Neutral Citation Number: [2018] EWHC 3408 (Ch)

Case No: IP-2018-000108

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

Royal Courts of Justice, Rolls Building
Fetter Lane, London, EC4A 1NL

Date: 14/12/2018

Before:

MASTER CLARK

- -

Between:

PHARMACY2U LIMITED

Applicant

- and -

THE NATIONAL PHARMACY ASSOCIATION

Respondent

- -
- -

Chloe Strong (instructed by **Judge Sykes Frixou**) for the **Applicant**
Christopher Cook (instructed by **Brabners LLP**) for the **Respondent**

Hearing date: 19 November 2018

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Judgment Approved

Master Clark:

Application

1. This is my judgment on the pre-action application dated 2 July 2018 of Pharmacy2U Limited ("P2U") seeking:
   (1) pre-action disclosure pursuant to CPR 31.16; and/or
   (2) provision of information, said to be pursuant to CPR 31.18, but which, it is common ground, is sought pursuant to the *Norwich Pharmacal* jurisdiction.

Parties and the dispute

2. P2U is the UK's largest online pharmaceutical retailer. The respondent, the National Pharmacy Association ("NPA") is a long established trade association representing independently owned pharmacies – it has 3,202 members (I refer to them as "the members").

3. P2U is the owner of EU trade mark EU005896436, being the word mark PHARMACY2U ("the Mark"). It alleges infringement of the Mark by its use in a notice (apparently in leaflet and poster form) sent to all of the members from about late November 2017 onwards; and by making it available to download on its website. Copies of the notice, as originally sent out, and in its amended form as from about January 2018 are annexed to this judgment. The only difference between the two versions of the notice is that, in the second version, the words "Pharmacy2U Important Information" are replaced by "Pharmacy2U is NOT your local pharmacy and has nothing to do with us." I refer to them collectively as "the Notice".

4. The Notice contained a number of factual statements about P2U (about which no complaint is made); and the following:

   "* In October 2015, Pharmacy2U was fined £130,000 for selling its patients' details to marketing companies including an Australian lottery. The Information Commissioners Office subsequently found that this data was used by the marketing companies to deliberately target elderly and vulnerable patients.

   * Over Christmas 2015, Pharmacy2U failed to send out prescriptions for three weeks, leaving thousands of patients stranded without their essential medicines.

   * In February 2017, the Care Quality Commission inspected Pharmacy2U and found that it was "not safe, effective or well led".

5. The letter enclosing the leaflet and poster included the following:

   "<u>Public information resources – Pharmacy2U</u>
   Also enclosed is a poster and leaflet **for your patients** concerning Pharmacy2U and pointing out the particular value you bring to the local community as a locally based independent pharmacy and small business, as distinct from an online supplier. You can download more copies of the leaflet from npa.co.uk."

(emphasis added)

6. P2U considers that the Notice does not fairly compare its services with those offered by NPA's members and that (in the words of its chief operating officer, Gary Dannatt),

> "its primary purpose is to disparage the services offered by [P2U] by making reference to historic difficulties that the company experienced and using these to unfairly promote the services of [NPA's] members above those of [P2U].
> …
> In short, the Notice is nothing more than an attempt to rubbish the value of [P2U's] brand and divert business away from [P2U] to [NPA's] members."

I note that Mr Dannatt does not dispute the truth of the statements in the Notice.

7. The infringement alleged in P2U's counsel's skeleton argument refers to the legislative provisions governing UK trade marks; whereas the Mark, as noted, is an EU trade mark, so that the UK provisions are irrelevant. Nonetheless, I proceed on the basis that P2U has an arguable claim of infringement under article 9(2)(c) of the EU Trade Mark Regulation (Council regulation (EC) No. 2017/1001)("the EUTMR"); and in particular a claim that NPA has used the Mark in comparative advertising in a manner that is contrary to article 4 of the Comparative Advertising Directive (Directive 2006/114/EC – the "CAD"): see article 9(3)(f) of the EUTMR. NPA accepts, for the purposes of this application, that it has used the Mark in the course of trade; and that if (as it vigorously denies) its use falls within the prohibitions in article 4 of the CAD, that use is infringing.

8. On 1 December 2017, P2U's solicitors sent a letter before claim to NPA, alleging infringement and requiring NPA to sign undertakings to destroy all copies of the Notice, procure its destruction in the hands of its recipients and send a retraction/apology to them. NPA's solicitors replied on 13 December 2017 asserting the truthfulness of the statements in the Notice and denying infringement. P2U's solicitors did not reply until 31 January 2018, when they stated that it would be pursuing its claim for trade mark infringement against NPA.

9. P2U's solicitors also sought in that letter information, including the names, addresses and contact details of each of the members to whom the Notice had been sent; and required it to be provided by 23 February 2018. The letter concluded by stating that if the information was not provided, P2U intended to make a pre-action disclosure application at the earliest opportunity.

10. On 22 February 2018, NPA's solicitors replied, declining to provide the information.

11. On 13 March 2018, P2U's solicitors replied, asserting that without the information it was unable to ascertain the extent of the dissemination of the Notice and consequently the extent of the damage to its reputation in the Mark. They also alleged that P2U needed the information to claim against NPA and "to correctly judge what other actions it should take to minimise and correct the damage it has suffered."

12. NPA's solicitors responded by email on 29 March 2018 with three points:
    (1) the information was personal data protected by the Data Protection Act;
    (2) P2U was fully able to articulate its arguments as to liability and formulate particulars of claim;
    (3) the documents sought related to quantum, not liability and would be disclosed at the appropriate stage in the litigation.

13. There was then a period of 3 months during which P2U took no steps, until the application was issued on 2 July 2018.

Legal principles
Pre-action disclosure

14. CPR 31.16(3) provides:

> "(3) The court may make an order under this rule only where–
> (a) the respondent is likely to be a party to subsequent proceedings;
> (b) the applicant is also likely to be a party to those proceedings;
> (c) if proceedings had started, the respondent's duty by way of standard disclosure, set out in rule 31.6, would extend to the documents or classes of documents of which the applicant seeks disclosure; and
> (d) disclosure before proceedings have started is desirable in order to –
> (i) dispose fairly of the anticipated proceedings;
> (ii) assist the dispute to be resolved without proceedings; or
> (iii) save costs.

15. Although there is no additional requirement to establish that the initiation of proceedings is itself likely (*Black v Sumitomo Corp* [2001] EWCA Civ 1819; [2002] 1 W.L.R. 1562, CA at [71] and [72]), in this case, it is accepted and asserted by the NPA that it and P2U are likely to be parties to subsequent proceedings; and it was common ground that (3)(a) to (c) are satisfied.

16. Pre-action disclosure is an unusual remedy: see *First Gulf Bank v Wachovia Bank National* Association [2005] EWHC 2827 (Comm) at [24]. As noted in the White Book at §31.16.4, determining whether disclosure is "*desirable*" within r.31.16(3)(d) involves a two stage process comprising a jurisdictional and a discretionary aspect. Each aspect must be addressed, though the former may often merge into the latter.

17. In *Black*, Rix L.J. stated at [81]:

> "… for jurisdictional purposes the court is only permitted to consider the granting of pre-action disclosure where there is a real prospect in principle of such an order being fair to the parties if litigation is commenced, or of assisting the parties to avoid litigation, or of saving costs in any event. If there is such a real prospect, then the court should go on to consider the question of discretion, which has to be considered on all the facts and not merely in principle but in detail."

18. Also, in *Black*, Rix LJ observed at [88] that "the discretion is not confined and will depend on all the facts of the case". However, he identified as

> "among the important considerations … the nature of the injury or loss complained of; the clarity and identification of the issues raised by the complaint; the nature of the documents requested; the relevance of any protocol or pre-action inquiries; and the opportunity which the complainant has to make his case without pre-action disclosure".

***Norwich Pharmacal* relief**

19. The three conditions to be satisfied for the court to exercise its power to grant *Norwich Pharmacal* relief were set out by Lightman J in *Mitsui v Nexen Petroleum* [2005] EWHC 625 (Ch); [2005] 3 All ER 511 at [21]:

> "i) a wrong must have been carried out, or arguably carried out, by an ultimate wrongdoer;
> ii) there must be the need for an order to enable action to be brought against the ultimate wrongdoer; and
> iii) the person against whom the order is sought must: (a) be mixed up in so as to have facilitated the wrongdoing; and (b) be able or likely to be able to provide the information necessary to enable the ultimate wrongdoer to be sued."

20. There is no requirement that the person mixed up in the wrongdoing be innocent (as was the case in *Norwich Pharmacal* itself): *Mitsui* at [19], referring to *CHC Software Limited v Hopkins & Wood* [1993] FSR 241.

21. Even if the three threshold requirements are satisfied, the court has a discretion as to whether to make the order, carefully weighing all relevant factors and deciding whether to order disclosure in the interests of justice: *Ramilos Trading Limited v. Buyanovsky* [2016] EWHC 3175 at [27].

Pre-action disclosure

22. The application notice seeks an order that NPA disclose all documents in its possession containing:
    (1) the names and contact details of all third parties to whom NPA has sent the Notice; and
    (2) the names and contact details of all third parties who have downloaded the Notice from NPA's website.

    NPA's evidence is that the Notice was sent to the members; and the application proceeded on the basis that the only relevant third parties were to whom the Notice was sent were the members.

23. P2U's counsel's written submissions set out that the information was needed for two purposes:
    (1) to enable P2U to understand the extent of the damage that it has been exposed to; and
    (2) to enable it to contact those individuals, with a view to trying to address the ongoing harm being caused to P2U, amongst other things.

24. At the hearing P2U's counsel accepted that P2U was able to articulate its claim against NPA in a statement of case without the information. As for the extent of the damage, this would only require the number of members to whom the Notice was sent, not their names and contact details. NPA did not inform P2U as to the number of its members before the application was issued; but it has done so in its evidence (and asserts that this information is in the public domain). As to downloading from its website, this has occurred on 11 occasions. In my judgment, disclosure is not therefore necessary for the purpose of P2U understanding the extent of the damage to which it has been exposed.

25. As to the second purpose, P2U's counsel submitted that the "proceedings" referred to in (d) of CPR 31.16(3) referred to proceedings to which the members would be joined; and that disclosure of their names and contact details was necessary to enable this to be done. She frankly accepted that P2U was in fact unlikely to join them to any claim by it against NPA. Instead, as set out in Mr Dannatt's statement, P2U intends to write to each member informing them that the Notice "constitutes trade mark infringement" and asking them not to publish it further and to destroy any copies in their possession. This, P2U's counsel submitted, would dispose fairly of those anticipated proceedings, assist the dispute to be resolved without proceedings and save costs. She also frankly accepted that, if the members (or a sufficient number of them) agreed to P2U's requirements in respect of the Notice, it might well not sue NPA itself.

26. As to the construction of CPR 31.16(3), I do not accept that "proceedings" is to be construed as P2U's counsel contended. In my judgment, the proceedings referred to in (d) are the proceedings against the respondent to the application, not against other any other persons, and there is no basis for extending its scope. The disclosure sought is not necessary for fairly disposing of *those* proceedings.

27. If I am wrong about the construction point, and "proceedings" does include proceedings against third parties, then in my judgment the disclosure sought is also not to dispose fairly of those proceedings – it is to enable such proceedings to be brought. This type of disclosure is not within CPR 31.16, but may, in principle, be granted under the *Norwich Pharmacal* jurisdiction.

28. In any event, in my judgment, the disclosure sought is neither necessary or desirable. Assuming, for the sake of argument, that NPA's dissemination of the Notice was infringing, it would be the primary wrongdoer, and liable for all the damages flowing from it. There is no suggestion that NPA would be unable to meet any damages awarded against it. As for injunctive and the other relief sought by P2U, there is no reason to suppose that, if unsuccessful, NPA would not instruct its members to cease distributing the Notice, and to destroy any copies of it – any other course of conduct would be directly contrary to the members' interests. It is not necessary, in my judgment, for P2U to join the members for its claim to be fairly resolved.

29. Additionally, in my judgment, it would at this stage be not be desirable to order the disclosure sought. As noted above, there are 3,202 members - to bring a claim against each of them for each (minor) act of infringement would, in my judgment,

be disproportionate, and not an appropriate use of the court's resources, unless it was a remedy of last resort (which for the reasons already given above, it is not). Disclosure ought not to be granted for such a purpose.

30. A further reason why the disclosure sought would not be desirable arises from the fact that, unlike the claimant in *CHC Software*, P2U is not seeking to write to the members simply to set the record straight. It alleges, and would allege when writing, that the member is her/himself a wrongdoer, against whom a claim could be brought.

31. In this context, assuming, again for the sake of argument, that NPA has a good defence to P2U's claim, then there is a risk that the effect of providing P2U with the members' names and contact details will be that NPA will not have the opportunity to establish that defence. If P2U writes letters before claim to the members, threatening proceedings, injunctive relief, and orders for significant damages and costs, the practical reality is that most members are likely not to involve themselves in contested litigation for all the usual reasons, even if supported by NPA. They were not responsible for the wording of the Notice; and have no direct knowledge of its truth or falsity. There is a serious risk, therefore, that P2U would therefore be able to "pick off" the individual members, without ever having to submit to a judicial determination of the merits of its claim.

32. These concerns are reinforced to a degree by P2U's conduct to date. When it first wrote to NPA in December 2017, it alleged that the statements in the Notice were untrue, and threatened claims for defamation and malicious falsehood. Following NPA's solicitors' response, these were withdrawn. In addition, Mr Strachan's evidence is that P2U's solicitors wrote to him personally, threatening to make a complaint about him to the General Pharmaceutical Council. Finally, Mr Strachan also gives evidence of a GP practice which, having displayed the Notice received correspondence he describes as "very intimidating", instructing them to remove it and threatening to report them to their regulatory body, the General Medical Council. This evidence was not challenged in P2U's evidence in reply.

33. For these reasons, therefore, I am not willing to make an order for the pre-action disclosure sought by P2U.

***Norwich Pharmacal* relief**

34. NPA's counsel raised a preliminary point that the claim for *Norwich Pharmacal* relief should have been brought by Part 8 Claim. He referred me to para 7.4 of the Chancery Guide which states:

> "Although it may have previously been Chancery practice to permit applications for disclosure pursuant to *Norwich Pharmacal v Customs and Excise Commissioners* [1974] AC 133, [1973] 2 All ER 943, HL to be made by Part 23 application notice, the better practice is to make the application by Part 8 claim form. An application under Part 23 is likely to be rejected.

35. In this application, where P2U seeks both pre-action disclosure and *Norwich Pharmacal* relief, issuing an application notice seeking both forms of relief seems to me to be the most proportionate and cost effective way of proceeding. Even if it

were not, the Chancery Guide does not require the dismissal of an application under Part 23; and it would be disproportionate to do so at this stage for this type of procedural failing.

36. NPA's counsel rightly accepted that it was arguably a wrongdoer, and that members who disseminated the Notice would arguably be wrongdoers. The first limb in *Mitsui* is therefore satisfied.

37. He did not accept that an order was needed to identify the persons against whom the claim could be made. He submitted that the names would not of themselves show the extent to which the Notice has been published. This seems to me to be unrealistic in circumstances where NPA's letter accompanying the Notice encouraged the onward publication of the Notice. I also accept that if P2U wished to sue the members who have published the Notice, it would need to know to whom it was sent as a starting point for carrying out further inquiries, so that the second limb in *Mitsui* is satisfied.

38. It is also clear that NPA satisfies the third limb in *Mitsui*.

39. The critical issue in respect of this relief is whether the court should exercise its discretion to grant this exceptional relief. The relevant factors are those considered above in relation to pre-action disclosure. In my judgment, these factors mean that P2U has also fallen far short of showing that the court should exercise its discretion to grant *Norwich Pharmacal* relief.

40. For the reasons set out above, therefore, I dismiss the application.

Pharmacy2U
Important information

You may have received a leaflet in the post inviting you to get your repeat prescriptions from a company called Pharmacy2U.

Here are some important facts about Pharmacy2U which we feel you should know:

- Pharmacy2U is not your local community pharmacy and has nothing to do with us here.
- Pharmacy2U is a distance selling (internet only) pharmacy based on an industrial estate.
- As a patient, you cannot have any face-to-face contact with Pharmacy2U. Distance selling pharmacies like this are only allowed to deal with patients by post, telephone or internet, not in person.
- Prescriptions from Pharmacy2U are delivered by Royal Mail, unlike your medications handed to you in the pharmacy by a member of our team, or personally delivered to you by our own driver.
- In October 2015, Pharmacy2U was fined £130,000 for selling its patients' details to marketing companies including an Australian lottery. The Information Commissioners Office subsequently found that this data was used by the marketing companies to deliberately target elderly and vulnerable patients.
- Over Christmas 2015, Pharmacy2U failed to send out prescriptions for three weeks, leaving thousands of patients stranded without their essential medicines.
- In February 2017, the Care Quality Commission inspected Pharmacy2U and found that it was "not safe, effective or well led".

We believe that an internet business like Pharmacy2U is no substitute for your local pharmacy.

Please support us to continue caring for you and your family by ignoring any correspondence from Pharmacy2U and obtaining your prescriptions here at your local NHS community pharmacy.

Thank you for your support

NPA
National Pharmacy Association

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