Neutral Citation Number: EWHC [2022] 1246 (Ch)

Claim No. HP-2013-000089

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

The Rolls Building

7 Rolls Buildings

Fetter Lane

London EC4A 1NL

Date: Monday, 23rd May 2022

Before:

MR. JUSTICE MEADE

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Between:

MERCK KGaA **Cla**

- and -

(1) MERCK SHARP & DOHME CORP.

(2) MERCK & CO., INC.

(3) ORGANON PHARMA (UK) LIMITED

(formerly MERCK SHARP & DOHME LIMITED) **Defen**

(4) MSD ANIMAL HEALTH UK LIMITED

(formerly INTERVET UK LIMITED)

(5) INTERVET INTERNATIONAL B.V.

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MR. BENET BRANDRETH QC (instructed by **Bird & Bird LLP**) appeared for the **Claimant.**

MR. GEOFFREY HOBBS QC and **MR. GUY HOLLINGWORTH** (instructed by **Linklaters LLP**) appeared for the **Defendants.**

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Approved Judgment

Transcript of the Stenograph Notes of Marten Walsh Cherer Ltd.

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MR. JUSTICE MEADE :

1.
This hearing is a further instalment in the long-running fight over the Merck trade marks. I will not summarise the very long procedural history, because it appears in a number of previous judgments of the Chancery Division and the Court of Appeal, culminating, eventually, in an order made by Sir Alastair Norris on 28th July 2020.

2.
What has now happened is what I will call global Merck (the Claimant) has brought this application for determination about whether some ongoing acts of what I will call US Merck (the Defendants) are the right side of the line drawn by Sir Alastair Norris's order.

3.
There has been concern expressed, I have no doubt in good faith, by US Merck that this application is an application for a finding of contempt dressed up as something else. Whether that was right or wrong, I am satisfied, for reasons that were explored during the course of argument, that that is not the way that it is going to be taken forward and that this is an application to determine where the boundary lies as a result of Sir Alastair Norris's order. It is certainly not for punishment for contempt for the past. It is simply so that Merck Global and indeed Merck US can know where the line is for the future in the light of the disputes about it that are identified in the pleadings in this application.

4.
I will not say any more about that other than that my case management directions are given against my understanding of the nature of the application, as I have just explained.

5.
The two main matters that I have to resolve are the timetable for evidence and whether I should do anything in relation to directions for a neutral evaluation or a mediation. I do not think these are entirely unrelated, for reasons that I will touch on. I also have to deal with trial listing, which is dependent on both of those, but also of course on the Court's lists and when a trial can be brought on.

6.
I will deal with the timetable for evidence first. The allegations relied on by Merck Global raise 55 separate incidents. In my reading into this case, I wondered whether it was possible to distil those down to some sample instances, but in discussion with Counsel this afternoon it has become apparent that that is not a workable way forward because Merck Global says that a pattern of behaviour emerges from those instances. It is also necessary to determine whether Merck US targets the UK by its acts, in the sense understood by trade mark law, and I have come to the conclusion that it is not possible to distil down the 55 incidents. Nonetheless, I accept the submission of Mr. Brandreth QC, who appears for Merck Global, that there are unifying themes among these incidents. It is not going to be, I do not think, the sort of trial where one steps through every single one of the 55 separately, as one might with a Scott Schedule. Nonetheless, the scope of the dispute is significant. I was also struck by a paragraph in Merck's responsive pleading that Mr. Hobbs QC, for Merck US, took me to at paragraph 9a of the Points of Reply, which said that “the assessment of whether any deliberate action by an employee or agent of the Defendants” was inside or outside the previous order would require “the assessment of the context ...., the pattern of such acts, ... the steps taken by the Defendants to ensure compliance ... and the technical measures available to and employed by the Defendants to ensure” the prevention of an act not permitted by the previous order. This is very clearly of some complexity.

7.

I am told in a witness statement from Mr. Karet of Linklaters, the solicitors for Merck US, that there are 25 witnesses to be interviewed. I thought that, with all due respect, Mr. Karet's evidence was deficient in not explaining how far Merck US had already got. I was told, in answer to a question from me, by Mr. Hobbs, that there have been preliminary interviews of 10 witnesses already.

8.
I also bear in mind, very strongly, that this is a dispute that has been under discussion for some time and that the application for declaratory relief was made at the beginning of March, and led to a detailed response from the defendants, which, quite clearly, already involved some detailed work.

9.
The defendants have asked that their evidence not go in until the beginning of September. I think that that is too long against a background where there has not been an adequate explanation of what has been done already. Since the pleading has been in their hands for the best part of three months, I am going to direct that the defendants' evidence should be put in by the end of July. When I say the end of July, I mean approximately -- we will sort out the exact date -- about a week before the end of term, to allow the Claimant the opportunity to consider it before the summer break. If that puts an impossible burden on the Defendants, then they are, of course, entitled to apply for an extension. In the light of what I have said already, if they do so, the evidence in support will need to set out much more clearly what has already been done and what remains to do.

10.
I think that is a reasonable amount of time, in the first instance, to keep these proceedings on track. I think it is also likely to be the case that it is only with the provision of the Defendants' evidence that the parties are able, meaningfully, to discuss whether there has indeed been a pattern of behaviour or not, whether what has happened has been accidental or not, whether it has been ill-intentioned or not, and all of that may need to be considered before there can be any useful breakthrough in the parties' ongoing settlement discussions.

11.
That leads me to the next topic that I intend to deal with, which is whether there should be neutral evaluation or mediation. In relation to this topic I find myself somewhat disadvantaged by the parties' evidence touching only, and incompletely, on the question of the steps that have already been taken to try to resolve the dispute between the parties. In particular, it was only during the course of oral submissions that I heard about some mediations that have taken place in the past in the context of the US proceedings. My understanding, incomplete though it may be, is that court-ordered US mediations attended by a judge, or, as I understand it in this case, by a magistrate, are not the same as a mediation moderated by a specialist mediator in an entirely without prejudice way. I could be wrong about that, but that is my broad understanding.

12.
The Defendants are willing to have mediation, and actively want to have one. The Claimant says that there is no point having a mediation because there is no point trying to mediate the UK dispute alone in the context of a global dispute, and they also say that there is no point having a mediation because negotiations of the kind that I have been told about have not yet borne fruit.

13.
Even with the incomplete information that I had, I have formed the clear impression that the Claimant is being far too restrictive about having mediation and far too pessimistic about the results that it might achieve. Mediations often succeed exactly when without prejudice discussions have not; it is

when they are most useful. I think it is foolish to rule out, in the context of this dispute, the possibility that one could bear fruit.

14.
It is true that these proceedings have a limited geographical scope but that does not mean they cannot be resolved. As I have said already, with a fuller understanding from the Defendants' evidence, it may be that a breakthrough is possible. The experience of those who have attended mediations is that an explanation, moderated by an experienced mediator, of exactly such issues as whether something has been done on purpose, why it has caused upset, why it has caused aggravation, is exactly the kind of setting in which a mediation can bear fruit. I also accept Mr. Hobbs's submission that the cost of a mediation in the context of this ongoing litigation will be very modest.

15.
A further point put forward by the Claimant is that they do not want the distraction of a mediation. In my view, whilst a mediation is attended with some cost and distraction, that is rarely a sufficient not to do it, and I think a mediation could perfectly well take place at a useful juncture in these proceedings, when the Claimant will be focusing on what the Defendant have said in their evidence in these proceedings.

16.
I reject the Claimant's reasons for not having a mediation, and I encourage the Claimant to think again about it.

17.
The question, therefore, is what I should do. Mr. Hobbs does not invite me to order that there be a mediation; that is probably beyond the outer reaches of the Court's powers anyway, and certainly it would require very careful consideration, and more time than this hearing has permitted for me to do that. However, I certainly am able to direct either or both parties to explain to the Court why a mediation has not been attempted. I feel well informed enough to consider that, and that is what I am going to do. I will direct that at some point in September -- we can discuss the precise date shortly -- each side must put in writing, in detail, why a mediation has not happened, and if they think mediation is unsuitable, why that is. That will not require either side to waive privilege, but it will be a statement that the court can have regard to at the end of the litigation in relation to costs.

18.
I anticipate that the Defendants' answer when they put it in in September might be very short: that they are willing to have a mediation and there is no reason not to, so the burden of this order is likely to fall on the Claimant, but I think that is appropriate for reasons I have already given. As I say, all of this should be done in a conciliatory fashion. The Claimant should feel no embarrassment if it goes away and thinks about it in the light of my comments and decides that it will have a mediation; that would be a good result. However, if it does not, then it will have to put in a detailed written explanation at a date in September to be identified.

19.
The next case management issue that I have to consider is the trial estimate. The problem with this at the moment is it is complete guesswork. Albeit that this is not a simple case, for reasons touched on already, I think that with active management it ought to be possible to have the hearing, which is, after all, only to debate the scope of a previous order of the court, with one day's pre-reading and two days in court. That is the order I am going to make for the moment. I, in my understanding of the lists, believe that that will not come on this calendar year, so I will say that that should not come on until

the beginning of 2023. I do not think it will be even right at the very beginning of 2023, but it will be, I hope, early in 2023, and I think that is a reasonable time frame, given that, on the one hand, this dispute has been rumbling on for a long time, but also given the context that some of the acts complained of are continuing. So that will be my direction: one day, plus two days in court, and not before the beginning of 2023. That means that parties can go and look for a listing.

20.
I have emphasised very carefully that this is guesswork at the moment, and if the estimate has to be increased, when the parties review it in the light of the evidence, as of course they must, then it will have to be considered whether it can be increased in the slot that it is given, or whether a different slot has to be sought, but that is for another day.

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