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IN THE HIGH COURT OF JUSTICE  
BUSINESS AND PROPERTY COURTS  
OF ENGLAND AND WALES  
INTELLECTUAL PROPERTY (CHD)  
INTELLECTUAL PROPERTY ENTERPRISE COURT  
[2018] EWHC 3519 (Ch)



No. IP-2017-000105

Rolls Building  
Fetter Lane  
London EC4A 1NL  
Tuesday, 30 October 2018

Before:

MR DAVID STONE

(Sitting as an Enterprise Judge)

B E T W E E N :

SCOTT TYNAN

Claimant

- and -

J4K SPORTS LIMITED  
(IN CREDITORS' VOLUNTARY LIQUIDATION)

Defendant

MS. ASHTON CHANTRIELLE appeared on behalf of the Claimant.

THE DEFENDANT did not attend and was not represented.

J U D G M E N T

THE ENTERPRISE JUDGE:

1 This is the beginning of the trial of a matter between Scott Tynan and J4K Sports Limited (in creditors' voluntary liquidation) in relation to design right infringement in gloves for football goalkeepers.

2 The first application before me today is that of the Claimant to strike out the Defence and Counterclaim of the Defendant. The application is made under CPR r.39.3(1)(c), which reads:

“The court may proceed with a trial in the absence of a party but ... (c) if a Defendant does not attend, it may strike out his Defence or Counterclaim (or both).”

3 The rule goes on to provide that where part of a proceeding has been struck out, the parties so affected may apply to the court, even after judgment has been given, for the judgment or order to be set aside and the matter to be re-listed. As Ms Ashton Chantrielle, who appears for the Claimant, sets out, very little guidance is given in the CPR and commentary in relation to the rule, but it seems to me, on a plain English meaning, that the Claimant has made out the first part of the test: the Defendant has not attended so it therefore lies in my discretion to strike out the Defendant's Defence and/or its Counterclaim.

4 Counsel for the Claimant has taken me to correspondence which indicates that the Defendant (now in liquidation) is aware of the current proceedings. She took me to an email from Cromwell & Company Insolvency Practitioners, being the liquidator of the Defendant, sent on 24 October 2018 at 9.14am, which states:

“I also confirm that the liquidator will not be attending the trial next week or sending a representative”.

5 Earlier on in this action there was an application made on the papers to HHJ Hacon to allow the Claimant to add, as a second Defendant, Mr Ray Newland, who is a director of the Defendant. That application was unsuccessful. Mr Newland, therefore, is not a party to the proceedings. However, as he was apparently the controlling mind of the Defendant, I note that he, too, has written to the court by email to HHJ Hacon stating:

“I *will* not be in court next week at the hearing”.

6 It is therefore clear to me that the Defendant, via its liquidator, is aware of the proceedings but has chosen not to attend today. Similarly, Mr Newland, who may be said to have an interest in the proceedings, is similarly aware but has chosen not to attend.

7 Therefore, the requisite test that the “Defendant does not attend” is made out. It therefore lies in my discretion whether or not to strike out the Defence and Counterclaim. In my view, it is appropriate to do so. In the absence of the Defendant to present its case, it is unable to do so, and leaving a limping Defence and Counterclaim extant is inappropriate in all the circumstances. This case is in the Intellectual Property Enterprise Court, where proportionality is a guiding principal, and, in my judgment, it is proportionate to strike out the Defence and Counterclaim.

**LATER**

8 It has been submitted by counsel for the Claimant that I ought not to rely on the evidence filed by the Defendant in these proceedings. That evidence consists of a single witness statement of Mr Ray Newland. I note in passing that that the Witness Statement is obviously missing some paragraphs. I asked counsel for the Claimant about those paragraphs and understand from her that the original of the documents served by the Defendant did not include those paragraphs. No correspondence was entered into to try to ascertain the whereabouts of the missing paragraphs. In any event, I have before me a witness statement of Mr Newland, albeit that it is not complete.

9 Counsel for the Claimant says that in light of my decision to strike out the Defence and Counterclaim, that witness statement falls away, and I am unable to rely on it. I agree with that submission. If I am wrong in that, counsel for the Claimant makes a second point, which is that in the absence of a witness to be cross-examined, and in the absence of an Evidence Act notice, I am not able to rely on the witness statement. I agree with that submission also. Therefore, for the reasons I have set out, I will not rely on the witness statement of Mr Newland.

### LATER

10 Earlier today in these proceedings I struck out the Defence and Counterclaim of the Defendant and gave my reasons. I also gave short reasons as to why it was inappropriate for me to rely on the witness statement of Mr Ray Newland in relation to the proceedings.

11 When a Defence and Counterclaim is struck out, the CPR provides, at para.39.3.5:

“The Practice Direction para.2.2 (see para.39APD.1) envisages that even though a Defence may be struck out, the Claimant will still have to prove their Claim, although this will normally only entail referring to the statement of case (with statement of truth) or tendering witness statements: see r.32.6(2) and r.22.1(1)(a).”

That is the procedure counsel for the Claimant has followed this morning, with the addition that the Claimant was sworn and acknowledged the truth of the Amended Particulars of Claim, the Amended Reply and Defence to Counterclaim and his own witness statement. I also asked him a number of questions.

12 The only live substantive issue before me this morning at this stage is the legal ownership of the relevant UK unregistered design rights and Community unregistered design rights in a series of 11 designs for football goalkeeper gloves. All other issues have been struck out or have fallen away by virtue of my having struck out the Defence and Counterclaim earlier today. It is therefore only that single substantive issue that I need to decide.

13 The law in relation to ownership of UK and Community unregistered design rights is clear. In relation to UK unregistered designs, Section 215 of the Copyright, Designs and Patents Act 1988 provides:

“The designer is the first owner of any design right in a design which is not created in the course of employment.”

14 In relation to Community unregistered designs, the relevant statute is Council Regulation (EC) No.6/2002 of 12 December 2001 on Community designs, which states, at Article 14.1:

“The right to the Community design shall vest in the designer or his successor in title.”

- 15 It was not alleged in the Defence and Counterclaim (that I have struck out) that the Claimant is a successor in title to the designs, nor was there any allegation that the designs were designed in the course of any employment.
- 16 I have been taken to the Amended Particulars of Claim, where, under a statement of truth, it is set out that the Claimant designed the designs. It also describes the process by which he moved from initial designs through to the final designs that were put into production. The Claimant is a United Kingdom citizen, which is one of the qualifying requirements for the UK unregistered design right (although not for the Community unregistered design right).
- 17 I was taken to the designs for the gloves themselves and was able to see copies of the design documents as submitted by the Claimant. I was also taken to the Claimant’s witness statement, where he describes in some detail the process by which he designed the gloves. I also asked him some questions about the design process, which he answered credibly and without hesitation. Counsel for the Claimant submits, therefore, that "there is substantial and credible evidence" to support the allegations set out in the Amended Particulars of Claim.
- 18 In my judgment, the Claimant is the designer of the glove designs on which he relies. He, being a UK national (relevant only for unregistered UK design right), created the designs himself between February and June 2016, and whilst there was a process by which those designs were amended between the initial designs and the final designs relied on, in my judgment he was the sole designer.
- 19 I mention for completeness that joint authorship was raised in the Defence which I have struck out. However, if I was wrong to do so the Claimant was clear in the witness box that Mr Newland did not contribute to the designs, and there is no suggestion or evidence of other third parties being involved in the designs. Had I needed to do so, I would have found that Mr Newland did not design the designs. The Claimant was the sole designer.
- 20 Therefore, in my judgment, the Claimant is the legal owner of the designs and the claim succeeds.

#### **LATER**

- 21 The Claimant having been successful in his claim now seeks his costs. I have before me a schedule of costs, summarised helpfully by counsel for the Claimant in her skeleton argument, which demonstrates that overall costs come to over £94,000. As this matter has been determined in the IPEC, the overall costs cap of £50,000 applies, unless I find that the circumstances are "truly exceptional" under my overall discretion as to costs under CPR r.44.2 or, alternatively, I find that the Defendant has behaved in a manner which amounts to an abuse of the court's process under CPR r.45.30(2)(a).
- 22 I should say something briefly about an earlier costs order made by HHJ Hacon. His Honour made an order in relation to enforcement of an "unless" order that those costs should be outside the costs cap but still within the staged cap of £3,000. That order therefore subsists and is in addition to any order I make today.

23 The question before me is therefore whether I should raise the costs cap from £50,000 to £94,000 or some level between those two figures. As the test for abuse of the court's process is the higher test, I will deal with it first.

24 CPR r.45.30 states:

“(1) Subject to paragraph (2), this Section applies to proceedings in the Intellectual Property Enterprise Court.

(2) This Section does not apply where -

(a) the court considers that a party has behaved in a manner which amounts to an abuse of the court's process”.

25 Counsel for the Claimant referred me to a very recent judgment of HHJ Melissa Clarke (sitting as a Deputy Judge of the High Court) in *Link Up Mitaka Limited (trading as thebigword) v Language Empire Limited & Anor* [2018] EWHC 2728 (IPEC). In that judgment, her Honour undertook a detailed review of the limited authorities in relation to this rule and the policy implications for the IPEC of lifting the costs cap. Her Honour referred to the advice of Lord Diplock in *Hunter v Chief Constable of the West Midlands Police* [1982] AC 529 at p.536C as "the classic statement on the subject”:

“My Lords, this is a case about abuse of the process of the High Court. It concerns the inherent power which any court of justice must possess to prevent misuse of its procedure in a way which, although not inconsistent with the literal application of its procedural rules, would nevertheless be manifestly unfair to a party to litigation before it, or would otherwise bring the administration of justice into disrepute among right-thinking people. The circumstances in which abuse of process can arise are very varied; those which give rise to the instant appeal must surely be unique. It would, in my view, be most unwise if this House were to use this occasion to say anything that might be taken as limiting to fixed categories the kinds of circumstances in which the court has a duty (I disavow the word discretion) to exercise this salutary power.”

26 Further in her judgment, Her Honour came to the conclusion that, on the facts of the case before her, there had been an abuse of process. Therefore, Her Honour lifted the costs cap in that case. Importantly, Her Honour said at paragraph 24,

“I did not make this decision lightly. I accept and understand that the costs cap is a key feature and benefit of litigation in IPEC and that certainty about the application of the scale costs scheme is extremely important to facilitate access to justice for litigants in lower value intellectual property claims”.

27 I have read carefully Her Honour's judgment, as well as the advice of Lord Diplock in the House of Lords, and it seems to me that the Claimant in this case has not met the hurdle of proving that there has been an abuse of process.

28 The abuse of process is put by counsel for the Claimant on three bases.

29 First is that the Defendant refused to comply with court orders. This is undoubtedly true, necessitating the Claimant to apply for an "unless" order. Even then, the Defendant failed to comply with the "unless" order until brought before the court on another occasion. Whilst this behaviour was not within the Overriding Objective and certainly failed to comply with

the proportionality tests that apply particularly in the IPEC, I do not consider that to be an abuse of the court's process.

30 Second, counsel for the Claimant submitted that the Defendant ran subsistence and infringement arguments that could not be supported and which were never pleaded properly, before ultimately being abandoned. This caused the Claimant to incur costs (and, it would seem to me, significant costs) dealing with various rounds of pleadings as well as the production of design schedules. Again, whilst this behaviour is not appropriate in this court, it could not, in my judgment, be said to be an abuse of the court's process.

31 Third, counsel for the Claimant submitted that the Defendant wound itself up a month before trial, the implication being that it did so to avoid the judgment of this court. Unfortunately, this happens all too regularly and whilst it is unfortunate, it is not, in my judgment, an abuse of the court's process.

32 Having reviewed these three submissions separately, I must also take them together, because counsel for the Claimant submitted that it is the combined force of those three aspects of poor behaviour that take this case outside the norm. Again, whilst the Defendant's conduct has been unsatisfactory, or even lamentable, in my view it does not amount to an abuse of process.

33 I am mindful of the behaviour that was before HHJ Melissa Clarke, where she found that the Defendants had been dishonest in their dealings with the court. Counsel for the Claimant accepted that that is not the position here. Whilst Lord Diplock clearly refused to limit the range of different behaviours that might fall within an abuse of process, and I therefore consider myself able to go beyond the dishonesty that was before Her Honour, in all the circumstances, taking all the facts into account, it does not seem to me that the conduct of the Defendant amounts to abusive conduct within the meaning of r.45.30.

34 I turn now to counsel for the Claimant's second submission, which relies on the inherent jurisdiction of the court in relation to costs as set out in r.44.2. That rule has been developed in the case law principally before HHJ Birss QC (as he then was) in a series of cases, being *Westwood v Knight* [2011] EWPC 11, *Henderson v All Around the World Recordings Limited* [2013] EWPC 19 and *F H Brundle v Richard Perry & Ors* [2014] EWHC 979 (IPEC).

35 As His Honour put it in *Henderson*, in paragraph 12:

“To exercise [the court's discretion] to depart from the cap in anything other than a truly exceptional case would undermine the point of the costs capping system”.

From the case law to which I was referred, I conclude that the IPEC has been very slow in finding conduct so exceptional as to merit the lifting of the costs cap. Indeed, counsel for the Claimant was unable to take me to any example where this has happened, other than the case before HHJ Melissa Clarke where abuse of the court's process was relied on.

36 Looking again at the three factual matters to which counsel for the Claimant referred, it seems to me that whilst this conduct was unsatisfactory, it does not meet the test of “truly exceptional” as laid down by HHJ Birss QC in *Henderson*. Indeed, each of the three sets of behaviours is unfortunately all too common in this court. Even taking the three together, it could not be said to be truly exceptional.

37 I am mindful of the importance for small and medium sized litigants to have the advantages of the IPEC (including the £50,000 costs cap) without the fear of bankruptcy brought on by substantial costs orders. In my judgment, following what was said by HHJ Birss QC, it really ought to be a truly exceptional case, and, in my judgment, this case is not. It is regrettable that the Claimant will not recover his full costs in this case. Unfortunately, that is the nature of this specialist jurisdiction. The overriding policy objective of encouraging small and medium sized enterprises to use the court must outweigh any unfairness to the Claimant on this occasion.

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**CERTIFICATE**

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This transcript has been approved by the Judge