

Neutral Citation Number: [2012] EWCA Civ 1201

Case No: (1) A3/2012/1699 & (2) A3/2012/1775

IN THE COURT OF APPEAL (CIVIL DIVISION)
ON APPEAL FROM THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

(1) Mr Justice Arnold

(2012) EWHC 1842 (Ch)

(2) Deputy Judge Baldwin QC

(2012) EWHC 1644 (Ch)

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 13/09/2012

Before :

LORD JUSTICE EHERTON

LORD JUSTICE PATTEN

and

LORD JUSTICE TOMLINSON

Between :

(1) Starbucks (HK) Limited

Respondent

- and -

British Sky Broadcasting Group PLC & Ors

Appellants

(2) EMI (IP) Limited & Ors

Appellants

- and -

British Sky Broadcasting Group PLC and Anr

Respondents

Geoffrey Hobbs QC, Guy Hollingworth (instructed by **SJ Berwin LLP**) on behalf of **BSkyB**
Michael Silverleaf QC and **Richard Hacon** (instructed by **Dechert LLP**) on behalf of
Starbucks

Simon Thorley QC and **Anna Edwards-Stuart** (instructed by **Bird & Bird LLP**) on behalf of
EMI

Hearing dates : 22/23 August 2012

Judgment

Lord Justice Etherton :

1. This judgment concerns appeals in two sets of proceedings by different claimants for trade mark infringement and passing off. Both sets of proceedings are against various companies within the British Sky Broadcasting group of companies. Although the defendants to the two actions are not identical I shall for convenience refer to them globally as “Sky”. The two sets of proceedings were prompted by the announcement on 21 March 2012 that Sky intended to launch a new internet television service under the name NOW TV and the logo



2. The claimants in one set of proceedings (“the EMI proceedings”) are companies within the EMI group of companies. The original claimant in the other set of proceedings (“the Starbucks proceedings”) was Starbucks (HK) Limited, which is a subsidiary of the Hong Kong company PCCW Ltd, but the claimants now include two other members of the same group of companies (together “Starbucks”).
3. Sky applied in both sets of proceedings for a stay under Article 104(1) of Council Regulation 207/2009/EC of 26 February 2009 on the Community Trade Mark (codified version) (“the CTM Regulation”) pending the outcome of applications by Sky to the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (“OHIM”) to invalidate the relevant marks. In the EMI proceedings Mr John Baldwin QC, sitting as a deputy judge of the Chancery Division, granted a stay on 25 June 2012 on the basis that there were no special grounds within Article 104 of the CTM Regulation (“Article 104”). In the Starbucks proceedings, a few days later, on 29 June 2012, Arnold J refused a stay and ordered an expedited trial on the ground that there were special grounds within Article 104(1). EMI appeals the decision of Mr Baldwin and Sky appeals the decision of Arnold J on the ground that the respective judges made errors of principle in their approach to what constitute special grounds within Article 104(1).
4. In the event Sky commenced its new service on 17 July 2012.
5. The hearing of these appeals, which took place over a day and a half, has been expedited and they have come on for hearing in the legal vacation.

The legal framework

6. The most important of the relevant provisions of the CTM Regulation and of Regulation 44/2001/EC of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (“the Judgments Regulation”) are set out in the appendix to this judgment.

The EMI proceedings

7. EMI is the proprietor of Community Trade Mark No. 7,153,505 for the mark NOW (“the EMI mark”). That registration has effect from 12 August 2008 for a range of goods and services including:
 - (1) The bringing together, for the benefit of others, of sound recordings and audiovisual recordings featuring musical performances, enhanced sound and/or visual recordings featuring musical performances, sound and/or visual recording media ... enabling customers to conveniently view and purchase those goods (class 35);
 - (2) Transmission of sound or audiovisual recordings featuring musical performances over a communication medium, including wired and/or wireless system, broadband, narrowband, Internet, satellite, optical fibre, wire, cable or other electronic means (class 38);
 - (3) Production and distribution services in the field of sound and/or visual recordings featuring musical performances; information services relating to sound recordings and audiovisual recordings featuring musical performances provided on-line from a computer database, from the Internet or any other communication network including wireless, cable, satellite (class 41).
8. Following Sky’s announcement on 21 March 2012, correspondence with EMI began on 20 April 2012 about alleged infringement of the EMI mark. On 23 April 2012 Sky applied to OHIM for the removal of the EMI mark from the register. Sky also applied for cancellation of another Community trade mark which EMI had registered at an earlier time (“the earlier EMI mark”).
9. The EMI proceedings were commenced against Sky on 18 May 2012. EMI claims an injunction and other relief against Sky for infringement of the EMI mark and for passing off. The passing off claim relies on the goodwill built up in the word “NOW” by reason of the promotion and sale of compilation albums with the title “NOW THAT’S WHAT I CALL MUSIC” followed by a number to identify its number in the series, of which there are presently 81. Each consecutive album has been given a designation “NOW 1”, “NOW 2” and so forth on the spines of CDs.
10. EMI applied for an interim injunction and an expedited trial. Sky countered with an application for a stay pending the outcome of its application to OHIM. The applications came before the deputy Judge on 1 June 2012. At the end of the hearing, the deputy Judge indicated his intention to refuse the application for an interim injunction. He handed down a reserved judgment on 25 June 2012 setting out his reasons for that refusal and also giving his decisions to dismiss the application for an expedited trial and to order a stay of the proceedings.
11. In his judgment the deputy Judge recorded that during the hearing the leading counsel for EMI, Mr Roger Wyand QC, had abandoned any reliance on passing off and relied only on infringement of EMI’s mark. The deputy Judge said that

he was, therefore, not troubled with any argument about damage to any existing reputation in the NOW brand.

12. The deputy Judge addressed, first, EMI's application for an interim injunction. Having said (at [10]) that he was satisfied that there was a serious issue to be tried as to trade mark infringement, he turned directly to the issue of the balance of convenience. On that issue he concluded (at [11]) that there was a certainty of real and substantial damage to Sky if the injunction was granted since Sky planned to launch its new service before the start of the Olympics in July 2012, and, if an injunction was granted, the preferred name of NOW TV would be lost to Sky forever. He considered (at [12]) that, by contrast, EMI had been considering launching a NOW branded music channel for many years, but still had no definite plans. In circumstances in which EMI had not seen occasion to exploit or had chosen not to exploit its registration in connection with TV channels or TV platforms, the deputy Judge considered (at [13]) that there was no certainty of substantial damage to the value of EMI's asset which could not be compensated in money. The deputy Judge said (at [14]) that conclusion was supported by EMI's agreement with Starbucks allowing Starbucks to use the NOW mark in relation to a TV service which it apparently intended to bring into operation in the near future, although he observed that he had little information in that respect. The deputy Judge briefly considered other arguments, but he said (at [17]) that the most significant factor influencing his decision to refuse interim relief was the discrepancy between the unquantifiable damage likely to be suffered by the respective parties.
13. The deputy Judge also rejected EMI's request for a speedy trial. He considered (at [19]) the principles for deciding an application for expedition, with particular reference to the judgment of Henderson J in *J W Spear & Sons v Zynga Inc* [2012] EWHC 1374 (Ch), where the various authorities are considered. He concluded (at [21]) that EMI had not demonstrated a pressing need for the matter to be heard sooner rather than later. He observed that Sky's launch of its NOW TV platform would go ahead before any likely trial date and that fact, together with the absence of any sufficiently certain plans by EMI to exploit its NOW mark in connection with TV channels or programmes, pointed against the need to disturb the normal order of things.
14. The deputy Judge then turned to Sky's application for a stay. In addition to Article 104, the deputy Judge referred to Article 94(1) of the CTM Regulation, Articles 27 to 30 of the Judgments Regulation, Case C-316/05 *Nokia Corp. v Joacim Wardell* [2006] ECR I-12083 at [38], and observations of Lloyd LJ in *Samsung Electronics (UK) Ltd v Apple Inc* [2012] EWCA Civ 729 at [49]. He then said (at [31]) that EMI relied on the following factors, individually and collectively, as constituting special grounds for the continuation of the proceedings: (1) Article 104 only applies in this case because of Sky's own filing of an application to invalidate EMI's mark in response to EMI's letter before claim; (2) Sky took no steps to clear the way for its proposed launch, despite being aware of EMI's mark; (3) the passing off claim will continue in any event; and (4) there is a need for commercial certainty, particularly so given EMI's own plans to launch a television channel under the NOW brand, which

plans are threatened by Sky's proposed launch of its internet television services under the name NOW TV.

15. The deputy Judge considered (at [32]) that none of those grounds, taken individually or as a whole, come close to being special grounds. He said as follows:

“I see nothing in the first ground to take the case outside the norm. An application to invalidate a registration which is threatened against a party seems to me to be no more than what could be described as an expected response. The fact that no steps were taken to clear the way is to my mind of little consequence in this context. Although there was no direct evidence on it, as I have mentioned already, steps to clear the way are not often commercially practical in trade mark cases. The fact that the passing off claim will continue in any event is again of little import, especially in the circumstance that EMI did not seek to rely on this cause of action in its application for interim relief. Finally, the need for commercial certainty is no greater in this case than in many others; on the facts there is nothing to take the case outside the norm in the context of commercial certainty.”

16. The deputy Judge concluded (at [36]) that the right order was to stay the registered trade mark proceedings pending the outcome of Sky's application to OHIM to invalidate EMI's mark.

The Starbucks proceedings

17. Starbucks is the proprietor of Community Trade Mark 4504891 (“the Starbucks mark”) for the word "now" in lower-case letters with six fine lines arranged in a star or sun shape emanating from the central letter "o":



18. The registration date is 17 September 2008. The Starbucks mark is registered for various goods and services in classes 9, 35, 38, 41 and 42, including in particular "telecommunication services; ... telecommunication of information (web pages), computer programs and data; ... radio and television communication services; ... television broadcasting services; broadcasting and transmission of radio and television programmes; cable television broadcasting; ... transmission of music, films, interactive programmes, videos, electronic computer games" in class 38. It has a filing date of 22 June 2005 and a registration date of 17 September 2008.
19. Following Sky's announcement on 21 March 2012, solicitors for Starbucks wrote a letter before action to Sky on 27 March 2012 alleging that Sky's proposed use of NOW TV would amount to infringement of the Starbucks mark. The letter stated that, unless certain specified undertakings were provided

by 14.00 on Tuesday 3 April 2012, proceedings would be issued immediately seeking, among other things, an interim injunction. The solicitors for Sky both by telephone on 2 April 2012 and by a letter dated 3 April 2012 requested more time to respond to the letter and stated that Sky would not take a point on delay between then and the date of its reply. On 4 April 2012 Starbucks' solicitors granted an extension of time to 6pm on 11 April 2012 for a response.

20. Sky applied to OHIM for cancellation of the Starbucks mark on 11 April 2012. Sky applied to OHIM at the same time for cancellation of two other Community trade marks (Community trade mark Nos 1417831 and 1421700), which are similar to the Starbucks marks, and which Starbucks had registered at an earlier time ("the earlier Starbucks marks").
21. On the same day Sky's solicitors sent a ten page letter with nine tabs of supporting documents to Starbucks' solicitors, addressing the allegation of infringement in considerable detail. That letter informed Starbucks' solicitors that Sky had that very day applied to OHIM to invalidate the Starbucks mark and also to revoke the earlier Starbucks marks for non-use. Following some intermediate correspondence, on 18 April 2012 Starbucks' solicitors wrote a letter saying that Starbucks would not be seeking interim relief but would instead be seeking to have a trial on an expedited basis. They suggested directions for a trial of the claim between 1 and 31 October 2012, with an estimated length of trial of four to five days. Sky's solicitors replied making it clear that Sky would resist an application for expedition.
22. The claim form was issued with Particulars of Claim on 19 April 2012. Starbucks claims an injunction and other relief for infringement of Starbucks' mark and passing off.
23. The claim for passing off relies on the reputation and goodwill under the names NOW TV and NOW in the United Kingdom. The Particulars of Claim describe in some detail the various ways in which that goodwill is said to have arisen. It is not necessary to set them out in this judgment.
24. On 18 May 2012 Starbucks issued and served an application for an expedited trial.
25. On 6 June 2012 Sky served a defence and counterclaim in which it challenged the validity of the Starbucks mark without prejudice to its position that the proceedings should be stayed pursuant to Article 104.
26. On 8 June 2012 Starbucks issued an application for an interim injunction contingent upon such a stay being granted.
27. On 19 June 2012 Sky issued its application for a stay.
28. Starbucks' application for an expedited trial, Sky's cross-application for a stay of part of the claim pursuant to Article 104(1) and Starbucks' application for an interim injunction contingent on the grant of the stay came before Mr Justice Arnold on 28 and 29 June 2012. He gave an impressive immediate judgment

running to 78 paragraphs, in which he concluded that he would refuse Sky's application for a stay and would grant Starbucks' application for expedition.

29. The Judge began by rejecting Sky's contention that the Starbucks mark is plainly and obviously invalid pursuant to Article 7(1)(b) and 7(1)(c) of the CTM Regulation. Having reviewed Sky's argument on the point, he said (at [8]) that it is not possible to reach the conclusion at this stage of the proceedings that the claim for a declaration of invalidity is bound to succeed. He said that Starbucks has a real prospect of success on validity as opposed to a fanciful one. The Judge also rejected Sky's argument that, if the Starbucks mark is valid, its scope must be so narrow that it would not be infringed by the sign which Sky was proposing to use. He said (at [10]) that the issue of infringement is also a matter on which Starbucks has a real as opposed to a fanciful prospect of success.
30. So far as concerns Starbucks' passing off claim, the Judge, having considered Sky's arguments, rejected Sky's submission that there is no serious issue to be tried. He concluded (at [21]) that Starbucks has a real as opposed to a fanciful prospect of success in its passing off claim.
31. Turning to Sky's stay application the Judge set out the relevant provisions in recitals 16 and 17 and Articles 52, 55, 56, 94, 96, 99, 100 and 104 of the CTM Regulation. He also referred to the following, among others: Article 4(3) of the Consolidated Treaty on the European Union ("the CTEU"), *Soci t  Sothys International v Soci t  Europ enne de Produits de Beaut *, a decision of the Tribunal de Grande Instance de Paris (Paris Commercial Court) dated 17 October 2006; *Samsung Electronics (UK) Ltd v Apple Inc* [2012] EWCA Civ 729; the deputy Judge's judgment in the EMI proceedings; *Ryanair Holdings plc v Office of Fair Trading* [2012] EWCA Civ 643 at [38]; and the judgment of the European Court of Justice ("the ECJ") in Case C-159/02 *Turner v Grovit* [2004] ECR I-3565 at [28].
32. The Judge noted (at [52]) that neither side had suggested that infringement should be tried in this country and validity tried in OHIM. It was common ground that, if the court considered that the issue of validity should be stayed, then the infringement claim should likewise be stayed. The Judge also noted (at [53]) that, although Sky did not seek a stay of the passing off claim, Starbucks accepted that, if the trade mark claim had to be stayed, it would be appropriate to stay the passing off claim as well in view of the very substantial overlap between them and the undesirability of having the claims tried separately.
33. The Judge observed (at [56]) that it was common ground that the Cancellation Division of OHIM will be unlikely to reach a decision until the first half of 2013. Either party would then have a right of appeal to the Boards of Appeal, with the possibility of further appeals to the General Court and then to the Court of Justice of the European Union ("the CJEU"). He said that "[a]s is regrettably a common experience, the net result is that disputes over the validity of trade marks brought before OHIM can take as much as a decade to resolve. Only then, if successful, will Starbucks be able to pursue its infringement claim."
34. The Judge accepted (at [62]) that the following grounds advanced by Starbucks, at least considered cumulatively, constitute special grounds within Article

104(1). The first is that Sky only commenced the proceedings before OHIM after receipt of Starbucks' letter before action and after requesting an extension of time in which to respond to the letter before action and agreeing not to take any point on delay, without revealing that Sky was contemplating the possibility of making an application to OHIM. The Judge emphasised that what was important was the objective effect of Sky's conduct; and the objective effect, having regard to the length of time the proceedings in OHIM will take to resolve, would be substantially to delay the resolution of Starbucks' claims. He said that it amounted to special grounds, at least viewed in combination with the other factors.

35. The second ground was the existence of the passing off claim. The Judge said (at [63]) that he agreed with Starbucks that the English High Court (sitting as a Community trade mark court pursuant to Article 95 of the CTM Regulation) is the only tribunal which can try all the disputes between the parties together and it made sense to do so. The Judge said this ground on its own would not be decisive, but it supported the conclusion that there are special grounds in this case.
36. The third factor was the Judge's conclusion that this is a case in which expedition is warranted. Expedition, he observed (at [64]) is something which the English court seized of the Starbucks proceedings is able to provide to enable the disputes between the parties to be speedily determined, and much more so than in OHIM.
37. In reaching his decision that this is a case for expedition, the Judge referred to the recent review of the relevant principles by Henderson J in *Spear v Zynga* at [16]-[25] and to the judgment of Lord Neuberger in *WL Gore & Associates GmbH and Geox SPA* [2008] EWHC Civ. 622 at [25]. He recited the factors relied upon by Starbucks and Sky respectively (at [67] to [72]) and concluded (at [73]) that there is good reason for expedition for the reasons given by Starbucks. He considered (at [74] to [77]) that an order for expedition was consistent with the good administration of justice and was not unfairly prejudicial to Sky, and that there were no other special factors in addition to the Article 104 point. He ordered that the trial take place not before 15 October 2012 and that it be concluded by 31 October 2012, with an estimate of 4 to 5 days and half a day for pre-reading. He gave appropriate case management directions to achieve that timetable.
38. The Judge stated (at [65]) that he was conscious that he had reached a different conclusion on the Article 104 stay application to that reached by the deputy Judge in the EMI proceedings. He considered that those proceedings could be distinguished for at least two reasons. First, he observed that, as the deputy Judge had pointed out, passing off was not relied upon by counsel for EMI. Secondly, the deputy Judge was not satisfied that the EMI proceedings were fit for expedition. The Judge further said that it seemed clear that the deputy Judge did not have the benefit of the wide-ranging argument that the Judge had enjoyed on the "timing" question, including, in particular, reference to the *Sothys International* case.

39. The Judge made no order on Starbucks' contingent interim injunction application other than in relation to costs.

The appeals

The Starbucks proceedings

40. It is convenient to consider, first, the appeal in the Starbucks proceedings since EMI in its appeal relies on the correctness of Arnold J's decision.
41. In their written "Outline of Argument" for Sky, Mr Geoffrey Hobbs QC and Mr Guy Hollingworth presented a range of detailed arguments in support of the appeal. Not all of those arguments were repeated or given the same degree of emphasis in Mr Hobbs' oral submissions. On the other hand, Mr Hobbs' oral submissions helpfully focused on a limited number of points of principle, not all of which appeared in the written Outline or had the same degree of prominence there. It is not possible, without adding considerably to the length of this judgment, to set out in detail the many arguments advanced on behalf of Sky in the written Outline and Mr Hobbs' oral submissions. The following is a summary of the most important points.
42. Mr Hobbs submitted that the interpretation of Article 104(1), and particularly the meaning of the "special grounds" exception, is to be approached against the background of the following principles and considerations.
43. He said that the special grounds exception is to be interpreted and applied on the basis that derogations from, and exceptions to, Community legislation must be strictly construed. He buttressed that with the observation that the duty under Article 104(1) to stay proceedings is imposed on the court itself "of its own motion" and so is not to be ignored even if the parties wish and agree that the proceedings in the Community trade mark court second seized should continue. He said it was wrong, therefore, to characterise the court's decision under Article 104(1) as a mere management decision in the exercise of a judicial discretion. He said it was, rather, a judgment of the court.
44. Mr Hobbs submitted that the court should approach its decision under Article 104(1) in the way indicated by Lloyd LJ in *Samsung Electronics v Apple* at [49] in the context of the parallel provisions of Regulation (EC) No 6/2002 on Community designs, that is to say to consider whether the nature and force of the special grounds are of sufficient importance and substance, on the facts of the case, to justify the risk of inconsistent decisions on the same point in different Community trade mark courts or as between a Community trade mark court and OHIM.
45. Mr Hobbs said that certain matters are plainly irrelevant in the context of the special grounds exception. He said that issues going to *forum conveniens* are no more relevant in the context of Article 104(1) than they are in the context of the Judgments Regulation. In that connection, he cited Case C-281/02 *Owusu v Jackson* [2005] ECR I-1383.

46. Mr Hobbs said that “behavioural considerations” are equally irrelevant. I understood that to be primarily a reference to the Judge’s reliance on the fact that Sky’s applications to OHIM were merely reactive to the threat of infringement proceedings. Sky’s case is that a court considering Article 104(1) is only concerned to identify which court was first seised and not the reasons for the order in which the proceedings or applications were initiated. Mr Hobbs relied in that regard on *Turner v Grovit*.
47. Mr Hobbs observed that all Sky’s cancellation applications had been validly and effectively filed at OHIM, and that the Judge himself had not made any finding that Sky had tricked Starbucks in order to make a pre-emptive application to OHIM. Mr Hobbs also rejected as irrelevant in principle, and unrealistic in fact, that a defendant had failed to “clear the way” by attempting to resolve disputes prior to applying to OHIM. Mr Hobbs emphasised that often, as in the present case, a Community trade mark proprietor would have several Community marks covering the same or similar goods and services. Some might be more historic than others. There would be several reasons why a person facing an actual or potential threat of infringement proceedings might wish to challenge the validity of all those marks, even though the registered proprietor might only wish to rely on some of them. Furthermore, Mr Hobbs pointed out that, unless the proprietor relied on all of them in infringement proceedings, the only route of the potential or alleged infringer to seek the cancellation of those not relied upon in proceedings before a Community trade mark court would be by application to OHIM. Further, in the case of historic marks challenged on the ground of non-use, the challenge might be time-sensitive where there had already been five years of non-use and there was a possibility that the proprietor might intend to revive their use. The alleged infringer receiving a letter before action cannot be certain whether, and if so precisely when, proceedings will be commenced.
48. In Sky’s skeleton argument in support of its appeal, it is pointed out that there are several “NOW” trade mark proceedings currently pending before OHIM. In addition to the applications for the cancellation of the EMI mark and the Starbucks mark, they include the applications for cancellation of the earlier EMI mark and the earlier Starbucks marks, applications for revocation brought by a company called Now Wireless Limited (“NWL”) against the earlier Starbucks marks, and oppositions brought by Starbucks against two applications made by NWL for registration of NOWWIRELESS marks. At the time when Sky applied to OHIM for cancellation of the Starbucks mark, the earlier Starbucks marks, the EMI mark and the earlier EMI marks OHIM was the only forum in which the validity of those marks could be challenged. Mr Hobbs pointed out that there can be no “anti-suit” injunction to prevent the continuation of any of those cancellation applications pending before OHIM, and nor can Sky be compelled to abandon any of those cancellation applications. Mr Hobbs emphasised that OHIM is in fact the only forum in which the cancellation of all the relevant and related marks can be determined: that being the combined effect of Articles 52, 95, 96 and 100 of the CTM Regulation.
49. Mr Hobbs submitted that, in any event, there is a perfectly straightforward procedural route by which the registered proprietor of a Community trade mark,

who is contemplating infringement proceedings, can avoid the risk that, upon delivery of a letter before action, the alleged infringer will make a cancellation application to OHIM and then seek a stay under Article 104(1). He said that possibility could be avoided by the service of a protective claim form.

50. Mr Hobbs submitted that the expression “special grounds” in Article 104(1) bears the same meaning and is to be applied in the same way as “special reasons” in Article 102(1) of the CTM Regulation. On that footing, he referred to *Nokia v Joacim Wardell* as authority that “special grounds” in Article 104(1) must relate to factual circumstances specific to the given case as contrasted with systemic differences in terms of rules of evidence, procedure and powers of case management applicable to proceedings in the Community trade mark courts of different Member States and at OHIM.
51. He said that the fact that the proceedings include a claim for passing off as well as for infringement could not be a special ground for the following reasons. It is usual for both claims to be made together, and so that is not a special factual circumstance capable of amount to a special ground. Further, a passing off claim, like a claim for infringement of a national mark which is co-extensive with a Community trade mark, falls entirely outside Article 104(1). There is no reason why (subject to any issue about the proceedings regarding the Community trade mark and the national trade mark being “related proceedings” for the purposes of the Judgments Regulation) those claims cannot proceed. The fact that there may be an overlap in the evidence in relation to those claims and the claim for infringement of a Community trade mark is irrelevant, Mr Hobbs said, since that consideration would only be relevant to a *forum conveniens* issue, but special grounds under Article 104 do not include *forum conveniens* issues.
52. Mr Hobbs submitted that the issue of provisional and protective measures under Article 104(3) during the period of any stay is quite separate and distinct from the issue of jurisdiction under Article 104(1). He referred to the judgment of the Third Chamber of the CJEU in Case C-616/10 *Solvay SA v Honeywell Fluorine Products Europe BV* (12 July 2012) (addressing Article 31 of the Judgments Regulation on provisional and protective measures) in connection with the procedure on an application for such provisional and protective measures. Mr Hobbs described the court as exercising in those situations a case management function, in which the court forms a provisional view as to the merits.
53. Mr Hobbs connected that issue to the question whether delay, on the one hand, or urgency, on the other hand, can ever be a special factor within Article 104(1). In the first place, he submitted that, on general *Nokia v Joacim Wardell* principles, if there is habitually greater delay in the disposal of a cancellation application in OHIM than before the court in this jurisdiction, that is a general systemic characteristic which must be ignored because it is not a fact specific to the present cases. That approach was, he said, supported by paragraph [22] of the judgment of Lewison J in *Guccio Gucci Spa v Shipton & Heneage Limited* [2012] EWHC 1739 (Ch). In the second place, he submitted that the problems arising from delay are properly addressed in the context of provisional and protective measures within Articles 103 and 104(3), that is to say as case

management issues, rather than in the context of jurisdiction under Article 104(1).

54. Critical aspects of the legislative context of Article 104(1), in Mr Hobbs' submission, are the unitary character of a Community trade mark, as stated in Article 1(2) of the CTM Regulation, the absence of any hierarchy as between different Community trade mark courts and as between any of those courts and OHIM in relation to invalidity and revocation of a Community trade mark, and the provisions in the CTM Regulation – notably recitals (16) and (17) and Article 94 - linking it (and so both Community trade mark courts and OHIM) to the policies and principles underlying the Judgments Regulation, especially the avoiding of inconsistent decisions. He described Article 104 as being “on a continuum” with its origins in the Judgments Regulation.
55. In this connection, Mr Hobbs focused on Articles 27 and 28 of the Judgments Regulation. He pointed to Article 28(3) of the Judgments Regulation as clearly identifying the policy of avoiding the risk of irreconcilable judgments arising from separate proceedings. He described Article 27 as a sub-set of Article 28. He pointed out that neither Articles 27 nor Article 28 of the Judgments Regulation is excluded from Article 94 of the CTM Regulation.
56. Against that background, Mr Hobbs submitted that, in relation to what he called “double identity” or “bull’s eye” cases, the approach of the court under Article 104(1) should reflect that in Article 27 of the Judgments Regulation. His reference to a case of “double identity” was to a situation where, as is the situation in both present sets of proceedings, the same parties are disputing both here and in OHIM or another Community trade mark court the right to cancellation of the same Community mark on the same grounds.
57. Article 27 of the Judgments Regulation imposes an absolute rule in favour of the court which is first seised. There is no exception, as there is in Article 104(1) where there are special grounds. On the face of it, if Mr Hobbs' analysis is correct, there would be no reason for an exception from the mandatory stay provision in Article 104(1) in a “double identity” situation since, in such a case, there will inevitably be the risk of irreconcilable judgments. Indeed, Mr Hobbs was not able to give any example where he considered that the special grounds exception might apply in such a situation.
58. Mr Hobbs explained the existence of the special grounds exception as turning on the very great width of Article 104. He said that special grounds might, therefore, exist where the parties to the proceedings in one Community trade mark court were not the same as in the pending proceedings before another Community trade mark court or the two proceedings might relate to different parts of the specification or to different goods or services for which the mark was registered.
59. Mr Hobbs, by way of example, observed that there are situations in which a Community mark is invalid on absolute grounds under Article 52 (which make the mark ineligible for registration) and there are others in which it is invalid on relative grounds under Article 53 (where it collides with another person's rights). In either case, the invalidity may exist in respect of only some of the

goods or services for which the Community trade mark is registered and the trade mark is accordingly declared invalid only as regards those goods or services: see Article 52(3) and Article 53(5) of the CTM Regulation. He also postulated a situation where the prior pending proceedings still leave open the possibility or probability of a conversion of parts of the Community trade mark under Article 112 of the CTM Regulation in due course into one or more narrower but valid national marks.

60. The overall policy consideration, and the key to the meaning of special grounds in Article 104(1), Mr Hobbs emphasised, is the avoidance of the risk of irreconcilable decisions. That also explains, he argued, the express exception in Article 104(1) of actions for a declaration of non-infringement since Article 99(2) of the CTM Regulation provides that the validity of a Community trade mark may not be put in issue in such an action.
61. For all those reasons, Mr Hobbs argued, special grounds within Article 104(1) must relate or relate primarily to circumstances which would not give rise to irreconcilable decisions.
62. Mr Hobbs emphasised the potential undesirable consequences of a Community trade mark court and OHIM reaching conflicting decisions on validity. He pointed to Article 55(2) and (3) of the CTM Regulation as having the possible consequence of a Community trade mark being declared invalid in OHIM and yet a Community trade mark court making a final finding of infringement.
63. Mr Hobbs further underlined his argument about the importance of the role of OHIM by reference to Article 100(7) and Article 104(2) which give a Community trade mark court first seised, but not OHIM if first seised, power to stay its proceedings on the application of a party.
64. In his submissions in reply, Mr Hobbs made it clear that, even if he is wrong on his principal submission about the interpretation of “special grounds” as relating or relating primarily to circumstances which could not give rise to irreconcilable decisions, the rest of Sky’s submissions still stand. Consistently with those submissions, in a “double identity” case the special grounds or rather, as Mr Hobbs put it, the intensity of the review to identify the special grounds would need to be even stronger for the refusal of a stay under Article 104(1). Far from being strong, Sky submits that all three matters relied upon by the Judge are on any footing, for the reasons advanced by Mr Hobbs summarised above, legally incapable of constituting special grounds within Article 104(1). Moreover, even if they were relevant at all, Mr Hobbs nevertheless criticised the Judge for failing to conduct a detailed analysis of the facts of the case and an appraisal of whether those facts are so substantial and important as to justify allowing the proceedings to continue at the same time as the pending applications to OHIM.
65. Finally, Mr Hobbs referred to the submissions in Sky’s written Outline as to the manifest flimsiness of (1) Starbucks’ claim for infringement; (2) Starbucks’ defence to the claim for invalidity of the registration; (3) Starbucks’ claims relating to past use of the Starbucks mark in relation to any goods or services of relevance to the present proceedings; (4) Starbucks’ claims relating to imminent or prospective use of the Starbucks mark in relation to any goods or services of

relevance to the present proceedings; and (5) Starbucks' claim for protection at common law, independently of registration, by virtue of its alleged use (past, imminent or prospective) of denominations consisting or comprising of the word "NOW". He said that the flimsiness of Starbucks' case on those aspects form a necessary part of any factual analysis for the purposes of assessing whether there are special grounds under Article 104(1).

66. Sky's written Outline places reliance on the requirement for sincere co-operation which arises under CTEU Article 4.3 (formerly Article 10 EC Treaty) and on the requirement for mutual respect. Mr Hobbs did not expressly refer to those principles in his oral submissions or to the several authorities on them mentioned in the written Outline, but I have made the assumption that Sky continues to rely on them.
67. In its written Outline Sky also relied on section 49(2) of the Senior Courts Act 1981, but that provision was not mentioned in Mr Hobbs' oral submissions.
68. It is not necessary to set out all Starbucks' arguments in support of the Judge's judgment. In broad terms, Starbucks submits that the Judge was correct for the reasons he gave. Mr Michael Silverleaf QC, for Starbucks, directed his oral submissions primarily to Mr Hobbs' new oral arguments on "double identity" cases under Article 27 of the Judgments Regulation and Article 104(1).
69. Mr Silverleaf advanced a number of points in response, but it is not necessary for the purpose of this judgment to mention them all. It is sufficient to summarise the core of his argument quite briefly as follows. He submitted that Mr Hobbs was plainly wrong to say that Article 104(1) is directed to the "double identity" or "bull's eye" case since the only initiating actions that can be brought before a Community trade mark court under Article 96 of the CTM Regulation are claims for infringement and declarations of non-infringement whereas the only applications that can be made to OHIM (an office, and not a court, as Mr Silverleaf noted) are for cancellation for invalidity or non-use. He said that, therefore, unlike Article 27 of the Judgments Regulation, there can never be a complete identity of issues for the purposes of Article 104(1): if one looks at the position at the date a claim form for infringement is issued, there will never be complete identity of issues. Article 27 of the Judgments Regulation can, therefore, be no guide to Article 104(1). He attacked as misconceived any notion that OHIM's jurisdiction is superior to that of the Community trade mark courts.
70. Mr Silverleaf's argument was that the legislative intent underlying Article 104(1) is that everything should be tried in a single forum if possible, and not, as Mr Hobbs submitted, the avoidance of irreconcilable decisions. Mr Silverleaf submitted that, in the case of a prior application for cancellation to OHIM, the issue under Article 104(1) is whether, on the making of a counterclaim of invalidity, the infringement claim should be permitted to proceed notwithstanding the risk of inconsistent decisions on validity and bearing in mind that under Article 99 of the CTM Regulation invalidity is a defence on the merits. The assumption underlying Article 104(1) is, he said, that there are parallel proceedings on foot, and the only question is whether the second should be permitted to continue. He said that, in making the decision on

that point, the court is exercising a general discretion in respect of which there is no restriction as to the facts special to the particular dispute which may be taken into account.

71. Mr Silverleaf submitted that the complications arising from parallel proceedings on validity and revocation before a Community trade mark court and OHIM have been overstated in view of the provisions in Article 56(3) of the CTM Regulation. His argument was that, even if he was wrong on that point, the question under Article 104(1) was nevertheless the same, namely whether, in the light of existing parallel proceedings before OHIM (or another Community trade mark court) and the possibility of conflicting judgments, there are special facts which justify the continuation of the infringement before the court second seised.
72. Mr Silverleaf submitted that the Judge was, therefore, entitled to take into account as special grounds all the factors he did and to arrive at the decision not to order a stay.

The EMI proceedings

73. As in the case of Sky's appeal in the Starbucks' proceedings, the oral submissions of Mr Simon Thorley QC, on behalf of EMI, in some respects extended beyond, and in some respects were narrower than, the submissions in EMI's skeleton argument.
74. I did not understand Mr Thorley to have abandoned any of EMI's written submissions, and so it is convenient to start with a brief summary of those submissions, which provide an overview of EMI's appeal.
75. EMI relies on the same four grounds as it advanced before the deputy Judge as individually and collectively constituting special grounds for the purposes of Article 104, namely: (1) Article 104(1) only applies in this case because of Sky's own filing of an application to OHIM to invalidate the EMI mark in response to EMI's letter before claim; (2) Sky took no steps to clear the way for its proposed launch, despite being aware of the EMI mark; (3) EMI's claim for passing off would continue in any event; and (4) there is a need for commercial certainty, particularly given EMI's own plans to launch a television channel under the NOW brand and that those plans are threatened by Sky's launch of its internet television services under the name NOW TV.
76. As to ground (1), it is said that an application to invalidate a registered trade mark is not a normal response to a letter before action and, furthermore, the deputy Judge failed properly to take into consideration the circumstances of the case. In that connection, the following points are made. It was common ground that Sky was aware of the EMI mark before receiving the letter before action and yet Sky took no steps to invalidate the mark prior to the letter. Further, Sky did not wait to see whether the threat would crystallise into a claim (in which case it could bring a counterclaim for invalidity) but, instead, it immediately applied to invalidate the EMI mark at OHIM. The invalidation actions were filed the next working day after receipt of the letter before action. EMI argues that the practical consequence of that action, if the deputy Judge is correct, is to

prevent EMI from pursuing its infringement claim, and that will dissuade any trade mark owner seeking to enforce its Community trade mark rights from adhering to the pre-action protocol by writing a letter before action rather than by starting proceedings without notice. That, it is said, would be contrary to the overriding objective of the Civil Procedure Rules.

77. As to ground (2), it is said that the deputy Judge was wrong to conclude that the only way Sky could clear the path was by liaising with EMI: Sky could have applied to invalidate the EMI mark when it first realised the potential conflict with its interests.
78. As to ground (3), EMI argues that the passing off claim is clearly relevant to the stay application given the obvious evidential overlap between the two claims, and, for that reason, the deputy Judge was wrong, when considering the grant of a stay, to give weight to the fact that EMI did not rely on passing off in support of its application for an interim injunction.
79. As to ground (4), EMI contends, as it did before the deputy Judge, that the value of the EMI mark would be destroyed completely by Sky's conduct. It says that allowing the stay to continue, such that Sky's conduct destroys EMI's right to exploit its own registered trade mark, is both in and of itself a need for urgency and something that takes this case outside the norm.
80. EMI contends that the deputy Judge failed to consider the interaction between the various factors relied on by EMI and the collective impact of those factors. In particular, EMI argues, the timing of Sky's application to OHIM (in response to the letter before action) in circumstances when Sky knew of the EMI mark and yet had not previously applied to invalidate it and in circumstances in which the acts alleged to infringe would (if continued) completely destroy the value of the mark (particularly if permitted to continue for the duration of the resolution of the validity proceedings at OHIM) do collectively amount to special grounds.
81. EMI contends that in all those respects, and generally, there are no material differences between the facts in the EMI proceedings and in the Starbucks proceedings, and, since Arnold J was right, the deputy Judge's decision to refuse a stay and an expedited trial must have been wrong.
82. In his oral submissions Mr Thorley adopted and endorsed the submissions of Mr Silverleaf in Sky's appeal in the Starbucks proceedings. Mr Thorley's broad point on Mr Hobbs' "double identity" argument was that Articles 27 and 28 of the Judgments Regulation address the problem of potential irreconcilable judgments by requiring one set of proceedings to be stayed so that only one set of proceedings will go forward, whereas Article 104(1) expressly contemplates that, if there are special grounds, they will outweigh the risk of irreconcilable judgments and so both sets of proceedings will continue. He pointed out that Article 55(3)(a) of the CTM Regulation expressly contemplates that there may be inconsistent decisions. Further, OHIM can never adjudicate the issue of infringement. He submitted that, in deciding whether or not there are special grounds within Article 104(1), the question is whether the grant of the stay would result in a material injustice to the owner of the trade mark rights.

83. Mr Thorley elaborated on the submission on the pre-action protocol in EMI's skeleton argument. He emphasised that Sky's conduct in making its applications to OHIM as a reaction to EMI's letter before action was contrary to the spirit and purpose of the pre-action protocol. He said the deputy Judge's judgment would discourage trade mark proprietors, who allege infringement, from sending a letter before action and attempting to resolve the dispute without resort to litigation. He said that Mr Hobbs' suggestion that the proprietor could protect itself by issuing a protective claim form was an expensive and undesirable device. Further, if there was a stay in the circumstances under consideration in the EMI proceedings, it would, he said, lead to the use and reliance on national marks rather than Community trade marks. He submitted that, if, having sent a letter before action and complied with the pre-action protocol, the trade mark proprietor commenced infringement proceedings within a reasonable time of it being clear that no agreement would be reached, then those should be special grounds for the purposes of Article 104(1). He relied upon the decision in the French *Sothys International* case, in which the Tribunal had found that there were special grounds where the defendant, which had known of the plaintiff's mark since at least June 2005 and probably before then, had made an application to OHIM on 16 November 2005 following the plaintiff's "saisie" at the defendant's registered office on 8 November 2005 prior to the commencement of the proceedings on 22 November 2005.
84. Mr Thorley supported that argument by submitting that *Solvay* shows that an application by a claimant in infringement proceedings for interim relief pending any delay in OHIM should be determined not on the basis (under *American Cyanamid Co v Ethicon Ltd* [1975] AC 396 procedure) of whether there is a serious issue to be tried but only after a detailed analysis of the merits. Accordingly, observing the pre-action protocol and sending a letter before action would, he said, if the deputy Judge is right, subject the claimant both to the necessity of an extensive hearing on the merits, but leading only to a provisional determination and so without certainty, and also to the need to take on the burden of a cross-undertaking in damages for an extensive period of delay in OHIM. He submitted that these considerations weighed particularly heavily in cases of urgency when, if there was no stay but an expedited hearing, there could be a full trial and a final determination without the additional expense of an extensive hearing for interim relief and without the financial uncertainties inherent in a cross-undertaking in damages over a lengthy period.
85. Mr Thorley said the deputy Judge had not fully and properly appreciated the urgency of the situation and the need for a speedy final determination. Mr Thorley referred to various passages in the witness statements for evidence of EMI's plans to exploit its mark and of the damaging consequences if Sky was allowed to proceed without a speedy final resolution of the infringement proceedings.
86. Sky has filed a respondent's notice to uphold the deputy Judge's order on other grounds. It is not necessary to set those out here. They are considered below so far as necessary.

Discussion

87. The appeals have been well argued on all sides, but I consider that all the parties have taken too extreme a position in their analysis of the law.
88. Apart from the decisions of the deputy Judge and Arnold J in the present proceedings, there is very little authority on the meaning of “special grounds” in Article 104(1) and the approach that should be taken by a Community trade mark court on an application for a stay under that provision.
89. The first decision in time appears to have been that of Lewison J in *Guccio Gucci Spa v Shipton & Heneage Limited* [2012] EWHC 1739 (Ch). In that case the claimant (“Gucci”), the well-known Italian fashion house, sent a letter to the defendant (“Shipton”) alleging infringement of its Community and national trade marks and passing off. Shipton denied that the marks were valid and said that it would be filing applications for declarations of invalidity of the Community trade marks with OHIM. Shortly after Gucci sent Shipton draft Particulars of Claim, Shipton made invalidity applications to OHIM in December 2009. Gucci issued its claim form in March 2010, which, following amendments, raised allegations of infringement of both the Community and national trade marks and passing off. Shipton applied for a stay under Article 104(1).
90. Lewison J stayed the claims based on alleged infringement of the Community trade marks, but otherwise allowed the action to proceed to trial. So far as concerns the Community trade marks, he said (at [17]) that the same approach should be taken to “special grounds” in Article 104(1) as Advocate General Sharpston and the ECJ had indicated in Case C-316/05 *Nokia Corp. v Joacim Wardell* [2006] ECR I-12083 should be taken in relation to “special reasons” in what is now Article 102 of the CTM Regulation, namely (1) the expression must be given an autonomous and uniform interpretation throughout the EU; (2) the special reasons must relate to factual circumstances specific to a given case; and (3) since special reasons were a derogation from a general rule, the expression is to be narrowly construed.
91. Lewison J also said (at [18]) that he agreed with the view expressed by Mann J in *Kitfix Swallow Group v Great Gizmos Limited* [2008] FSR 9 that the presumption of a stay in Article 104(1) is a strong one.
92. Lewison J said (at [19]) that “special” connotes something out of the ordinary run of cases. He considered that neither the fact that there are concurrent proceedings relating both to a Community trade mark and a national trade mark nor that there is a passing off claim tacked on which arises out of substantially the same facts can be regarded as a special reason.
93. Lewison J said (at [19]) that it was not a case in which the application to OHIM was obviously an abuse. He said that, in any event, in the light of the decision of the ECJ in Case C-159/02 *Turner v Grovit* [2004] ECR I-3565 he was doubtful whether an allegation that an application to OHIM is abusive can carry much weight in an application for a stay under Article 104(1); and he observed that, if the application is abusive, then OHIM may well have power to dismiss it on that ground.

94. Lewison J said as follows at paragraph [22] about the need for business to know where it stands:

“Gucci also relies on the proposition that business needs to know where it stands. This will very often be a factor of considerable importance. However, first, it is a general proposition applicable to all business disputes and cannot therefore be considered to be a special ground applicable to this individual case. Second, the delay in question is one inherent in OHIM’s own procedures and workload which also cannot be a special ground applicable to this individual case. Third, in the present case the defendant has stopped importing and selling the infringing goods and has offered undertakings not to do so until OHIM has determined its application. So there is no actual prejudice to Gucci and, in any event, in staying proceedings the court can impose provisional protective measures. Thus, even if there are others who might infringe the CTMs in the future as to which there is no real evidence, Gucci can protect its position by interim injunction.”

95. Lewison J did not accept (at [23]) that the fact that the claims relating to the national trade marks and passing off would proceed to trial irrespective of any decision by OHIM constituted a special ground.
96. For those reasons, Lewison J considered that Gucci had not shown that there were special grounds justifying the refusal of a stay for infringement of the Community trade marks. On the other hand, in exercising the wide discretion under section 49(3) of the Senior Courts Act 1981, he rejected Shipton’s submission that the national claims should also be stayed so that all the claims could be heard together. Having considered a range of matters, including that OHIM could not hear all the disputes, he said (at [28]) that the factors in favour of a stay of the national claims were outweighed by the factors against and, in particular, the factor of delay.
97. The Court of Appeal considered the closely parallel provisions of Article 91(1) of Regulation (EC) No 6/2002 on Community designs in *Samsung Electronics (UK) Ltd v Apple Inc* [2012] EWCA Civ 729. In that case Samsung applied for a declaration of non-infringement. Apple counterclaimed for infringement and sought to stay Samsung’s application for a declaration of non-infringement pursuant to Article 91(1) of the Community Designs Regulation. The Court of Appeal upheld the decision not to stay Samsung’s application for the declaration but remitted to the trial judge the question whether Apple’s counterclaim for infringement should be stayed. The question of a stay of the counterclaim and the meaning of “special grounds” were considered in the context of both parties agreeing that the counterclaim should not be stayed and that, since there was no claim for a declaration of invalidity, there was no risk of inconsistent judgments if there was no stay. Lloyd LJ (giving the judgment of the Court) stated as follows (at [49]):

“It seems to us that, while it would be rash to attempt to define “special grounds”, something can usefully be said in relation to

the legislative policy. The nature and force of the special grounds which would justify not ordering a stay in a given case would need to be such as make it appropriate to allow proceedings to continue to which article 91(1) applies, thereby opening up the possibility of parallel and active proceedings on the same issue of validity or otherwise, and therefore possible inconsistent decisions on the same point in different courts or as between a Community design court and OHIM. The grounds would have to be of sufficient importance and substance, on the facts of the given case, to justify that risk. In relation to the present case, some features apparent to us might be eligible to be brought into account on this question. (There may well be others.) One is that the current proceedings in England do not in fact include any issue as to validity, because Samsung has not responded to Apple's counterclaim, as it could have done, by counterclaiming for a declaration of invalidity. Therefore the proceedings as currently constituted would not result in the English court coming to a decision as to validity which would be even potentially inconsistent with whatever determination was eventually reached (if any) by OHIM. Another relevant factor might be the objectively justifiable need, as found by the judge, for speed in the determination of the claim, though whether that itself justifies allowing the counterclaim to proceed, rather than only the claim, may require further consideration. Moreover, although we do not see that the parties' agreement could itself constitute special grounds, the fact that they do agree, or that Samsung does not object, and that the invalidity proceedings are brought by Samsung, may be a factor which can properly be taken into account."

98. HH Judge Birss Q.C., sitting as a High Court judge, has now given judgment on the remitted issue of the stay of the counterclaim in the *Samsung Electronics* case: see [2012] EWHC 1882 (Pat). Judge Birss refused to grant a stay. He said as follows:

"19. Apple did not oppose Samsung's suggestion that the infringement counterclaim should not be stayed but the Court of Appeal held that the agreement of the parties, or absence of opposition on the part of the claimant, was not sufficient by itself to amount to "special grounds" (judgment of the court paragraph 48). The Court of Appeal were not confident that they had before them all the relevant material on which to decide this question and so decided to remit it to be decided at the time of the trial. I now have to decide the point.

20. In paragraph 49 the Court of Appeal explained the legislative policy relating to "special grounds" and drew attention to certain features of this case which might be relevant. The policy is concerned with the problem that allowing the infringement proceedings to continue opens up the

possibility of parallel proceedings on the same issue and a risk of inconsistent judgments on the same point between a Community design court and OHIM. The "special grounds" have to be sufficient to justify that risk. The features of this case the Court drew attention to are: first that these proceedings do not include validity therefore there is no risk of an inconsistent validity judgment; second that there is a need for a speedy determination of the claim, although whether that justifies allowing the counterclaim to proceed rather than only the claim may require thought; third, that the parties agree or do not object, although not determinative, is a relevant factor.

21. In considering what to do I believe I should consider whether any party would be prejudiced by the stay or by the refusal of a stay, I must consider the policy behind this part of the Regulation and the risk of inconsistent judgments and I must look at the overall balance of justice. All this is carried out bearing in mind that the Regulation provides that the court shall stay the infringement action unless special grounds exist not to do so. The clear emphasis is on a stay. To avoid it there must be *special* grounds not to.

22. Before me both parties agree that the counterclaim should not be stayed. That disposes of any prejudice. The parties are best able to look after their own interests. Samsung have not sought a declaration of invalidity in these proceedings and both sides agree therefore that there is no risk of inconsistent judgments between the Community design court and OHIM. As regards considering the issue of infringement, this action is going to consider infringement anyway since that is the purpose of Samsung's claim for a declaration. On any view the matter is plainly commercially urgent.

23. Is a declaration enough to satisfy the commercial urgency of the claim or should the infringement claim proceed too? Apple submitted that if the court decides that the Galaxy tablets (or any of them) infringe then it would be unfair for Apple to have to wait for relief pending the outcome at OHIM. I agree. Thus while there is no risk of injustice if I allow the infringement claim to proceed, there is a genuine risk of injustice if I stay the counterclaim and allow the declaration issue to be heard without it.

24. Taking all these points together I find that there are special grounds not to stay the infringement counterclaim. I will not do so."

99. Neither the Court of Appeal nor Judge Birss was referred to the judgment of Lewison J in *Guccio Gucci*. Nor was it cited to either the deputy Judge or Arnold J in these proceedings.

100. It appears that there is no decision of the CJEU or the ECJ directly on the proper meaning and effect of Article 104(1) and, in particular, what might constitute special grounds.
101. The only other case directly on Article 104(1) to which we were referred was the decision of the Tribunal de Grande Instance de Paris dated 17 October 2006 in *Société Sothys International v Société Européenne de Produits de Beauté*. I have summarised above the facts of that case and the decision.
102. The arguments on these appeals have ranged well beyond those cases. The following conclusions can, in my judgment, be drawn from the legislation as illuminated by the arguments we have heard.
103. First, Mr Hobbs is plainly correct in his submission that Article 104(1) is to be approached against the background of the Judgments Regulation and is to be seen, as he put it, “on a continuum” with its origins in that Regulation. That is made plain in recitals (16) and (17) and Article 94 of the CTM Regulation. The plain policy objective of Article 104(1) is the avoidance of inconsistent decisions just as it is in the case of Articles 27 and 28 of the Judgments Regulation.
104. Secondly, that policy is of particular importance in the context of a Community trade mark in view of the following: the unitary character of such a mark (as stated in Article 1(2) of the CTM Regulation), the exclusive jurisdiction of OHIM to entertain cancellation applications for invalidity and non-use in cases where there is no counterclaim in infringement proceedings (as to which, see Articles 52, 95, 96 and 100 of the CTM Regulation), and (as Article 94(1) and other provisions of the CTM Regulation make clear) the absence of any hierarchy between different Community trade mark courts and between such courts and OHIM in relation to claims of invalidity and for revocation.
105. Thirdly, I do not accept, however, Mr Hobbs’ “narrow” argument that, having regard particularly to Articles 27 and 28 of the Judgments Regulation, special grounds within Article 104 must relate only or primarily to circumstances which would not give rise to irreconcilable decisions. Article 27 is addressing the situation in which there are proceedings involving the same cause of action between the same parties brought in the courts of different member states. In such a situation Article 27 requires a mandatory stay without exception so that the determination of all the issues can be determined by the court first seised. It is true, as Mr Hobbs said, that Article 104 is addressing the situation where the validity of the Community trade mark is a common issue, bearing in mind (pursuant to Article 99 of the CTM Regulation) that invalidity is a defence to an allegation of infringement. Nevertheless, as Mr Silverleaf and Mr Thorley emphasised, OHIM can never itself adjudicate on infringement. It can only resolve cancellation applications. Article 104(1), unlike Article 27 of the Judgments Regulation, has to be considered in the context of infringement issues continuing to rest with the Community trade mark court notwithstanding any application to OHIM. Furthermore, as they also pointed out, the CTM Regulation itself expressly contemplates, for example in Article 55(3)(a), that there may be circumstances in which there are inconsistent decisions concerning the same Community trade mark.

106. Fourthly, Mr Silverleaf was, therefore, right to say that the issue to be addressed under Article 104(1) is whether, on the making of a counterclaim for invalidity or revocation, the infringement claim should be permitted to proceed notwithstanding the risk of inconsistent decisions.
107. Fifthly, in deciding that question, I do not accept the approach urged by either Mr Silverleaf or Mr Thorley. I do not accept Mr Thorley's reformulation of the question as whether the grant of the stay would result in a material injustice to the owner of the trade mark rights. Nor, as illustrated by my comments below, do I accept Mr Silverleaf's submission that, in deciding whether the infringement claim should be permitted to proceed, there is absolutely no restriction on the facts relating to the particular case which may be taken into account.
108. Sixthly, the presumption in favour of a stay under Article 104(1) is a strong one. That is not just because of the usual rule that a derogation from an EU general rule is to be narrowly interpreted. It is also because of the importance of the policy of avoiding inconsistent decisions in the particular context of Community trade marks for the reasons I have given above, reflected in the specific references to that policy and the Judgments Regulation in the CTM Regulation. It is not necessary to dispose of the appeals to express a view on Mr Silverleaf's interpretation of Article 56 of the CTM Regulation. It is obvious that inconsistent decisions in relation to a Community trade mark, with a unitary character throughout the EU, will potentially give rise to grave uncertainties and commercial difficulties.
109. Seventhly, it will, therefore, be a rare and exceptional case where there are special grounds within Article 104(1). As was recognised by the Court of Appeal in *Samsung Electronics*, the parties themselves cannot determine the issue of a stay merely by reaching agreement between themselves. It is a matter for the decision of the court itself, which ought to be addressed at the earliest opportunity in the proceedings.
110. Eighthly, I agree with Mr Hobbs that the expression "special grounds" in Article 104(1) bears the same meaning and is to be applied in the same way as the expression "special reasons" in Article 102 of the CTM Regulation, and, accordingly, special grounds must relate to factual circumstances specific to the given case: Case C-316/05 *Nokia Corp v Joacim Wardell* [2006] ECR I-12083 at paragraphs 38 and 39. Systemic differences in terms of rules of evidence, procedure and powers of case management applicable to proceedings in the Community trade mark courts of different Member States and at OHIM are irrelevant. For those reasons, the fact, if it be such, that an application to OHIM takes a long time or a longer time to be finally determined than in proceedings in this jurisdiction is irrelevant. For the same reason, if (which we do not have to decide) it is correct that *Solvay* requires that an application for protective measures under Articles 103 and 104(3) requires a more extensive procedure and analysis than is required by *American Cyanamid*, that also must be ignored as a systemic matter not particular to the given case. The same is equally true of the requirement to comply with the pre-action protocol.
111. On the other hand, I see no reason why specific facts giving rise to particular urgency may not, depending on the precise circumstances, constitute special

grounds within Article 104(1). The general need of business to know where it stands is plainly not sufficient. Furthermore, the urgency must be such as to surmount the heavy presumption in favour of a stay, bearing in mind that protective and provisional measures may be available to protect the claimant in the event of any delay. I do not read paragraph [22] of Lewison J's judgment in *Guccio Gucci* as inconsistent with this analysis. On the facts of that case, there was no urgency of any kind.

112. Ninthly, I do not consider, in the light of the above, that it is of any relevance that the application to OHIM has been made on a purely reactive basis to a threat of infringement proceedings. That matter does not address in any relevant way the policy issues underlying Article 104(1). That is consistent with the view taken by the ECJ in Case C-159/02 *Turner v Grovit* [2004] ECR I-3565 at paragraph 28 as follows:

"Notwithstanding the explanations given by the referring court and contrary to the view put forward by Mr Turner and the United Kingdom Government, such interference cannot be justified by the fact that it is only indirect and is intended to prevent an abuse of process by the defendant in the proceedings in the forum State. In so far as the conduct for which the defendant is criticised consists in recourse to the jurisdiction of the court of another Member State, the judgment made as to the abusive nature of that conduct implies an assessment of the appropriateness of bringing proceedings before a court of another Member State. Such an assessment runs counter to the principle of mutual trust which, as pointed out in paragraphs 24 to 26 of this judgment, underpins the Convention and prohibits a court, except in special circumstances which are not applicable in this case, from reviewing the jurisdiction of the court of another Member State."

Decision – Starbucks

113. I would dismiss the appeal in the Starbucks proceedings.
114. It follows from what I have said above that I agree with some of Sky's criticisms of the Judge's judgment. I do not agree with the Judge that the reactive nature of Sky's applications to OHIM is of any relevance to the determination of the stay application.
115. Nor do I agree with the Judge that the fact there is a passing off claim is of any relevance. It is commonplace that infringement claims are accompanied by passing off claims. That is not a special feature of these proceedings distinguishing them from others for the purpose of compromising the strong policy considerations underlying Article 104(1) and overcoming the high bar for establishing special grounds.
116. Furthermore, the Judge did not approach the resolution of the issue by a structured approach which expressly set Starbucks' arguments against the strong policy considerations underlying Article 104(1) and the strong presumption in favour of a stay the special grounds relied upon.

117. On the other hand, in fairness to the Judge, it must be remembered that he did not have the benefit of (because he was not shown) the illuminating judgment of Lewison J in *Guccio Gucci*. Nor did he have the advantage of the extensive oral argument by three leading counsel that we have had.
118. Despite all those matters, I consider that the appeal should be dismissed on the ground that the Judge was entitled to take the view that there were exceptional circumstances of urgency. Sky had plans to launch its new service very shortly, and it was in its interests to be able to do so. It did in fact do so on 17 July. Starbucks' evidence was that the promotion of that service would soon undermine its goodwill and would undermine its ability to exploit its registered mark and undermine its plans to expand its imminent rival service later this year. Nevertheless, as Starbucks itself considered, it was not a case in which it would have been appropriate to delay Sky's launch by interim relief. In that respect, the situation was unusual. In the usual case, the claimant's interests can be adequately protected by provisional and protective measures.
119. I do not accept Mr Hobbs' argument that the issue of interim relief is irrelevant to the question of a stay under Article 104(1). It is not only relevant but a highly relevant consideration for the reasons I have given.
120. The Judge took into account the fact that there were multiple related cancellations before OHIM. The Judge was entitled, and indeed right, to reject that fact as a special ground for the reasons he gave.
121. I do not accept Sky's argument based on the flimsiness of Starbucks' claims and its defence to the counterclaim. The Judge was entitled to conclude that Starbucks has a real prospect of success as opposed to a fanciful one. Sky has not applied to strike out all or any of Starbucks' claims or for summary judgment. If, notwithstanding the absence of any such application, Sky is confident that such an application would succeed, it makes nonsense of its application for a stay so that matters can be determined in the lengthier proceedings before OHIM rather than by an application for summary judgment here or at an expedited trial here in October this year.
122. Mr Hobbs' submission was that mere arguability is not enough to establish special grounds within Article 104(1). I do not accept, however, that the Judge was obliged to undertake a detailed analysis of the merits to see precisely where the strength of the claims and the defence lie on the spectrum between a real prospect of success, on the one hand, and certain victory, on the other. I note that the Judge gave permission to appeal on the basis, as doubtless argued by Sky, that the application raised an important issue of law. It was listed for urgent hearing in the legal vacation on that basis. Sky's arguments on the merits do not raise an important issue of law.
123. I would add finally that, given that Sky did in fact launch its new service in the middle of July, it is inconceivable that, if the matter was considered afresh at this point of time, interim relief would be granted against Sky or there would be any decision different from that of the Judge.

124. I would dismiss the appeal in the EMI proceedings. While I accept that the fact that EMI did not rely on passing off in connection with interim relief did not mean that EMI was not relying on passing off on the stay application, it follows from what I have said earlier that there is no substance on the passing off point or any of the grounds of appeal.
125. I would emphasise, in particular, that the deputy Judge was both entitled and right to take a different view of the urgency from that taken by Arnold J in the Starbucks proceedings. The deputy Judge thought that EMI had shown no urgency in launching a NOW branded music TV channel and still had no definite plans. He was entitled to take that view. He said that it had no firm plans, had made no investment in or commitment to a NOW branded TV channel, and a third party All Around the World Limited held the relevant Ofcom licence but there was no evidence from that company. If there were any imminent plans, the deputy Judge said that he would have expected it to have shown its hand. Furthermore EMI reached an agreement with Starbucks for the latter to be free to use the NOW mark in relation to a TV service in the near future. The evidence on those points is examined in detail in Sky's skeleton argument in opposition to the appeal. I accept that analysis. Furthermore, in contrast to the position in the Starbucks proceedings, the deputy Judge concluded, and was entitled to conclude, that EMI can be adequately compensated in damages for any loss.

Conclusion

126. For those reasons I would dismiss both appeals.

Appendix

The Judgments Regulation

Article 27

1. 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 seised shall of its own motion stay its proceedings until such time as the jurisdiction of the court first seised is established.
2. Where the jurisdiction of the court first seised is established, any court other than the court first seised shall decline jurisdiction in favour of that court.

Article 28

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

3. For the purposes of this 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.

The CTM Regulation

Whereas:

...

- (16) Decisions regarding the validity and infringement of Community trade marks must have effect and cover the entire area of the Community, as this is the only way of preventing inconsistent decisions on the part of the courts and the Office and of ensuring that the unitary character of Community trade marks is not undermined. The provisions of Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (1) should apply to all actions at law relating to Community trade marks, save where this Regulation derogates from those rules.
- (17) Contradictory judgments should be avoided in actions which involve the same acts and the same parties and which are brought on the basis of a Community trade mark and parallel national trade marks. For this purpose, when the actions are brought in the same Member State, the way in which this is to be achieved is a matter for national procedural rules, which are not prejudiced by this Regulation, whilst when the actions are brought in different Member States, provisions modelled on the rules on *lis pendens* and related actions of Regulation (EC) No 44/2001 appear appropriate.

Article 1

Community trade mark

...

2. A Community trade mark shall have a unitary character. It shall have equal effect throughout the Community: it shall not be registered, transferred or surrendered or be the subject of a decision revoking the rights of the proprietor or declaring it invalid, nor shall its use be prohibited, save in respect of the whole Community. This principle shall apply unless otherwise provided in this Regulation.

Article 55

Consequences of revocation and invalidity

...

3. Subject to the national provisions relating either to claims for compensation for damage caused by negligence or lack of good faith on the part of the proprietor of the trade mark, or to unjust enrichment, the retroactive effect of revocation or invalidity of the trade mark shall not affect:

- (a) any decision on infringement which has acquired the authority of a final decision and been enforced prior to the revocation or invalidity decision;

...

Article 56

Application for revocation or for a declaration of invalidity

1. An application for revocation of the rights of the proprietor of a Community trade mark or for a declaration that the trade mark is invalid may be submitted to the Office

...

3. An application for revocation or for a declaration of invalidity shall be inadmissible if an application relating to the same subject matter and cause of action, and involving the same parties, has been adjudicated on by a court in a Member State and has acquired the authority of a final decision.

Article 94

Application of Regulation (EC) No 44/2001

1. Unless otherwise specified in this Regulation, Regulation (EC) No 44/2001 shall apply to proceedings relating to Community trade marks and applications for Community trade marks, as well as to proceedings relating to simultaneous and successive actions on the basis of Community trade marks and national trade marks.

2. In the case of proceedings in respect of the actions and claims referred to in Article 96:

- (a) Articles 2 and 4, points 1, 3, 4 and 5 of Article 5 and Article 31 of Regulation (EC) No 44/2001 shall not apply;
- (b) Articles 23 and 24 of Regulation (EC) No 44/2001 shall apply subject to the limitations in Article 97(4) of this Regulation;
- (c) the provisions of Chapter II of Regulation (EC) No 44/2001 which are applicable to persons domiciled in a Member State shall also be applicable to persons who do not have a domicile in any Member State but have an establishment therein.

Article 96

Jurisdiction over infringement and validity

The Community trade mark courts shall have exclusive jurisdiction:

- (a) for all infringement actions and — if they are permitted under national law — actions in respect of threatened infringement relating to Community trade marks;
- (b) for actions for declaration of non-infringement, if they are permitted under national law;
- (c) for all actions brought as a result of acts referred to in Article 9(3), second sentence;
- (d) for counterclaims for revocation or for a declaration of invalidity of the Community trade mark pursuant to Article 100.

Article 103

Provisional and protective measures

1. Application may be made to the courts of a Member State, including Community trade mark courts, for such provisional, including protective, measures in respect of a Community trade mark or Community trade mark application as may be available under the law of that State in respect of a national trade mark, even if, under this Regulation, a Community trade mark court of another Member State has jurisdiction as to the substance of the matter.
2. A Community trade mark court whose jurisdiction is based on Article 97(1), (2), (3) or (4) shall have jurisdiction to grant provisional and protective measures which, subject to any necessary procedure for recognition and enforcement pursuant to Title III of Regulation (EC) No 44/2001, are applicable in the territory of any Member State. No other court shall have such jurisdiction.

Article 104

Specific rules on related actions

1. A Community trade mark court hearing an action referred to in Article 96, other than an action for a declaration of noninfringement shall, unless there are special grounds for continuing the hearing, of its own motion after hearing the parties or at the request of one of the parties and after hearing the other parties, stay the proceedings where the validity of the Community trade mark is already in issue before another Community trade mark court on account of a counterclaim or where an application for revocation or for a declaration of invalidity has already been filed at the Office.
2. The Office, when hearing an application for revocation or for a declaration of invalidity shall, unless there are special grounds for continuing the hearing, of its own motion after hearing the parties or at the request of one of the parties and after hearing the other parties, stay the proceedings where the validity of the

Community trade mark is already in issue on account of a counterclaim before a Community trade mark court. However, if one of the parties to the proceedings before the Community trade mark court so requests, the court may, after hearing the other parties to these proceedings, stay the proceedings. The Office shall in this instance continue the proceedings pending before it.

3. Where the Community trade mark court stays the proceedings it may order provisional and protective measures for the duration of the stay.