

Neutral Citation Number: [2022] EWHC 2867 (Ch)

Case No: IL 2021-000086

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

Rolls Building
Fetter Lane
London, EC4A 1NL

11 November 2022

Before :

MR NICHOLAS THOMPSELL
sitting as a Deputy Judge of the High Court

Between :

ENREACH UK LIMITED **First Claimant**

ENREACH HOLDING B.V. **Second Claimant/
Part 20 Defendant**

- and -

INREACH GROUP LIMITED **Defendant**

Michael Edenborough KC and John Eldridge (instructed by **Collyer Bristow LLP** for the
Claimants

Georgina Messenger (instructed by **Murgitroyd & Company Ltd**) for the Defendant

Hearing date: 14 October 2022

JUDGMENT

Judge Nicholas Thompsell:


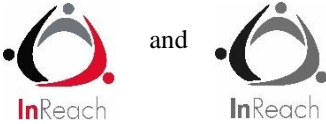



1. INTRODUCTION

1. This case relates to a dispute between two corporate groups holding trade marks and related intellectual property. The dispute engages questions concerning the potential effect of human rights legislation on trademark law.
2. In brief, the Defendant (which I will also refer to as '**Inreach**') has challenged the UK designation of international trade marks registered by the Second Claimant (which I will also refer to as '**Enreach**'). Inreach's challenge is on the grounds that the Enreach's trade marks are in conflict with its earlier trade mark.
3. In response to this, amongst other things, the Claimants have sought to invalidate the Defendant's trade marks on the grounds that they conflict with a yet earlier registered trade mark (the '**Still Earlier Trade Mark**') held by Reach Digital Telecoms Ltd ('**Reach**'). Reach is not participating in any part of these proceedings.
4. The Claimants, however, have faced a hurdle in making this case. This results from the terms of the Trade Marks (Relative Grounds) Order 2007 (the '**2007 Order**'), and more particularly, Article 5 of the 2007 Order ('**Article 5**'). This provides that only "*the proprietor or a licensee of the earlier trade mark*" may make an application for a declaration of invalidity of a later trade mark on the grounds of its incompatibility with the earlier trade mark. In legal terminology this could be considered as introducing into trademark law a requirement for the person making the objection on relative grounds to have standing (in Latin, '*locus standi*') as the proprietor or a licensee of the earlier trade mark. I will call this requirement the '**Locus Standi Requirement**'.
5. The Claimants' case is that this hurdle is overcome on the grounds that the court should disapply Article 5 on the grounds that the article has the effect of infringing the Claimants' rights under the Human Rights Act 1998 (the '**HRA**'). The HRA has created rights under English law defined by reference to the rights and fundamental freedoms set out in various parts of the European Convention on Human Rights 1953 (the "**ECHR**"). These rights are referred to in the HRA as the '**Convention rights**'. Specifically the Claimants claim that applying Article 5 would infringe the rights described in Article 1 of the First Protocol of the ECHR (the "**Article 1 Rights**").
6. The Defendant maintains and contends that, because of Article 5, the Claimants have no legally recognisable claim against it and that the circumstances of the case do not engage the Article 1 Rights. Accordingly the Defendant argues that the Claimants have no real prospect of succeeding on their claim and has made an application that the Claimants' claim be struck out pursuant to Civil Procedure Rule ('**CPR**') 3.4(2)(a) or alternatively that summary judgment be entered for the Defendant against the Claimants' claim against it pursuant to CPR 24.2(a)(i).
7. This judgment relates to the hearing of that application, where I heard argument over a full day, and was assisted by fulsome skeleton arguments, from Ms

Georgina Messenger for the Defendant (and applicant in this case) and from Mr Michael Edenborough KC, assisted by Mr John Eldridge, for the Claimants (and respondents in this case). I am obliged to counsel on both sides for their very thorough briefing and the clarity of their arguments.

2. RELEVANT FACTS AND PROCEDURAL HISTORY

- 8. The salient facts relevant to this matter can be briefly stated and are not in dispute.
- 9. The dispute concerns the following UK registered or designated trade marks (listed in order of their registration):

Description of mark	Classes covered	Owner	Date of filing	Referred to in this judgment as:
	38	Reach	28/6/2016	The 'Still Earlier Trade Mark'
UK Trade Mark No. 3212648 for the series of figurative marks shown below 	35, 37 and 38	Inreach	14/2/2017	'Inreach's 648 Marks'
International Registration No. 1558492 for the word mark ENREACH 	9, 38 and 42	Enreach	6/1/2020 (with a claimed priority date of 11/7/2019)	'Enreach's 492 Mark'
UK Trade Mark No. 3 458 548 for the figurative mark shown below 	2, 38, and 42	Inreach	16/1/2020	'Inreach's 548 Mark'
International Registration No. 1532599 and the UK comparable right No. 801532599 for the figurative mark ENREACH shown below 	9, 38 and 42	Enreach	20 January 2020 (with a claimed priority date of 25/9/2019)	'Enreach's 599 Mark'

10. By a Notice of Opposition dated 22 April 2021, the Defendant filed an opposition to the United Kingdom designation of Enreach's 492 Mark. By a Notice of Cancellation dated 8 November 2021, the Defendant filed cancellation proceedings in respect of Enreach's 599 Mark. In each case, the Defendant was relying upon, amongst other things, Inreach's 648 Marks.
11. The First Claimant issued High Court proceedings on 9 December 2021. It contended (and contends) that it has used the indicium ENREACH (the '**ENREACH Indicium**') extensively in the UK in the course of its business. It contends that, resulting from this use, it has protectable goodwill associated with that indicium. In its Claim Form it sought a declaration of invalidity in respect of Inreach's 648 Marks. It clarified, in its Particulars of Claim, that the basis for this was that it relied on the Still Earlier Trade Mark and sought a declaration of invalidity in respect of both Inreach's 648 Marks and Inreach's 599 Mark in each case pursuant to sections 5(2)(b) and 47(2) of the Trade Marks Act 1994 (the '**TMA**').
12. The First Claimant's initial Particulars of Claim acknowledged that the 2007 Order applied (or rather, in its view, purported to apply) to the proceedings and that, pursuant to that Order, an application for a declaration of invalidity could only be brought by the proprietor or a licensee of an earlier trade mark. However, it averred that "*this purported fetter on who may apply to invalidate a registered trade mark is ultra vires, and so of no effect*" and accordingly that it was entitled to rely on the Still Earlier Trade Mark despite not being the proprietor or a licensee.
13. In response to this claim, the Defendant did three things:
 - i) first, on 19 January 2022, it issued a Part 20 claim against Enreach Holding BV (which thereby become the Part 20 Defendant);
 - ii) secondly, on 21 January 2022, it filed and served a defence and counterclaim in which:
 - a) it asserted that the Claimant's Particulars of Claim did not disclose any legally recognisable claim against it and were liable to be struck out; and
 - b) it counterclaimed for trade mark infringement of Inreach's 648 Marks and for passing off; and
 - iii) thirdly, on 24 January 2022, it issued the application for strike out and/or summary judgment.
14. By an application notice dated 31 March 2022, the First Claimant and Enreach Holding BV sought permission to amend the Claim Form and its Particulars of Claim and to join Enreach Holding BV as the Second Claimant. The proposed amendment to the Particulars of Claim had the effect of narrowing the Claimants' argument as regards the applicability of the 2007 Order. Rather than claiming the order was *ultra vires*, the Claimants now argued that the Court should not apply

the 2007 Order in the present case, as doing so would occasion an unjustified infringement of the Claimants' Article 1 Rights.

15. The Defendant consented to this application, but maintained its contention that, even as amended, the Claimants' Particulars of Claim were still flawed.
16. A consent order in respect of the amendment application was sealed on 11 May 2022 and the Amended Claim Form and Amended Particulars of Claim were thereafter served on the Defendant. The Defendant subsequently filed and served an Amended Defence and Counterclaim and the Claimants filed and served a Reply.
17. Following further correspondence, a further consent order was sealed on 31 May 2022 setting directions for the hearing of the Defendant's application, staying the Counterclaim until determination of that application and transferring the Defendant's application for cancellation from the UK Intellectual Property Office. It was later identified that the 31 May 2022 order erroneously referred to the cancellation proceedings being "consolidated" with the High Court proceedings but this error was rectified by a further consent order sealed on 13 September 2022 which stated that the cancellation action be transferred, case managed and tried with the High Court claim.
18. The result of these various procedural developments is that this court is now asked to rule upon the Defendant's application for summary judgment or striking out of the Claimants' claim challenging the Defendant's trade marks.
19. The Defendant argues this on the basis that the Claimants have no legally recognisable claim against the Defendant and/or that they have no real prospect of succeeding on their claim.

3. RELEVANT LAW

20. To determine this matter, the court will need to have regard to three areas of law and practice:
 - i) the principles governing summary judgment and striking out applications;
 - ii) the relevant trademark law;
 - iii) the nature and application of the Article 1 Rights
21. It is convenient to lay out the general principles applicable to these three areas of law before turning to apply them to the current dispute.

4. SUMMARY JUDGMENT AND STRIKING OUT

(a) Summary judgment

22. Under CPR 24.2, the court may give summary judgment against a party on the whole of a claim, or on a particular issue, if (i) the party has no real prospect of

succeeding on the claim or issue and (ii) there is no other compelling reason why the case or issue should be disposed of at a trial.

23. In *Swain v Hillman* [2001] 1 All ER 91 (at [14]) Lord Woolf MR explained the purpose and use of the power under CPR 24.2:

"It is important that a judge in appropriate cases should make use of the powers contained in Part 24. In doing so he or she gives effect to the overriding objectives contained in Part 1. It saves expense; it achieves expedition; it avoids the courts resources being used upon cases where this serves no purpose, and, I would add, generally, that it is in the interests of justice. If a claimant has a case which is bound to fail, then it is in the claimant's interests to know as soon as possible that that is his position. Likewise, if a claim is bound to succeed, a claimant should know this as soon as possible."

However, as he went on to say at [20]:

"Useful though the power is under Part 24, it is important that it is kept to its proper role. It is not meant to dispense with the need for a trial where there are issues which should be investigated at the trial. As Mr Bidder put it in his submissions, the proper disposal of an issue under Part 24 does not involve the judge conducting a mini trial, that is not the object of the provisions; it is to enable cases, where there is no real prospect of success either way, to be disposed of summarily."

24. The key test of "*no real prospect*" has been extensively discussed through relevant case law, including *Swain v Hillman*, *Three Rivers District Council v Bank of England* (No. 3) [2001] UKHL 16 and *ED&F Man Liquid Products Ltd v Patel* [2003] EWCA Civ 472. It may be summarised as a test whether the party against which judgment is sought has a real, as distinct from a fanciful, prospect of success in relation to the relevant claim or issue.
25. A useful, and much-cited summary of the principles governing summary judgment pursuant to CPR Part 24 was provided in the judgment of Lewison J (as he then was) in *Easy Air Limited v Opal Telecom Limited* [2009] EWHC 339 (Ch) at [15]) and I have considered this fully.

(b) Striking out

26. The procedure for striking-out is provided for in CPR 3.4. CPR 3.4 provides that the court may strike out a statement of case in various circumstances including (under CPR 3.4(2)(a)) where it appears to the court that the statement of case discloses no reasonable grounds for bringing or defending the claim. When the court strikes out a statement of case, it may make any consequential order it considers appropriate. If the court strikes out a claimant's statement of case and it considers that the claim is totally without merit, the court's order must record that fact.
27. CPR 3.4.1 clarifies that this rule enables the court to strike out a statement of case in whole or in part and then make consequential orders.

28. Paragraph 1.4 of the Practice Direction (Striking Out a Statement of Case) 3APD.1 provides examples of statements of case which the court may conclude disclose no reasonable grounds for bringing or defending the claim. These include (in paragraph 1.4(3):

"(3) those which contain a coherent set of facts but those facts, even if true, do not disclose any legally recognisable claim against the defendant."

29. Ms Messenger drew my attention to *Harris v Bolt Burdon* [2000] C.P. Rep 70. Here the Court of Appeal found that statements of case which are suitable for striking out pursuant to CPR 3.4(2)(a) include those which raise an unwinnable case where continuance of the proceedings is without any possible benefit to the respondent, and which would waste resources on both sides.

30. The principles governing an application to strike out a statement of case pursuant to CPR 3.4(2)(a) are different to those relating to summary judgment, as explained by Chief Master Marsh in *UBS AG v Rose Capital Ventures Ltd* [2018] EWHC 3137 (Ch) at [22]. Under CPR 3.4(2)(a):

"The applicant must establish that the statement of case shows no reasonable grounds for bringing or defending the claim. The focus is on the statement of case that is under attack. This is different to considering whether the claim or defence has a real prospect of success; the test under CPR 3.4(2)(a) is more stringent than under CPR 24.2. As the notes in Civil Procedure 2018 at paragraph 3.4.2 record, the right approach is that indicated by the Court of Appeal in *Hughes v Colin Richards & Co* [2004] EWCA Civ 266, namely the court must be certain that the claim (or defence) is bound to fail."

31. As will become relevant to the discussion later, Chief Master Marsh went on in the same paragraph to note:

"And even if the court reaches that conclusion based on the current state of the law, if there is a legal issue in a developing area of jurisprudence, the court may conclude that the issue is best determined against the facts found at a trial in order that it is decided against actual rather than hypothetical facts."

32. Chief Master Marsh reiterated this point at the conclusion of his judgment saying, at [124]:

"... striking out a claim is a step that the court will not take lightly and the test to be applied, namely that the claim, or the relevant part of it, is bound to fail sets the bar high. In addition, the court must consider (a) whether the case or issue is part of a developing area of law and would be better resolved at a trial and (b) whether the respondent should be given an opportunity to produce an amended statement of case."

33. Having stated this, however, Chief Master Marsh dismissed the proposition that he should not use his strike-out power in relation to an argument in that case relating to the so-called Braganza principle (arising from the decision in *Braganza v BP Shipping* [2015] 1 WLR 1661). He did this as he considered that the law was not in a state of flux or change in relation to the particular issue he was dealing with (mortgage contracts). This illustrates that, in considering this point, the judge should be careful to consider whether the ways in which the law is developing are relevant the point in front of that judge.

5. THE RELEVANT TRADE MARK LAW

(a) *General comments*

34. Except for the Claimants' contention regarding the effect of their Article 1 Rights, there is no dispute as to the applicable law relating to trade marks.

(b) *The 2006 Public Consultation and its outcome*

35. The procedure for registering and for challenging trade marks was significantly amended following a public consultation in 2006 led by the Patent Office on behalf of what was then the Department for Trade and Industry. The outcome of this consultation is central to the issues considered at this hearing.

36. The consultation was initiated by a consultation paper (the '**Consultation Paper**') under the title "*Relative Grounds for Refusal: The Way Forward*".

37. The objective of the consultation was explained (at paragraph 10) as follows:

"The objective of this consultation exercise is to identify any changes that may be required to ensure that we have a system of national registration of trade marks which provides a useful affordable alternative for those with business in the UK to the registration of their mark as a Community trade mark. The system of national registration which results from this exercise must also address certain inequities and anomalies that are present in the current system, and must be sustainable for at least the next 15 years without the need for a further review."

38. In other words, the consultation was initiated primarily because the UK trade mark system was out of line with the system in the European Community (as it then was).

39. The consultation explained that, under the then current system for registration of UK trade marks, applications were examined by the Trade Mark Registry with two purposes in mind.

40. The first was to ensure that the mark is distinctive, not offensive, and does not misdescribe the goods or services for which registration is sought. These matters are known as the '**absolute**' grounds for refusing registration.

41. The second was to search against records that contain the details of all the trade marks that are protected in the UK. If the Trade Mark Registry were to find an earlier mark that it considered to be likely to be confused with the new trade mark, it would “cite” the earlier mark as a reason to refuse registration of the later trade mark (this being referred to as '**relative**' grounds for refusing registration).
42. If an earlier trade mark were cited, then the registration would be refused automatically, whether or not the owner of the earlier mark was concerned about the later trade mark. The refusal would be overturned only if the applicant could persuade the Registry that it had misjudged the likelihood of confusion or could otherwise overcome the objection (for example, by gaining the consent of the owner of the earlier mark).
43. Community Trade Marks ('CTMs')¹ were examined in a different way to applications in the United Kingdom. CTMs were examined on absolute grounds but a new CTM would be refused on relative grounds only if the owner of any earlier mark opposed it. Once granted, a CTM could be registered and would take effect in the UK.
44. The CTM system had proved very popular. The Consultation Paper argued that it was curious and unsatisfactory that it should be easier to gain protection throughout the whole of the European Community (as it then was) than it was in the UK alone. There should be a more equitable balance between applicants for registration of a national trade mark and applicants for the registration of a CTM, and any differences between the systems should be justifiable so as to avoid confusing businesses (see [16] and [17]).
45. A further issue raised by the Consultation Paper related to the fact that a trade mark registration is liable to be revoked if the mark has not been used for five years in respect of the goods or services for which it is registered and there are no proper reasons for such non-use. The owner of an earlier trade mark would not be allowed to rely upon his mark for the purposes of opposing or invalidating a later trade mark if his mark were liable to revocation for non-use. The Registrar's examiners had no knowledge of whether a particular mark is in use or not.
46. Accordingly, where an examiner identified an earlier conflicting mark in a search, which was over five years old, and based an official objection on it, there was a danger that he may have been raising an objection on it that the owner of the earlier mark could not have properly raised himself.
47. This was seen as being unfair to applicants for national registration, even though there was a procedure that would allow an applicant to bring a revocation action in relation to the earlier trade mark. Consequently, it was considered that the system of national registration should be changed to avoid the likelihood that the Registrar will refuse applications because of conflicts with earlier marks which ought not to be enforced because they are defunct.

¹ Community Trade Marks since 23/3/2016 are referred to as EU Trade Marks or EUTMs. However, as their relevance to this judgment mainly concerns the position at the time of the Consultation Paper I will use the earlier terminology.

48. The Consultation Paper set out five separate options for the future of trademark registration, including maintaining the *status quo*. It recommended what was described as "Option 4".
49. Under Option 4, the Registry would conduct a search of the register and would notify the applicant for registration of any conflicting earlier marks but it would not raise any official objection. The applicant would then make an informed decision, in the knowledge of the state of the register, as to whether they should proceed forward to publication.
50. The Consultation Paper (at paragraph 49) explained the intended effect of preventing Option 4 as follows:

"49. The regime as described above departs from a paper based assessment of conflict as we have now, to a more market based assessment made by the owners of the respective marks; we will only refuse a mark on relative grounds if the owner of an earlier conflicting mark is concerned enough by the later marks prospective registration to file an opposition. In view of this, we also intend to introduce a requirement that any opponent wishing to rely on a relative ground must have a proprietary interest in the earlier mark or right to be relied upon. The same requirement would also apply in relation to requests to cancel a registered mark on the basis of an earlier mark or right. To do otherwise would mean that a third party could utilise someone else's earlier mark or right against an actual or proposed registered mark even though the owner of the earlier mark or right is or was content for the later mark to be registered. This would create too much risk of the later trade mark being subsequently held to be invalid and would therefore undermine the regime described above."

51. The advantages of Option 4 were further explained at paragraph 54 as follows:

"54. This option provides a balance which makes it easier and less burdensome for an applicant to secure a registration in which he believes that the risk of actual conflict with an earlier mark is small, yet it maintains the rights of existing trade mark owners to launch invalidity proceedings if the marks do come into conflict in the marketplace."

52. They were explained again in the Paper's recommendation of Option 4 at paragraph 69:

"It permits a regime that will not cause unnecessary difficulties for applicants, gives applicants the option of making a commercial risk assessment about the wisdom of proceeding with an application when there are earlier conflicting marks, yet still allows owners of existing marks to enforce them whenever they wish and have a legitimate legal basis for doing so."

53. The Consultation, as well as being made publicly available, was sent to an impressive list of bodies, which must have encompassed all, or almost all,

organisations, or groups whose members were likely to be interested in trademark law. Recipients of the consultation were asked specifically which of the identified options they preferred. They were also asked (amongst a number of other questions) whether anything could be built into their preferred option to make it more attractive.

54. Following the Consultation, the Government decided to implement Option 4, and it was for this purpose that the 2007 Order was made.
55. It may be seen from the speech of Lord Evans of Temple Guiting in the House of Lords debate in relation to the 2007 Order (Hansard Vol 693: debated on Tuesday 26 June 2007) that there had been widespread support for the move to some form of "search and notify" opposition regime.
56. Introducing, and justifying the proposed order Lord Evans said

"In the Government's view, the solution is to adopt a system whereby it is left to the owners of any earlier marks or rights to object to new national trade marks. After all, it is the owner of the mark who is best placed to judge whether a new trade mark is likely to affect his intellectual property. Furthermore, it is the owner of the mark who is best placed to show that it meets any use conditions imposed by the law. There is a powerful argument that the owner of the mark has most responsibility for acting to protect his own property."
57. As is discussed further below, Mr Edenborough suggests that no, or inadequate justification, has been put forward either in the Consultation Paper or in the parliamentary debate for introducing the Locus Standi Requirement but in my view the reasons for this introduction were clear and obvious.
58. First, there was the explicit reason, referred to in Lord Evans' speech that the owner of the earlier mark was the only person who knew whether the conditions for challenging the later mark on relative grounds (which I have referred to at [45] and [46] above) are met.
59. Secondly, there was also an implicit consideration that the only purpose of allowing trade marks to be invalidated on relative grounds was to protect the owners of the earlier mark and no-one else had a legitimate interest in challenging the later mark deserving of protection.
60. Thirdly, the decision to end the procedure for dealing with any potential conflict with an earlier trade mark on registration of a new trade mark would create undue uncertainty for the new trade mark owner if it was coupled with the possibility that its trade mark could be challenged later by anyone in the world.
61. These second and third points are in my view clear from paragraph 49 of the Consultation Paper (which I have reproduced at [50] above).

(c) *The current law*

62. It is useful to set out the various provisions of trademark legislation that are relevant to this matter.

63. TMA sections 6 and 47 provide (insofar as is relevant):

"6 Meaning of "earlier trade mark".

(1) In this Act an "earlier trade mark" means —

(a) a registered trade mark or international trade mark (UK) which has a date of application for registration earlier than that of the trade mark in question, taking account (where appropriate) of the priorities claimed in respect of the trade marks, ..."

...

"47 Grounds for invalidity of registration.

...

(2) Subject to subsections (2A) and (2G), the registration of a trade mark may be declared invalid on the ground—

(a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or ...
unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.

...

(3) An application for a declaration of invalidity may be made by any person,

...

(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made.

Provided that this shall not affect transactions past and closed."

64. The 2007 Order was made pursuant to section 8 TMA. The relevant provisions of this section include the following:

"8 Power to require that relative grounds be raised in opposition proceedings.

(1) The Secretary of State may by order provide that in any case a trade mark shall not be refused registration on a ground mentioned in section 5 (relative grounds for refusal) unless objection on that ground is raised in opposition proceedings by the proprietor of the earlier trade mark or other earlier right.

(2) The order may make such consequential provision as appears to the Secretary of State appropriate —

(a) with respect to the carrying out by the registrar of searches of earlier trade marks, and

(b) as to the persons by whom an application for a declaration of invalidity may be made on the grounds specified in section 47(2) (relative grounds).

(3) An order making such provision as is mentioned in subsection (2)(a) may direct that so much of section 37 (examination of application) as requires a search to be carried out shall cease to have effect.

(4) An order making such provision as is mentioned in subsection (2)(b) may provide that so much of section 47(3) as provides that any person may make an application for a declaration of invalidity shall have effect subject to the provisions of the order."

65. The 2007 Order, at articles 2 and 5, provides:

"2. The registrar shall not refuse to register a trade mark on a ground mentioned in section 5 of the Trade Marks Act 1994 (relative grounds for refusal) unless objection on that ground is raised in opposition proceedings by the proprietor of the earlier trade mark or other earlier right... .

...

5.(1) Only the persons specified in paragraph (2) may make an application for a declaration of invalidity on the grounds in section 47(2) of the Trade Marks Act 1994 (relative grounds).

(2) Those persons are—

(a) in the case of an application on the ground in section 47(2)(a) of that Act, the proprietor or a licensee of the earlier trade mark ... ; ...

(3) So much of section 47(3) of that Act as provides that any person may make an application for a declaration of invalidity shall have effect subject to this article."

66. Thus, Article 5 limits who may make an application for a declaration of invalidity on relative grounds to "*the proprietor or a licensee of the earlier trade mark*".

67. The Claimants accept that Article 5 has this effect (or at least purports to have this effect) but argue that the Court should disapply Article 5 in this case as otherwise the Court would infringe the Claimants' Article 1 Rights.

6. THE RELEVANT HUMAN RIGHTS LAW

68. The HRA creates domestic rights (defined in section 1 as '**the Convention rights**') as a counterpart of the rights protected in international law under the ECHR. The HRA does not directly 'incorporate' the ECHR into the domestic law of the UK (see *Re McKerr* [2004] 1 WLR 807). It creates domestic rights expressed in the same terms as those contained in the Convention but whose existence and limitations derive from the HRA rather than the ECHR and whose meaning and application is a matter for domestic courts, not the court in Strasbourg.

69. The domestic courts are however required by section 2, when determining a question which has arisen in connection with a Convention right to "take into account any ... judgment, decision, declaration or advisory opinion of the European Court of Human Rights". In *R (Ullah) v Special Adjudicator* [2004] 2 AC 323 per Lord Bingham at page 350 explained the import of this:

"In determining the present question, the House is required by section 2(1) of the Human Rights Act 1998 to take into account any relevant Strasbourg case law. While such case law is not strictly binding, it has been held that courts should, in the absence of some special circumstances, follow any clear and constant jurisprudence of the Strasbourg court: *R (Alconbury Developments Ltd) v Secretary of State for the Environment, Transport and the Regions* [2001] UKHL 23, [2003] 2 AC 295, paragraph 26. This reflects the fact that the Convention is an international instrument, the correct interpretation of which can be authoritatively expounded only by the Strasbourg court. From this it follows that a national court subject to a duty such as that imposed by section 2 should not without strong reason dilute or weaken the effect of the Strasbourg case law. It is indeed unlawful under section 6 of the 1998 Act for a public authority, including a court, to act in a way which is incompatible with a Convention right. It is of course open to member states to provide for rights more generous than those guaranteed by the Convention, but such provision should not be the product of interpretation of the Convention by national courts, since the meaning of the Convention should be uniform throughout the states party to it. The duty of national courts is to keep pace with the Strasbourg jurisprudence as it evolves over time: no more, but certainly no less."

70. Bearing in mind this guideline or requirement that the court should try as far as possible to keep in line with the case law followed in Strasbourg, I will refer throughout this judgment to such case law, and the helpful summary of this provided in the *Guide on Article 1 of Protocol No. 1 to the European Convention on Human Rights* published by the Council of Europe/European Court of Human Rights (31 December 2021 update) (the "**ECHR Guidance**").

71. The Convention rights include the Article 1 Rights as set out in ECHR Article 1, Protocol 1. This provides:

"1. Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law.

2. The preceding provisions shall not, however, in any way impair the right of a State to enforce such laws as it deems necessary to control the use of property in accordance with the general interest or to secure the payment of taxes or other contributions or penalties."

72. According to *Sporrong and Lönnroth v Sweden* (1983) 5 EHRR, in a widely followed judgment, Article 1 "comprises three distinct rules":

"The first rule, which is of a general nature, enounces the principle of peaceful enjoyment of property; it is set out in the first sentence of the first paragraph. The second rule covers deprivation of possessions and subjects it to certain conditions; it appears in the second sentence of the same paragraph. The third rule recognises that the States are entitled, amongst other things, to control the use of property in accordance with the general interest, by enforcing such laws as they deem necessary for the purpose; it is contained in the second paragraph."

73. The concept of "*possessions*" for the purposes of Article 1 includes not just tangible property, but also various forms of intangible property. It is settled law that a trade mark (be it registered or the subject of an application for registration) is a "*possession*" for these purposes.² It is also settled law that protectable goodwill may be a "*possession*" within the meaning of Article 1, albeit a mere prospective loss of future income is not (see *Breyer Group Plc v Department of Energy and Climate Change* [2015] 1 WLR 4559 at 4569).
74. Section 6 HRA renders it unlawful for a public authority to act in a way which is incompatible with a Convention right:

"6 Acts of public authorities

- (1) It is unlawful for a public authority to act in a way which is incompatible with a Convention right.
- (2) Subsection (1) does not apply to an act if—
- (a) as the result of one or more provisions of primary legislation, the authority could not have acted differently; or
- (b) in the case of one or more provisions of, or made under, primary legislation which cannot be read or given effect in a way which is compatible with the Convention rights, the authority was acting so as to give effect to or enforce those provisions."

75. Section 6(3) clarifies the meaning of the term "public authority" in this context to include a court or tribunal.
76. It may be seen from section 6 that the HRA does not empower a court to act in a manner that is contrary to primary legislation. The court is obliged by section 3(1) HRA to interpret primary legislation in a way that is compatible with convention rights: "*So far as it is possible to do so, primary legislation and subordinate legislation must be read and given effect in a way which is compatible with the Convention rights*". But if, nevertheless, the court finds primary legislation to be incompatible with Conventions rights, its only recourse

² See *Anheuser-Busch Inc v Portugal* (73049/01) (2007) 45 EHRR 36 at [78]; *R (on the application of British American Tobacco UK Ltd) v Secretary of State for Health* [2016] EWHC 1169 (Admin) at [730]; *Kamoy Radyo Televizyon Yayincilik Ve Organizasyon AS v Turkey* (19965/06) [2019] ETMR 35 at [37].

is to “*make a declaration of that incompatibility*”. Section 4(6)(a) is clear that such a declaration “*does not affect the validity, continuing operation or enforcement of the provision in respect of which it is given*”.

77. However, when it comes to secondary legislation a court is under a *duty* to disregard secondary legislation if its application would breach a protected right.
78. This approach has been taken in various decided cases. Three citations will suffice to show that this approach is now well established.
79. In the decision of the House of Lords in *Re G (Adoption: Unmarried Couple)* [2008] UKHL 38; [2009] AC 173 where at [116], it was explained that:

“The courts are free simply to disregard subordinate legislation which cannot be interpreted or given effect in a way which is compatible with the Convention rights. Indeed, in my view, this cannot be a matter of discretion. Section 6(1) requires the court to act compatibly with the Convention rights if it is free to do so.”

80. In the Court of Appeal case of *JT v First-tier Tribunal* [2018] EWCA Civ 1735; [2019] 1 WLR 1313, Leggatt LJ explained, at [122]:

“Where, as here, a provision of subordinate legislation cannot be given effect in a way which is compatible with a Convention right and there is no primary legislation which prevents removal of the incompatibility, the court’s duty under section 6(1) is to treat the provision as having no effect, as to give effect to it would be unlawful.”

81. Delivering the decision of the Supreme Court in *RR v Secretary of State for Work and Pensions* [2019] WLR 6430 Lady Hale explained at [29] onwards:

"29. The obligation in section 6(1), not to act in a way which is incompatible with a Convention right, is subject to the exception in section 6(2). But this only applies to acts which are required by primary legislation. If it had been intended to disapply the obligation in section 6(1) to acts which are required by subordinate legislation, the HRA would have said so. Again, under section 3(2), primary legislation which cannot be read or given effect compatibly with the Convention rights must still be given effect, as must subordinate legislation if primary legislation prevents removal of the incompatibility. If it had been intended that the section would not affect the validity, continuing operation or enforcement of incurably incompatible subordinate legislation, where there was no primary legislation preventing removal of the incompatibility, the HRA would have said so."

82. Lady Hale also explained the justification for this at [27]:

"There is nothing unconstitutional about a public authority, court or tribunal disapplying a provision of subordinate legislation which

would otherwise result in their acting incompatibly with a Convention right, where this is necessary in order to comply with the HRA. Subordinate legislation is subordinate to the requirements of an Act of Parliament. The HRA is an Act of Parliament and its requirements are clear."

7. THE CLAIMANTS' ARGUMENT

83. The Claimants' argument in relation to their Article 1 Rights is as follows.
84. The Claimants allege that application of the 2007 Order in this case would interfere with their peaceful enjoyment of the following items which constitute possessions for the purposes of the Article 1 Rights:
- i) articles and materials in which the First and/or Second Claimant have proprietary rights and the use of which would contravene the injunction sought by the Defendant to restrain the Claimants from infringing Inreach's 648 Mark; and
 - ii) goodwill owned by the First Claimant in the ENREACH Indicium, the use of which would contravene the injunction sought by the Defendant;
 - iii) the Enreach 492 Mark and/or the Enreach 599 Mark.
85. I have no doubt that each of these items would be regarded as "possessions" for this purpose.
86. As regards showing interference, the Claimants frame their case broadly as follows:
- i) If the court were to apply Article 5, the Claimants could not rely upon the Still Earlier Trade Mark to found an application for invalidity in respect of the Defendant's Trade Marks.
 - ii) This would result in the Claimants being exposed to a risk (or alternatively an increased risk) of the Defendant being successful in its Counterclaim and in its proceedings to oppose or cancel the Second Claimant's trade marks' UK designation and to deliver up articles and materials contravening the Defendant's trade marks.
 - iii) Article 5 therefore has the effect of causing a risk, or an increased risk, of outcomes that should be considered an interference with the Claimants' quiet possession of various of their possessions including those identified in [84] above.
 - iv) Accordingly, the court is under a duty not to apply Article 5 when considering this matter.
87. The Claimants have not made the case that they have a right (independent of any other possessions that they hold) to seek to invalidate the Defendant's trade marks and the 2007 Order has deprived them of that right. I think that they were right

not to do so, as I think it is fanciful that a court would find that that right (which, if it existed, would belong to the whole world) be regarded as a "possession" protected under Article 1. This would run counter to the decision in *Burden v. the United Kingdom*, application no. 13378/05 ECHR 2008, a case before the European Court of Human Rights where it was said that

"The Convention does not, therefore, envisage the bringing of an *actio popularis* for the interpretation of the rights set out therein or permit individuals to complain about a provision of national law simply because they consider, without having been directly affected by it, that it may contravene the Convention."

88. The Claimants' case therefore stands or falls on the following proposition. The 2007 Order created a risk or an increased risk to their quiet possession of various of their possessions including those identified in [84] above and that this risk, or increased risk, should be regarded as a type of interference with the peaceful enjoyment of possessions and therefore a breach of the Claimants' Article 1 Rights.
89. Mr Edenborough was unable to point to any case law that had found such a breach in directly analogous circumstances. However, he argued that what was described by the European Court of Human Rights in its decision in *Sporrong* as the '**First Rule**' included within Article 1 (i.e. the principle of peaceful enjoyment) was capable of covering such circumstances. He quoted the academic, Douglas Maxwell³ who called the First Rule "*a catch-all formula of a residual nature*". The ambit of this right, in Mr Edenborough's submission, was fluid: this was a developing area of law and was capable of application in circumstances where there was a provisional step towards a deprivation or a control of use.

8. THE DEFENDANT'S ARGUMENTS

90. On behalf of the Defendant, Ms Messenger expounded four main arguments as well as a public policy reason to why the Claimants' argument would inevitably fail. As we did during the hearing, I will deal with these arguments individually alongside the Claimants' counter-arguments.

(a) *The Claimants are not victims*

91. The most fundamental of these points, in my view, was the contention that the Claimants are not victims. I will deal with this point first.

(i) *What is a victim?*

92. Under section 7(1) HRA, a person who claims that a public authority has acted (or proposes to act) in a way which is made unlawful by section 6(1) may rely on

³ In *The Human Right to Property: A Practical Approach to Article 1 of Protocol No. 1 to the ECHR* (Hart Publishing, 2022) p 159.

Convention rights in any legal proceedings only if that person is (or would be) a victim of the unlawful act.

93. Ms Messenger argues that the case law establishes that, in order to be a victim, a person must be **directly** affected by the provision in question. She accepts that the fact that the interference may not be present or immediate, but rather may occur in the future, does not automatically exclude a person from being a victim for the purposes of Article 34. However, in these circumstances they must establish that the risk is not purely hypothetical or speculative.
94. In particular she cites *Burden*, and in particular [33]-[34]:

"33. The Court recalls that, in order to be able to lodge a petition in pursuance of Article 34, a person, non-governmental organisation or group of individuals must be able to claim "to be the victim of a violation ... of the rights set forth in the Convention ...". In order to claim to be a victim of a violation, a person must be directly affected by the impugned measure ... The Convention does not, therefore, envisage the bringing of an *actio popularis* for the interpretation of the rights set out therein or permit individuals to complain about a provision of national law simply because they consider, without having been directly affected by it, that it may contravene the Convention ...

34. It is, however, open to a person to contend that a law violates his rights, in the absence of an individual measure of implementation, if he is required either to modify his conduct or risk being prosecuted ... or if he is a member of a class of people who risk being directly affected by the legislation ..."

95. Ms Messenger argues that the alleged interferences with possessions that the Claimants' argue breach their Article 1 rights are hypothetical and/or speculative and do not meet the requirement, that to be a victim of a violation, a person must be directly affected by the impugned measure.
96. I agree with this contention.
- (ii) *Are the Claimants directly affected by the 2007 Order?*
97. As we have seen the Claimants base their challenge to the 2007 Order on the argument that it has the effect of exposing the Claimants to a risk (or alternatively an increased risk) of the Defendant being successful in its Counterclaim.
98. In my view that is a perverse way of looking at the facts. In my view, the 2007 Order cannot be seen as having created the risk that Claimants may lose any of their possessions. Neither can it be said to have increased that risk. The most that could be said is that invalidation of the 2007 Order would benefit them and reduce a risk that they already face.
99. Certainly, the 2007 Order cannot be seen as having created the risk that the Claimants face. That risk does not arise because of the 2007 Order. It arises

because they chose to operate using trade marks and an indicium that may (and I stress may - this is something that the court has yet to determine) breach the Defendant's earlier trade mark.

100. The argument that the 2007 Order has the effect of exposing the Claimants to an "increased risk" (rather than that its disapplication reducing the risk that they have chosen to take) depends on what one sees as being the starting point.
101. The Claimants invite the court to see the starting point as being the position under TMA section 47(3) (which provides that any person may make an application for a declaration of invalidity) before the 2007 Order changed the position so that only the owner or licensee of a prior right can challenge a trade mark on relative grounds. They argue that the making of the 2007 Order has increased their risk from this starting point.
102. That analysis however ignores the temporal aspect. At the time that the 2007 Order was made they had no risk – they had no trade mark or goodwill in the United Kingdom to protect. By the time that they assumed the risk of their intellectual property rights being attacked by Inreach by starting to trade using their trade marks and the Enreach Indicium, the 2007 Order was already in place. The existence of the 2007 Order was, from the beginning, part of the risk that the Claimants voluntarily undertook by trading under the Enreach name in the knowledge that Inreach's 648 Marks were in existence.
103. As a result, it is artificial to state that the 2007 Order increased that risk. The starting point for the risk the Claimants assumed was the basis of the law as it stood including the 2007 Order and there was no point at which they had a risk that was increased by the 2007 Order.
104. The question of whether the Claimants can say that they have had a risk increased by the 2007 Order is more than just a question of semantics. The point is that a trade mark is a particular type of asset that is a creature of statute. The circumstances in which a trade mark may be registered, challenged or invalidated all arise, not through any natural order of things, but because of the relevant statutory provisions. At the time that the Claimants started to acquire the possessions that they now seek to defend, the Locus Standi Requirement was an established part of UK law. Enreach bought into this new system when it sought UK designation for its international trade marks.
105. When Enreach sought designation in the United Kingdom for its trade marks it benefited from the new system in relation to its own trade mark - once registered in the UK, its trade mark could not be attacked on relative grounds in the UK by anyone other than the owner or licensee of an earlier mark. The converse of this was that Enreach could not, because of the 2007 Order, challenge any earlier marks that may have been registered on relative grounds. The 2007 Order did not increase the risks to the Claimants' trade marks and indicium. Its existence was just a feature of the rights and risks that the Claimants chose to assume when they chose to trade in the United Kingdom and operate under an indicium and trade marks that may conflict with an earlier registered trade mark under a regime that included the 2007 Order.

106. Paragraph 70 in the EHRC Guidance is, in my view, apposite here. It says as follows:

70. Where the person concerned does not satisfy (*Bellet, Huertas and Vialatte v. France*⁴), or ceases to satisfy, the legal conditions laid down in domestic law for the grant of any particular form of benefits or pension, there is no interference with the rights under Article 1 of Protocol No. 1 (*Rasmussen v. Poland*⁵), where the conditions had changed before the applicant became eligible for a specific benefit (*Richardson v. the United Kingdom*⁶).

107. It is clear then that someone who is not yet entitled to a benefit cannot complain if the rules for the benefit are changed before he could have been eligible for that benefit. The principle could be stated more widely to say that someone cannot rely on Article 1 to afford that person a legal right that had been applicable under earlier law if the law had changed before that person became eligible to enjoy that right.

108. It seems to me that the same principle must apply here. The Claimants registered trade marks in the United Kingdom and started trading possibly in breach of an earlier trade mark, after there had been a change in the rules pertaining to trade marks. It would breach this principle if they were to be permitted to complain that they would have had a better chance of defending their intellectual property under the regime that existed before they started trading in the United Kingdom than they do under the current regime.

109. The Claimants' case that they are victims is not made out even if one does (as I do not) accept that one can view the 2007 Order as having had the effect of exposing the Claimants to an "increased risk". In my view, the basis on which the Claimants claim that they are victims cannot be seen as being direct. It is hypothetical and/or speculative.

110. First, as noted above the claim is not that they are directly prejudiced by the 2007 Order, but rather that, in the particular circumstances, the 2007 Order makes it more likely that they are unable to defend a claim made by the holder of a prior trade mark, and that they would be prejudiced if this claim was made. It is difficult to see how this prejudice (if it exists) could be described as "direct".

111. I have considered whether the Claimants' position should be regarded as akin to that of the insurers in *AXA General Insurance Ltd and others v HM Advocate and others* [2012] 1 AC 868. In that case the insurers of employers faced, as a result of a change in law, liability for pleural plaques resulting from employers' negligence in allowing their employees to be exposed to asbestos. The insurers (whilst they did not succeed on other grounds) successfully argued that they could be regarded as victims of the change in law, notwithstanding that their losses were

⁴ *Bellet, Huertas and Vialatte v. France* (dec.), nos. 40832/98 and 2 others, 27 April 1999.

⁵ *Rasmussen v. Poland*, no. 38886/05, 28 April 2009.

⁶ *Richardson v. the United Kingdom* (dec.), no. 26252/08, 10 May 2012.

not direct, in the sense that they arose from the contract of insurance that they had agreed to provide rather than from the legislation itself.

112. In his judgment in *Axa General Insurance*, Lord Hope said at [26] and [27]:

"26 The difference between a risk of being directly affected and a risk which is purely hypothetical is not easy to identify...

27 The question, then, is whether the consequences for the appellants of the 2009 Act are too remote or tenuous for them to be directly affected by it. The answer to it must depend on what the Act was designed to achieve ..."

113. In *AXA General Insurance* it was considered to be the natural consequence and intent of the legislation in question that insurers would bear the burden of meeting the claims enabled by the law (see the speech of Lord Hope at [27]). This arose naturally from the effect of the Employers' Liability (Compulsory Insurance) Act 1969. In such circumstances, it is understandable why the court found that the insurers' losses should be considered to be direct.

114. By contrast, in our current case it was not envisaged that there was any class of person whose possessions (or at least legitimately held possessions) would be interfered with because of the 2007 Order. The Explanatory Memorandum to the 2007 Order included a statement that its provisions were compatible with the ECHR. I have explained at [58] to [61] above the thinking that, no doubt, led to this conclusion.

115. In judging whether the impact of legislation is "direct", there is a clear difference between (i) the position of a person who is the natural and intended target of the legislation, and (ii) that of a person who is not initially affected by the legislation but only becomes affected because he chooses to assume a risk of acting contrary to another's property rights - in this case operating under a trade mark or indicium which might infringe another person's trade mark.

116. Accordingly, my consideration of the decision in *AXA General Insurance* does not change my view that the Claimants cannot naturally be regarded as direct victims of the 2007 Order.

117. Secondly, for the Claimants to have been adversely affected by the court not disapplying the 2007 Order, the court would need to have concluded:

- i) that the Inreach 648 Marks are sufficiently similar to the Still Earlier Trade Mark so that the Claimants will be successful in having them declared invalid on relative grounds; and
- ii) that Enreach's trade marks are sufficiently similar to Inreach's 648 Marks so that, unless Inreach's 648 marks are first invalidated, the Defendant will be successful in having Enreach's trade marks on relative grounds.

118. Even then, the Claimants might be hoist by their own petard in that the Defendant might turn back on them their own argument and claim that the Enreach trade

marks were sufficiently similar to the Still Earlier Trade Mark that they too could be successfully challenged on relative grounds relating to this trade mark.

119. Put crudely, one could say that for the 2007 Order to have made a difference to the validity of the Claimants' possessions a court would need to find that that:
- i) "Inreach" is similar to "Reach"; and
 - ii) "Enreach" is similar to "Inreach", but
 - iii) "Enreach" is not similar to "Reach".
120. I accept that this would be to oversimplify the matter. This is because there is more to the marks than just the name embodied in them and there is more in play in challenging a trade mark looking purely at the similarity between marks. Mr Edenborough assures me that this is a possible outcome and I accept that it is possible.
121. Even so, it does not seem to me to be a very likely outcome. I consider that the slender possibility that to apply the 2007 Order might affect the Claimants' enjoyment of its possessions falls firmly into the description of the hypothetical and/or speculative.
122. I have accepted that, in order to claim to be a victim of a violation, a person must be directly affected by the impugned measure and that the alleged effect on their rights their Article 1 rights should not be hypothetical and/or speculative. I must therefore conclude that the Claimants' case for applying the HRA to disapply the 2007 Order could not succeed.

(b) *The Trade Marks Act 1994 prevents removal of the alleged incompatibility*

123. In her skeleton argument, Ms Messenger put forward another reason as to why the Claimants' case would inevitably fail, based on section 6(2) HRA. This was that the 2007 Order was made pursuant to the authority conferred by section 8 TMA. To disapply the 2007 Order would effectively breach section 8 TMA and therefore is precluded by section 6(2) HRA.
124. In response to this point, Mr Edenborough, acting for the Claimants, pointed out that section 8(2)(b) created a power, not an obligation, for the Secretary of State to make an order. If the statute did not require an order to be made, but merely permitted an order to be made, the striking out of this application of that order cannot be said to be incompatible with that primary legislation.
125. I agree with Mr Edenborough that the mere fact that primary legislation empowers the creation of secondary legislation cannot engage the provisions of section 6(2) HRA. All secondary legislation can be traced to an empowering provision. The reasoning expounded Ms Messenger's skeleton argument, therefore, runs contrary to the settled principles that the court may, and should, disregard secondary legislation where this runs counter to any of the Convention rights.

126. However, as Ms Messenger explained, when she developed this argument in the hearing, in this case there is more than the mere fact that primary legislation empowers the creation of secondary legislation.
127. The clear intent of Parliament in passing section 8 TMA was to provide the possibility of a Locus Standi Requirement being introduced by an order. In effect, section 8 set up a parliamentary process for effectively amending the TMA in a limited manner. As provided by section 8(4), once such an order was made section 47(3) would "*have effect subject to the provisions of the order*". Once the order was passed, in effect it amended the primary legislation. From the date of its passing section 6(2) HRA should apply to the TMA as so affected.
128. I can see some merit in this more sophisticated version of the argument. The 2007 Order was made by the Secretary of State and confirmed by a positive resolution of both Houses of Parliament, in accordance with a specific power in section 8 TMA to change the application of the TMA itself. Disapplying the 2007 Order would both thwart the specific intention of section 8 to allow an order to be made and would be contrary to the section 47(3) as effectively modified by the Order. Arguably then, for a court to do this would then breach article 6(2) HRA since the court is bound by the primary legislation as so amended.
129. This is an interesting, and I think arguable, point. However, given what I have found in relation to the Claimants' lack of standing as "victims", I do not need to determine this point in this case, and I think that it is best that this point is given fuller consideration on another occasion. I will not, therefore, find for the Defendant on the basis of this point, although I do not dismiss it either.

(c) *No possessions at the relevant date*

130. The possessions that the Claimants allege application of the 2007 Order would interfere with are those I have listed at [86] above. It is settled law that the Article 1 Rights apply only to a person's existing "possessions" (see for example *Anheuser-Busch Inc v Portugal* (73049/01) (2007) 45 EHRR 36).
131. Ms Messenger pointed out that the relevant date for assessing whether a trade mark is invalid pursuant to sections 47(2)(a) and 5(2)(b) of the TMA is the date on which the application for registration was filed. In this case the pertinent date was 14 February 2017 when the 648 Marks were filed. At this point the Claimants had no possessions the enjoyment of which could have been prejudiced by the registration of the 648 Marks.
132. In order to engage the Article 1 Rights there must be interference with a party's existing possessions. Ms Messenger submitted that in the circumstances of this case the Article 1 Rights could only be engaged if the Claimants had the possessions on which they rely at the date of application of the 648 Marks.
133. Mr Edenborough dismissed this point. He argued that it does not follow, just because an applicant for invalidity on relative grounds must satisfy the court that the conditions for invalidity were fulfilled at the filing date of the later mark, that that this is the relevant date for assessing what is required of the Court by section 6 HRA. He contended that, instead, the relevant date for assessing what is

required of the court by section 6 HRA was the present time. This was because this was the point at which the court would be acting, in the Claimants' submission, in a manner contrary to section 6 HRA if it applied the 2007 Order so as to infringe the Claimants' Article 1 Rights. In assessing those allegations, the court should have regard to the Claimants' present possessions rather than the possessions it had at the date of application of the 648 Marks.

134. Put as a stand-alone argument as to the appropriate time for applying section 6 HRA, I would tend to agree with Mr Edenborough. However, the temporal issue does not stand in a vacuum by itself. It is relevant to the nature of the infringement of the Article 1 Rights that the Claimants allege.
135. As I have already set out above, the temporal issue is an important one in determining whether the Claimants would be able to make out their case that they are victims of the 2007 Order on the grounds that it creates or increases a risk to the Claimants' intellectual property. It is in this context that there is merit in Ms Messenger's submissions.

(d) Any interference is justified

136. Paragraph 2 of ECHR Article 1, Protocol 1 sets out a limitation of the right to peaceful enjoyment of possessions set out in the first paragraph of that article. The effect of this is that the Article 1 Rights:

"... shall not, however, in any way impair the right of a State to enforce such laws as it deems necessary to control the use of property in accordance with the general interest..."

137. The Defendant argues that, even to the extent that the Claimants could show some effect of the 2007 Order on the peaceful enjoyment by the Claimants of their possessions, this limitation on the Article 1 Rights would apply in this case.
138. The three-part approach in *Sporrong* mentioned at [72] above is reflected in domestic UK law and was followed and built upon in *Thomas v Bridgend County Borough Council* [2012] QB 512, when Carnwath LJ said:

Later cases (...) have given further guidance on the practical application of article 1 to individual cases. First, the three rules are not "*distinct in the sense of being unconnected*"; the second and third rules are to be "construed in the light of the general principle enunciated in the first rule". Secondly, although not spelt out in the wording of the article, claims under any of the three rules need to be examined under four heads: (i) whether there was an interference with the peaceful enjoyment of "possessions"; (ii) whether the interference was "in the general interest"; (iii) whether the interference was "provided for by law"; and (iv) proportionality of the interference.

139. As we have seen, it is not my view that the 2007 Order results in any interference with the Claimants' peaceful enjoyment of their possessions that is sufficiently direct for them to be "victims" for these purposes. However, I will nevertheless consider the further three questions enumerated in *Thomas*.

(i) *Was the interference provided for by law?*

140. To take the easiest of these questions first, the interference in question clearly is provided for by law - the 2007 Order is a properly made provision of English law and there is nothing imprecise or unforeseeable that would put into question its status as a legal provision.

(ii) *Was the interference in the general interest?*

141. The Claimants argue that that the interferences with their Article 1 rights “*would not serve any legitimate public or general interest, or alternatively would fail to strike a proportionate or fair balance between the demands of the general interest of the community and the protection of fundamental rights*”. Thus, they contend that the interferences are unjustified on two independent, but closely related, points.

142. The Claimants' first point here is that it is not possible to discern a legitimate public or general interest that could be relied upon to justify Article 5, as it is impossible to identify a cogent connection between that provision and the policy objectives identified in the secondary materials used to justify the 2007 Order.

143. I find no such difficulty in discerning a legitimate public or general interest.

144. The purpose behind the 2007 Order was, as I have explained above, to implement Option 4 set out in the Consultation Paper and that paper explained why this Option was considered to be in the general interest. It was considered to be a good thing to bring the UK procedure for registering trade marks in line with that in the European Community. To achieve this the Consultation Paper proposed:

- i) ending the procedure under which the Trade Mark Registry would refuse to register trade marks which are considered to be similar to an earlier mark;
- ii) leaving it for the owners of the earlier mark to enforce their rights in this regard; and
- iii) introducing the Locus Standi Requirement.

145. Mr Edenborough suggests that it was “patently irrational” to introduce the Locus Standi Requirement. He argues this on the grounds that no proper explanation was provided as to why such a change was necessary in order to implement effectively a registration regime with the features of Option 4, or to address the perceived issues with the then-existing registration regime. This was, in his words “*a proposed solution to a problem that was not identified*”. In his submission, the Consultation Paper failed to explain why an applicant who has been notified of a potentially conflicting earlier right would alter its assessment of its position having regard to whether any potential opponent or applicant for cancellation would be the proprietor of any relevant earlier right or a third party seeking to rely on that right. He submitted further, that no consideration appears to have been given to the legitimate interest of a third party in being able to rely on another’s earlier right (for reasons such as those exemplified by this case).

146. I cannot agree with Mr Edenborough that restricting validity challenges on relative grounds to prior owners was irrational, and certainly not on the grounds that it was inadequately explained.
147. As regards the assessment of the question whether a law is in the general interest, the EHCR Guide (at [138]) advises as follows :

138. Under the system of protection established by the Convention, it is for the national authorities to make the initial assessment as to the existence of a problem of public concern warranting measures of deprivation of property or interfering with the peaceful enjoyment of “possessions”. Here, as in other fields to which the safeguards of the Convention extend, **the national authorities accordingly enjoy a wide margin of appreciation.** For example, the margin of appreciation available to the legislature in implementing social and economic policies will be a wide one **and the Court will respect the legislature’s judgment as to what is “in the public interest” unless that judgment is manifestly without reasonable foundation** (*Bélané Nagy v. Hungary*⁷; *Papachela and AMAZON S.A. v. Greece*⁸). Furthermore, the notion of “public interest” is necessarily extensive (*Vistiņš and Perepjolkins v. Latvia*⁹; *R.Sz. v. Hungary*¹⁰; *Grudić v. Serbia*¹¹). The Court normally shows deference to the Contracting States’ arguments that interference under its examination was in the public interest and the intensity of its review in this regard is low. Hence, an applicant’s argument that a given measure served in reality another purpose than that relied on by the defendant Contracting Party in the context of a given case before the Court seldom has any serious prospects of success. **In any event, it is sufficient for the Court that the interference serves the public interest, even if it is different from that expressly relied on by the Government in the proceedings before the Court.** In certain instances, the Court even identified the purpose of its own motion (*Ambruosi v. Italy*¹², *Marija Božić v. Croatia*¹³)."

(Emphasis added)

148. The Consultation Paper acknowledged that different options had different advantages and disadvantages but made the case that this revised regime explained as Option 4 would serve the users of UK trade marks better than the then existing regime and the other options considered. It appears from the speech of Lord Evans, as reported above, that this recommendation was widely accepted

⁷ *Bélané Nagy v. Hungary* [GC], no. 53080/13, 13 December 2016.

⁸ *Papachela and AMAZON S.A. v. Greece*.

⁹ *Vistiņš and Perepjolkins v. Latvia* [GC], no. 71243/01, 25 October 2012.

¹⁰ *R.Sz. v. Hungary*, no. 41838/11, 2 July 2013.

¹¹ *Grudić v. Serbia*, no. 31925/08, 17 April 2012.

¹² *Ambruosi v. Italy*, no. 31227/96, 19 October 2000.

¹³ *Marija Božić v. Croatia*, no. 50636/09, 24 April 2014.

amongst the consultees, which included those bodies likely to have the keenest interest in this point.

149. It seems to me evident on the face of the Consultation Paper that the motivations behind Option 4, and its subsequent adoption by means of the 2007 Order, were as follows:

- i) to promote the general interest by aligning UK trademark practice with that within the European Community;
- ii) and, in making trade marks, once registered, more certain by making them less prone to challenge by limiting the ability to challenge to someone with a prior ownership interest in an earlier mark for the reasons I mention at [58] to [61].

150. I see no prospect of challenging these aims as failing to demonstrate a legitimate public or general interest.

(iii) *Was the interference proportionate?*

151. The final question within the four-question approach suggested in *Thomas* is whether, to the extent that the 2007 Order may be seen as causing any interference with the Claimants' rights, this interference is proportionate. The Claimants argue that even if there is a legitimate aim, it is impossible to conclude that the interferences with the Claimants Article 1 Rights are proportionate to the aims for which the 2007 Order was introduced.

152. As I do not recognise that the 2007 Order results in any direct interference with the Claimants' peaceful enjoyment of their possessions this question hardly arises. However, in order to conclude the long discussion that there was on this point at the hearing, I will tackle this by considering the following question:

Was it proportionate for the Secretary of State to fulfil the aims described in the Consultation Paper by passing a measure preventing any person from challenging an earlier trade mark on relative grounds relating to a still earlier trade mark in which that person had no proprietary rights? Was this proportionate even if that person may at the point of a future challenge have acquired rights which are affected by a prior trade mark?

153. Mr Edenborough points out that the Consultation Paper concentrated mainly on what should happen about examination and notification of prior registered mark. He argues that it assumed, without presenting evidence or much by way of argument, that under Option 4 it would be a good thing to preclude persons other than an owner of the earlier existing trade mark from challenging a mark on relative grounds.

154. He argues further that, in the absence of collecting any evidence, the Secretary of State could not have known whether this feature of Option 4 would operate to the public benefit or not. He suggested that, for example, there might be benefits in continuing to allow unrelated parties to challenge trade marks on relative grounds

as this might reduce the proliferation of trade marks, and could result in a "cleaner" trade mark registry by removing more trade marks that were capable of being challenged on relative grounds. The failure of the Secretary of State to do consider this point meant that it remains uncertain whether this policy is justified and this justification can only be ascertained on the basis of further evidence, which should be presented at a full trial of this matter.

155. When I pressed Mr Edenborough about what the nature of such evidence might be he suggested that this might include evidence of how other jurisdictions (excluding the European Union) dealt with these matters and the outcomes involved.
156. I do not agree with Mr Edenborough that any evidence is needed on this point.
157. To determine whether an action (which has been accepted as having a legitimate aim) is disproportionate, it is necessary to consider the nature of the aim. In this case, the aims of the legislation were amply described within the Consultation Paper. The principal motivation was to harmonise the UK trademark system with that in the European Community. This was desirable to make the UK system competitive with the CTM system and to reduce confusion among users of both systems. As the CTM system limited the ability to challenge a trade mark on relative grounds to proprietors of earlier marks, it was important to that aim that the UK should enact a similar limitation.
158. There was also another important reason why the limitation was to be enacted. As I have already quoted:

"To do otherwise would mean that a third party could utilise someone else's earlier mark or right against an actual or proposed registered mark even though the owner of the earlier mark or right is or was content for the later mark to be registered. This would create too much risk of the later trade mark being subsequently held to be invalid and would therefore undermine the regime described above."
159. It is clear from this and other passages within the Consultation Paper that the government's view was that the purpose of being able to invalidate trade marks on relative grounds was to protect users of an earlier mark, and that only the users of an earlier mark were considered to have a legitimate interest in making such a challenge. Opening the challenge to others who did not have that legitimate interest served no legitimate interest and could only serve to make UK marks more likely to be challenged (and as a result less competitive with CTMs where such challenge was not possible).
160. The Secretary of State was entitled to take this view. After wide consultation, the Secretary of State formed a view that the sole purpose of allowing proceedings to be taken to invalidate trade marks on relative grounds was to protect the holder of earlier registered trade marks. Having done so, it was rational for the Secretary of State to see the 2007 Order, as a proportionate way to achieve the aims set out in the Consultation Paper.
161. The ECHR Guide at paragraph 156 says the following:

"156. One of the elements of the fair balance test is whether other, less intrusive measures existed that could reasonably have been resorted to by the public authorities in the pursuance of the public interest. However, their possible existence does not in itself render the contested legislation unjustified. Provided that the legislature remains within the bounds of its margin of appreciation, it is not for the Court to say whether the legislation represented the best solution for dealing with the problem or whether the legislature's discretion should have been exercised in another way (*James and Others v. United Kingdom*¹⁴; *Koufaki and Adedy v. Greece*¹⁵)."

162. Mr Edenborough invites the court to entertain the speculation that the UK could have adopted another system for challenging trade marks that may have had greater public benefit than the one that was adopted. However, in the light of the principle explained in the previous paragraph, even if there was, I find it vanishingly unlikely that evidence could be put before the court that would persuade it that the 2007 Order provided a disproportionate response to the legitimate aims set out in the Consultation Paper.

8. POLICY CONSIDERATIONS

163. The policy ramifications of the Claimants' arguments, were they to succeed, are substantial.
164. First, there would be an effect within the community of trade mark users. A precedent would be set. Any party facing a challenge to its trade mark on the basis of an earlier trade mark would be able to look around for another even earlier trade mark that bore some resemblance to the trade mark owned by its challenger and use this to throw doubt on the challenger's own trade marks. This is antithetical to the certainty that trade marks are supposed to provide to the holder.
165. Trade marks serve a valuable purpose in business life. The owner of a duly registered trade mark can use the mark to distinguish its products and services from those provided by others knowing that it has a clear and straightforward way to prevent its identity, and any goodwill it develops under that identity, being stolen or diluted by competitors. The court should pause before setting a precedent that would dent the confidence an owner could place in his trade mark by exposing it to a risk of his trade mark being invalidated on relative grounds by someone who has does not meet the *Locus Standi* Requirement enacted by law.
166. Secondly, there could be wider ramifications. If the Claimants' arguments were to be accepted, then this would increase the scope for any litigants to argue an Article 1 infringement if they are prevented by secondary legislation from using a particular argument in their litigation against another party that might otherwise benefit their case (and thereby protect their possessions). This might throw into doubt for example a *locus standi* requirement, or a time limitation enacted by

¹⁴ *James and Others v. United Kingdom*, 21 February 1986, Series A no. 98.

¹⁵ *Koufaki and Adedy v. Greece* (dec.), nos. 57665/12, 57657/12, 7 May 2013.

secondary legislation if it had the effect of curbing a person's right to challenge. It would not improve the certainty with which the law should operate in such circumstances if it were to become common for alleged breaches of the Article 1 Rights to become routinely deployed in this manner.

167. The HRA is often attacked by politicians for leading to outcomes that are contrary to common sense or the wider public good. Whilst this is no good reason, to fail to apply the HRA if it applies, it is a reason to be cautious when extending the use of the HRA to interfere in what is essentially a private dispute between two trade mark owners.

9. CONCLUSION

168. It will be apparent from the discussion above that I do not consider that there is merit in the Claimants' case as they have put it in the Particulars of Claim. Their case stands or falls on the contention that the 2007 Order amounts to an interference with their Article 1 Rights, but they are unable to particularise that interference beyond a contention that the effect of the Order creates or increases a risk that proceedings made against them and their property will be successful.
169. In my view the 2007 Order does not create such a risk - if they face a risk it is because they assumed that risk by adopting trade marks and an indicium that may breach the Defendant's earlier trade mark. Moreover, in my view, is incorrect to view the 2007 Order as increasing that risk since they assumed that risk at the point the 2007 Order was already in place.
170. Furthermore, I see no way in which the Claimants can claim that the effect on their property of the 2007 Order is "direct" so as to constitute the Claimants as victims of the 2007 Order for the purposes of section 7(1) HRA as explained in *Burden*. It is, of its nature, indirect. Moreover, given the limited combination of circumstances in which the 2007 Order might have an effect on the Claimants' possessions that they say are put at risk (or increased risk), the potential for interference with the Claimants' possessions should be regarded as hypothetical and/or speculative.
171. Even if the Claimants could make out a case that there was a sufficiently direct interference with their possessions, I cannot see how they would be able to overcome the objection based on paragraph 2 of Article 1. To disapply the 2007 Order would clearly impair the right of a State "*to enforce such laws as it deems necessary to control the use of property in accordance with the general interest*". It would have the effect of impairing the right of the UK state to enforce its laws controlling the use of trade marks. It seems to me amply evident that the 2007 Order was made in pursuance of what was a legitimate interest, receiving broad support from the trademark community. Neither do I see any prospect for an argument based on proportionality succeeding that would lead to a court finding that the Claimants' should be able to use the HRA to invalidate another trade mark owner's rights by disapplying a provision of UK law so as to prefer their own subsequent rights.
172. The ECHR Guide at paragraph 14 says the following:

"Initially, the ascription and identification of property rights is for the national legal system and it is incumbent on the applicant to establish the precise nature of the right in the national law and his entitlement to enjoy it."

173. In the case of trade marks it is the TMA, as supplemented by the 2007 Order, which creates and delimits rights relating to trade marks. This now includes the right for a trade mark owner not to have its rights questioned on relative grounds except by someone who can meet the Locus Standi Requirement. It may be considered that it is the Claimants, in asking the court to disapply this element of the Defendant's property rights, who are looking to breach the Defendant's Article 1 Rights.
174. However, before I can find for the Defendant in this case it is necessary for me to consider whether the threshold is met for the court to give summary judgment and/or to order a striking out.
175. As I have mentioned, under CPR 24.2 the court must consider whether (i) the Claimant has no real prospect of succeeding on the claim or issue and (ii) whether there is any other compelling reason why the case or issue should be disposed of at a trial. Under CPR 3.4 the court must consider whether the Claimants' Particulars of Claim disclose no reasonable grounds for bringing or defending the claim.
176. Other than potentially in relation to the questions of legitimate interest on proportionality engaged under paragraph 2 of the Article 2 Rights, neither counsel has suggested that there is any evidence that is not before the court today that might affect a court's view on these matters were this claim to proceed to a full hearing.
177. Mr Edenborough did put forward suggestions that there might be evidence that could be put before the court to show that the 2007 Order was not proportionate, in that the need for it was poorly evidenced and did not provide the best way forward for UK trade marks.
178. Given what I have found about how the question of proportionality should be approached, I disagree that this would be the case. However even if it was, the proportionality argument is not the main ground on which I am finding against the Claimants on this matter, and therefore I do not consider that there is any realistic prospect that any such evidence could be brought that would persuade a future judge to find in favour of the Claimants.
179. I have considered also the arguments put forward by Mr Edenborough that the court should not use a strikeout procedure or summary proceedings because this case touches upon a developing area of law.
180. I have already introduced this point in referring (at [31] to [33] above) to the decision of Chief Master Marsh in *UBS AG v Rose Capital Ventures Ltd*.

181. This point was also commented upon by Lord Collins JSC in *Altimo Holdings and Investment Ltd v Kyrgyz Mobil Tel Ltd* [2012] 1 WLR 1804, who said at [1825]:

The general rule is that it is not normally appropriate in a summary procedure (such as an application to strike out or for summary judgment) to decide a controversial question of law in a developing area, particularly because it is desirable that the facts should be found so that any further development of the law should be on the basis of actual and not hypothetical facts: e.g. *Lonrho Plc. v. Fayed* [1992] 1 A.C. 448, 469 (approving *Dyson v Att-Gen* [1911] 1 KB 410, 414: summary procedure “ought not to be applied to an action involving serious investigation of ancient law and questions of general importance ... ”); *X (Minors) v Bedfordshire County Council* [1995] 2 AC 633 at 741 (“Where the law is not settled but is in a state of development ... it is normally inappropriate to decide novel questions on hypothetical facts”); *Barrett v Enfield London BC* [2001] 2 AC 550, 557 (strike out cases); *Home and Overseas Insurance Co. Ltd. v Mentor Insurance Co. (U.K.) Ltd.* [1990] 1 WLR 153 (summary judgment).

182. Mr Edenborough suggests that this principle is engaged in this case because human rights law, particularly in relation to what is described as the First Rule in *Sporrong* (which is the element of the Article 1 Rights of which the Claimants rely) is still in a state of development.
183. I heed the warning given by Chief Master Marsh in *UBS AG v Rose Capital Ventures Ltd* that “the court must consider (a) whether the case or issue is part of a developing area of law and would be better resolved at a trial”. However, having considered this point carefully in the current case, I see no reason why this case needs to go to trial. This case does not depend on the court relying on hypothetical facts (contrary to the warning in *Altimo Holdings*). The court has before it all the facts that it needs in order to weigh up the arguments made on behalf of the Claimants and the Defendant. These arguments have included an extensive discussion of the applicable law and something like 2,000 pages of cited authorities.
184. Having reviewed these facts, and the well-presented legal arguments that the court has heard, I am satisfied that the court already has before it all the evidence necessary for the proper determination of the question and that the parties have had an adequate opportunity to address it in argument. Therefore, I consider that I should grasp the nettle (as earlier judges have put it) and decide this matter now for the reasons so well expressed by Lord Woolf in the passage in his decision in *Swain v Hillman* which I reproduce at [23] above.
185. I should add that I have considered whether there is any way that the Claimants' Particulars of Claim could be modified so as to leave them with the possibility of a successful claim. However, in this case I do not think there is any such possible modification because the matters on which I have heard against them are so central to their pleaded case.

186. Having regard to all the matters discussed above, I find that there is no real prospect that the Claimants could succeed in persuading a court that the 2007 Order must be disapplied by the court on the grounds of a breach of their Article 1 Rights. As a result, I find that the Claimants' case as set out in its Particulars of Claim has no real prospect of success. I see no other reason why this matter should go to trial.
187. For the same reason I find that, these Particulars of Claim disclose no reasonable grounds for bringing a claim.
188. I therefore consider that the Defendant is entitled to summary judgment and/or to ask the court to order that the Claimants' Particulars of Claim be struck out.
189. I would ask the Defendant's counsel to draft an appropriate order to reflect this ruling and any consequential matters and, if possible, to agree this with the counsel for the Claimants before submitting this for the court's approval. A hearing should be listed to consider any matters consequential upon this judgment at the earliest convenience of the parties and of the court.