphic Design Suffolk. The contract is said to have been breached by the second defendant's failure to instruct the partnership to create the 2018 to 2020 guides. I am not at present clear how this claim works since the partnership is not a claimant. However, it is not necessary for me to pursue that and I leave it to one side. Today the defendants' application is to strike out the claim brought by Mr Evans as an abuse of process and/or under the principles set out in *Henderson v Henderson* (1843) 3 Hare 100, as endorsed and explained many times since.

8 A complaint about the production of the 2018 and 2019 guides was first made to the defendants in early 2019. On 10 January 2019 the partnership, J and P Graphic Design Suffolk, issued a claim form against the current defendants. Under brief details of claim was stated the following:

> "For 12 years we designed and printed the HHAYachting Guide. We lost the work without reasonable warning.
>
> We were surprised to see our artworks had just been re-coloured, but all our artwork illustrations were there, errors and all! We would have expected the design company to redrawn all artworks. They were not and 20,000+ leaflets were distributed. Trebuchet Creative Ltd removed our copyright sign and re-worked our artworks for profit. This artwork has 80% been repeated for the second year, despite our request to their solicitors to remove all our files. This also includes the HHA and Trebuchet website.
>
> HHA took the view when we approached them, land was land, how could it be drawn differently! We have tried to mediate through conversation and letters and we also appointed 2 Solicitors. We were eventually offered a sum of monies less than our costs, time we've spent, let alone artwork costs. Plus they wanted the artworks to use freely! Stobbs, my first solicitor never showed us, what amount they were claiming for! They still can't to this dayl, (sic) but should we not like the offer, they wanted another £750 to proceed.
>
> I first ask the judge to rule, is this theft, secondly ask for compensation."

9 The claim form was signed by the current claimant, Mr Evans, who identified himself as a partner. I would guess that the claim form was drafted by Mr Evans without professional help. That is not a criticism and the nature of the complaint is reasonably clear: the defendants had copied the partnership's artworks and there is an allegation of theft. Copyright is referred to and I think it is fair to say that this would best be characterised as an allegation of infringement of copyright owned by the partnership in the materials relating to the Harwich guides, the infringement having occurred because the partnership's guides had been copied by the defendants.

10 The claim form was not served in time. No particulars of claim were ever served. On 2 July 2019 the partnership made an application out of time for an extension of time to serve the claim form. This again was signed by Mr Evans, this time identifying himself as "Owner".

11 On 23 August 2019 Taylor Vintners, the solicitors acting for the defendants, sent a letter to the partnership marked "FAO: Peter Evans." It was marked "WITHOUT PREJUDICE SAVE AS TO COSTS." The letter stated Taylor Vintners' view that it was highly unlikely that the court would extend the time for service of the claim form given the limitations imposed by CPR 7.6(3), set out in the letter. The letter continued:

> "In the light of the above your claim is bound to fail, either because permission for an extension to serve the claim will be denied, the claim will be struck out or defeated in a summary judgment

> application or following a trial on the merits. Nonetheless, our clients wish to reiterate their previous offer of payment to you of £3,000 (inclusive of VAT), in full and final settlement of this matter. In the circumstances, acceptance of this offer would benefit you greatly, as it covers your claim issue fee and stops any future costs awards being made against you, where our client would hold you responsible for any costs incurred as a result of your failed claim.
>
> This offer remains open for acceptance until Friday 6 September at 4pm. If it has not been accepted by then it will automatically expire and be incapable of later acceptance. We reserve the right to produce a copy of this letter at the appropriate time and in particular when the question of costs is being considered.
>
> We hope this matter can be resolved amicably at this stage, before any further unnecessary fees are incurred and look forward to hearing from you."

12 A contact email address was given at the top of the letter, that of Jamie Short of Taylor Vintners. On 30 August 2019 Mr Evans sent the following email to Mr Short:

> "Jamie
>
> Just to confirm as I don't use your legal jargon.
>
> I accept the offer as last given on the 23rd August, £3000 and case closed, no expenses against me.
>
> Please can you confirm you received this.
>
> Yours sincerely.
>
> Peter Evans"

13 Thereafter the application for an extension of time to serve the claim form was vacated, so it was never served.

14 On 3 September 2019 Mr Evans sent an invoice to Mr Short at Taylor Vintners seeking payment of the sum of £3,000. It states:

> "As per your letter of the 23th (sic) August, we invoice the amount mentioned that of £3,000. Cheque to be payable to Peter R Evans as I personally have funded court case. If this is a problem then to J and P Graphic Design and P Graphic Design Suffolk."

15 I was told that the sum of £3,000 still has not been paid but that the defendants are fully willing to pay that sum. I will return to that in a moment.

16 On 2 October 2019 Taylor Vintners sent to Mr Evans what they called a standard form settlement agreement which set out terms of the settlement of the dispute in rather more formal legal terms. Those terms included, in particular, the following:

> "9.5 The existence and terms of the Agreement, and the substance of all negotiations in connection with it, are confidential to the parties and their advisers, who shall not disclose them to, or otherwise communicate them to, any third party without the written consent of the other party."

17 This document was never signed by Mr Evans or, as I understand it, by anybody. Today Ms Cookson on Mr Evans' behalf relied on that failure to sign as evidence that there was never a concluded agreement settling the claim brought by the partnership.

18 On 4 November 2019 Mr Evans sent Taylor Vintners a reminder that he was still owed the £3,000.

19 Before this hearing it was submitted on behalf of Mr Evans that I should not look at the correspondence I have referred to on the ground that it was without prejudice. As is apparent, I rejected that submission. It seems to me that the defendants were entitled to invite me to look at the correspondence in order to decide whether there had been an agreement between the partnership and the defendants. If so, the public policy underlying the without prejudice rule ceased to apply (see *Rush & Tompkins v GLC* [1989] AC 1280 at 1287 to 1289). Of course, it was possible that I would conclude that no agreement had been reached, in which case the without prejudice rule would have applied and in that event any further hearings in this matter would have been conducted before another judge.

20 Returning to the effect of that correspondence, Ms Cookson submitted that Mr Evans' email of 30 August 2019 was correctly characterised as a counter-offer, not an acceptance of the offer made by the defendants through Taylor Vintners on 23 August. Ms Cookson said that was so because, first of all, the £3,000 had never been paid and, secondly, the draft submitted by Taylor Vintners on 2 August 2019 had never been signed. Ms Cookson argued that the payment of the £3,000 was plainly offered only on condition that Mr Evans accepted what she called the "gagging provision" of cl.9.5. The correct characterisation in law is that there was a series of offers and counteroffers and no concluded agreement was reached because Mr Evans would not be gagged according to the terms of cl.9.5. For that reason the defendants have not paid £3,000.

21 I am unable to read the documents in that way. It seems to me that there was an offer by the defendants to settle on 23 August 2019 and the offer was accepted by Mr Evans on 30 August 2019. There was a binding agreement. It was not an agreement made subject to contract. It may be that if the parties had signed the draft prepared by Taylor Vintners in October of that year, then there would have been a further agreement modifying the terms of the August agreement but I need not speculate about that. It seems to me that there was an agreement made in August 2019, an agreement to settle the dispute for the payment of £3,000 to Mr Evans.

22 In effect, in October 2019 the defendants through Taylor Vintners sought to amend or supplement the terms of the August agreement, including a proposed agreement as to confidentiality as set out in cl.9.5. The proposed amendment was never agreed and in consequence Mr Evans is not bound by cl.9.5. However, the earlier agreement remains in place. The dispute has been settled and the defendants still owe the claimant £3,000.

23 Of course, in the earlier proceedings the claimant was the partnership, not Mr Evans. However, it seems to me that Mr Evans cannot avoid the rule in *Henderson v Henderson* by assigning the rights alleged to have been infringed to himself and starting a new action in

which the same allegation is raised against the same defendants. Nor can he improve his position by alleging breach of database rights and breach of contract, assuming the latter is available to him, both of which could have been alleged in the first action. Mr Beebe drew my attention to the following passage from **Foskett on the Law and Practice of Compromise** at para.2-08:

> "A familiar and well established formula for settling disputes is in the following (or similar terms):
>
> 'A agrees to accept from B the sum of [figure] in full and final settlement of all claims which he has or may have arising from [the specified incident or other state of affairs].'
>
> The intention of wording of this nature is plain. It is intended that the payment should discharge finally all claims that have not merely already been advanced, but also those which might subsequently be advanced in connection with whatever incident or state of affairs had brought the parties into dispute. It follows that the intention of the agreement underlying the use of this formula is that an issue not yet identified or formulated is also to be regarded as comprehended in the settlement."

24 I agree with what the authors of **Foskett** say in that passage. It would undermine the public policy of not allowing parties to bring successive actions about the same complaint against the same defendants if that policy could be evaded by assigning the rights in question to a new party or raising new ways of framing the complaint that could have been raised the first time around. In my view the complaint in the current action has been settled. For those reasons, I will strike out the claim.

LATER

25 Given my judgment striking out the action, the defendants say that they are entitled to at least some of their costs on the basis that the claimant's conduct in this litigation has been unreasonable. It is unusual for costs in the small claims track to be awarded in favour of the successful party, aside from court costs, but there is a discretion in the event that the court takes the view that the unsuccessful party has behaved unreasonably.

26 Mr Beebe says that Mr Evans has behaved unreasonably for three reasons. First, because he should never have brought this action given that the complaint had been settled. Secondly, by an email from a Mr Short of Taylor Vintners dated 23 July 2020 the defendants made an offer of £10,000 to settle these proceedings. Mr Beebe pointed out that £10,000 is the maximum level of damages that could have been awarded in this track in any event and this was rejected by Mr Evans. Thirdly, I was taken to evidence from Anthony Fletcher of the second defendant. He said that Mr Evans had made visits to the first defendant's premises which, according to Mr Fletcher, has left employees of the first defendant feeling exposed and vulnerable to his unpredictable behaviour.

27 I will take those in order. Although I have reached a clear view that Mr Evans should not have brought or resurrected his old complaint which he had settled, to some degree the defendants have been the author of their own misfortune. That is because the formal draft settlement agreement which was sent by Taylor Vintners on 2 October 2019 created some confusion in Mr Evans' mind. He came to believe that there would only have been a

settlement if he accepted the terms being offered. Had it been made plain that what the defendants were trying to do was not to disturb an agreement which had already been reached but to modify it, and had it been made plain to Mr Evans that he was not obliged to modify the agreement, particularly that he was not obliged to accept confidentiality provisions, then he would not have taken the erroneous view that no binding agreement had been reached. Although wrong, I am not persuaded that the view was unreasonable. I do not accept the first strand of Mr Beebe's submission that Mr Evans behaved unreasonably.

28 Secondly, I turn to the offer of £10,000 made on 23 July 2020. The difficulty the defendants have, as Ms Cookson pointed out, is that there were strings attached to the £10,000 offer. In particular, it required Mr Evans to sign the formal terms provided earlier in order to restrict him as to confidentiality. Mr Evans did not want to be so bound and so he refused to accept that offer. In other words, the defendants' offer was not to settle the current dispute but an offer of £10,000 provided that Mr Evans amended the terms of the agreement which had already been reached.

29 Thirdly, so far as the evidence of Mr Fletcher is concerned, I am unable at this stage to resolve exactly what happened when and who was at fault.

30 On balance, I reach the view that I am not able to accept that Mr Evans has behaved unreasonably and that the usual rule as to costs in the small claims track should be applied. The defendants are entitled to their court costs.

CERTIFICATE

Opus 2 International Limited hereby certifies that the above is an accurate and complete record of the Judgment or part thereof.

*Transcribed by **Opus 2 International Limited***
Official Court Reporters and Audio Transcribers
5 New Street Square, London, EC4A 3BF
Tel: 020 7831 5627 Fax: 020 7831 7737
civil@opus2.digital

This transcript has been approved by the Judge