

**IN THE HIGH COURT OF JUSTICE**  
**CHANCERY DIVISION**  
**BUSINESS AND PROPERTY COURTS**  
**INTELLECTUAL PROPERTY ENTERPRISE COURT**

Rolls Building  
New Fetter Lane  
London

Neutral Citation Number: [2020] EWHC 1565 (IPEC)

Date: 17 June 2020

**Before:**

**HER HONOUR JUDGE MELISSA CLARKE**  
**Sitting as a Judge of the High Court**

**B E T W E E N:**

Claim No: IP-2019-000170

**IAN THOMAS**

**Claimant**

**- and -**

**(1) LUV ONE LUV ALL  
PROMOTIONS LIMITED**

**Defendants**

**(2) WINSTON THOMAS**

-----  
-----  
**Mr Aaron Wood of Keystone Law for the Claimant**  
**Mr Michael Hicks (instructed by Higgs & Sons) for the Defendants**

-----  
**JUDGMENT**

I direct that pursuant to CPR PD 39A para 6.1 no official shorthand note shall be taken of this Judgment and that copies of this version as handed down may be treated as authentic.

**Her Honour Judge Melissa Clarke:**

**INTRODUCTION**

1. This is judgment on the Claimant’s application dated 28 February 2020 for an order that (i) the defence be struck out “on the basis of estoppel and abuse of process”, alternatively (ii) summary judgment on one aspect of the defence. I have determined it on the papers at the parties’ request. I have had the benefit of written submissions from Mr Aaron Wood for the Claimant and from Mr Michael Hicks for the Defendants, for which I thank them. I have also considered a bundle of documents and a bundle of authorities in coming to my determination.
2. The underlying claim is a claim for passing off in relation to the use of the name of a musical group (“**the Group**”) known as LOVE INJECTION or LUV INJECTION (“**the Name**”). The Group operated between about 1986 and 2016. Both the Claimant and the Second Defendant (who are half-brothers) were members, along with others. It is common ground that there was a split between members of the Group in 2016 (“**the Split**”), but there is a dispute about how and in what circumstances that happened. The Claimant says the Second Defendant left the band leaving him and two other members to continue with it. The Second Defendant says that the Claimant decided to leave the Group, as did two other members of the Group, leaving him as the sole continuing member.
3. After the Split:
  - i) the Claimant started to perform along with others under the name “Love Injection” and less frequently “Luv Injection”; and
  - ii) the Second Defendant started to perform under the name “Luv Injection Sound” together with some of the individuals who were involved in the Group before the Split, but without some others, including the Claimant. The First Defendant is a promotion company of which the Second Defendant is the sole shareholder and director. It promotes the group as operated by the Second Defendant under the

sign “Luv Injection Sound”, as well as other acts, and in that capacity has used that sign.

4. The Claimant says he performs as the Group and the Second Defendant is performing as a new group. The Second Defendant says that he performs as the Group and the Claimant is performing as a new group. So arose a dispute between the parties which in legal terms is the question of who owns the goodwill in the Name and who has the right to continue to use it.
5. The dispute between the Claimant and the Second Defendant was formalised in proceedings in the UKIPO in 2017 and 2018. In February and October 2017, the Second Defendant applied to register “LOVE INJECTION SOUND” and “LUV INJECTION SOUND”, respectively, as trade marks. The February 2017 application was granted (TM No. 3213529 in classes 9 and 41). The Claimant opposed the October 2017 application (TM Application No. 3261358 in class 41) in January 2018 and also sought to invalidate the granted registration of 3213529, in both cases on the grounds of bad faith and passing off.
6. The matter proceeded to an oral hearing at the UKIPO before the Hearing Officer Mark Bryant (“the Hearing Officer”) over the course of a long day, during which eight witnesses attended and were cross examined: the Claimant, the Second Defendant and three witnesses on each side. The Claimant was represented by professional legal advisors, and the Second Defendant was in person.
7. By a decision dated 27 June 2018 the Hearing Officer upheld the Claimant’s objections, finding that use of the marks LOVE INJECTION and LUV INJECTION could be restrained by the Claimant by virtue of the law of passing off, and that both the application and registration were made in bad faith (“**the Decision**”). As part of the Decision the Hearing Officer found that the Group had operated as a partnership at will and that the goodwill in the Name was held as an asset of the partnership. The Second Defendant did not appeal the Decision.

8. Notwithstanding these findings, it is not disputed that the Second Defendant has continued to use the marks LUV INJECTION and LOVE INJECTION.

### **PLEADED CASE**

9. The Claimant claims:
  - i) passing off by the Defendants by use of the signs LUV INJECTION, LUV INJECTION SOUND, LOVE INJECTION and LOVE INJECTION SOUND;
  - ii) that use by the Defendants of certain musical records of performances of the Group (“dub plates”) as part of the performances of the Defendants passes their group off as the Claimant’s group; and
  - iii) that the Second Defendant’s trade mark registration no UK 00003212085 for the mark LUV INJECTION SOUND in Class 9 with registration date 10 February 2017 constitutes an instrument of fraud in the hands of the Second Defendant and should be transferred to the Claimant or cancelled.
10. The Claimant seeks an injunction against further passing off by the Defendants, transfer of the dub plates, transfer or cancellation of trade mark UK 00003212085 and damages or an account of profits at the Claimant’s election. The Claimant claims against the First Defendant as a primary tortfeasor in its own right in connection with his actions promoting the Second Defendant’s group, or alternatively as a joint tortfeasor, as the First Defendant and the Second Defendant are acting pursuant to a common design.
11. The Defendants seek to defend the present action by asserting that: (i) the Second Defendant is the owner of the goodwill in the Name (contrary to the Decision of the UKIPO); and (ii) the Second Defendant has the right to continue to use the signs in question as they no longer operate to indicate the band but rather two bands (an argument not raised before the UKIPO).

12. The Second Defendant also counterclaims for an injunction against the Claimant's use of the Name, on the basis that his assertion that he owns the goodwill in the Name entitles him to prevent the Claimant from using it. The Defendants also counterclaim for distribution of the assets of the partnership Group, which it says ceased in 2016.
13. It is the Claimant's pleaded position that the Defendants are precluded from raising the points in the defence for the reasons of cause of action and issue estoppel as well as *Henderson v Henderson* abuse of process.

### **THE ISSUES IN THE CLAIM**

14. As is the practice in IPEC, the issues in the claim and counterclaim were identified at a Case Management Conference before me on 6 March 2020 and set out in a schedule to the directions order of the same date. That schedule is attached as an Annex to this judgment.

### **THE DECISION**

15. Section 3(6) and section 5(4)(a) of the Trade Marks Act 1994 ("**the Act**") provide as follows:

"3(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith."

"5(4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade...

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of an earlier right in relation to the trade mark."

16. The Decision refers to the Group as "the sound", the Claimant as "Party B" and the Second Defendant as "Party A". When quoting from the Decision, I have changed the references from 'Party B' and 'Party A' to 'the Claimant' and 'the Second Defendant' to avoid confusion.

17. The Hearing Officer made, so far as is relevant, the following findings:
- i) The relevant date for assessing if section 5(4)(a) of the Act applies was the date of application for registration or, if there is a priority date, that date. Accordingly, the relevant date for the contested application was 4 October 2017 and for the contested registration was 17 February 2017 (paragraph 45) (“**the Relevant Dates**”);
  - ii) There was no claim to a competing goodwill identified by the marks. In the absence of any counterclaim to an earlier or concurrent goodwill on the part of the Second Defendant, the Relevant Dates are the only two dates which are relevant for assessing the issue of passing off in the UKIPO proceedings (paragraph 47);
  - iii) The Claimant was a person with a proprietorial interest in the goodwill generated by the Group LUV INJECTION by virtue of being one of a number of members of the Group (paragraph 50);
  - iv) The Group was “an unincorporated association and a partnership at will” (paragraph 57). This is a source of some confusion and I will return to this below;
  - v) Goodwill was owned by the partnership not the individual members of it (paragraph 57 of the Decision, applying *Byford v Oliver & Anor* (SAXON trade mark) [2003] EWHC 295 (Ch) per Lewison J (as he then was) at paragraph 33);
  - vi) The goodwill in the Name was not transferred solely to the Second Defendant after the Split (paragraph 58);
  - vii) At the Relevant Dates, the Claimant together with the other members of the Group, owned the goodwill in the Name (paragraph 58);
  - viii) Use of the marks by the Second Defendant will amount to misrepresentation leading to damage (paragraph 60);

- ix) The Second Defendant was not legitimately permitted to obtain the trade mark registrations in his own name unless it was done on behalf of the other members of the Group or with their consent (paragraph 65); and
  - x) The Second Defendant's registration and attempt to register the marks without the knowledge of the other members of the Group amounts to an act in bad faith (paragraph 65).
18. Accordingly, the Hearing Officer found that the Claimant had been successful in his actions based upon Sections 5(4) and 3(6) of the Act. He refused the application and invalidated the registration. The Hearing Officer ordered the Second Defendant to pay a contribution towards the Claimant's costs of some £2,500, a sum which I understand has not been paid.
19. As mentioned in paragraph 17(iii) above, the Hearing Officer's findings about the manner in which the Group was organised have caused some confusion in the manner in which he expressed himself. The Claimant's case, as the Hearing Officer set out in paragraph 49 of the Decision, was that the Group was an unincorporated association and the members of the Group were the owners of all of the goodwill in the Name. Accordingly, it was the Claimant's case that he was a co-owner of the goodwill and a co-proprietor of the earlier right relied on, as an original and ongoing member of the Group. The Second Defendant's case was that he was the founder of the Group and the Hearing Officer found that although not fully pleaded, his case was that he held all of the goodwill in the Group, which remained with him after the Split.
20. The Hearing Officer considered the difference between unincorporated associations and partnerships at will from paragraph 36 to 40 of his Decision and it is clear that it was an issue that he canvassed in submissions, as he records at paragraph 37 that he granted leave to Mr Wood, acting for the Claimant, to provide a written submission on the subject. The Hearing Officer considered definitions that Mr Wood provided him with from a government website (in respect to unincorporated associations) and in

section 1(1) Partnership Act 1890 (in respect of partnerships), and concluded at paragraphs 39 and 40:

“[39] Generally, a “partnership at will” is understood as being an informal arrangement whereby there is no fixed or formal arrangement with regard to the activities of the partnership.

[40] It therefore appears to me that a partnership at will is a subset of unincorporated associations.”

21. From this it appears that the Hearing Officer was taking the very widest possible meaning of an unincorporated association, as being an association of persons not being a company, thus encompassing within it the concept of partnership, whereas the Claimant was using unincorporated association in the narrower and more commonly understood way as being a different legal entity to a partnership.

22. The Hearing Officer stated at paragraph 54 of the Decision:

“At this stage, it is useful to understand the nature of groups such as the sound Luv Injection and the goodwill that such groups generate. Firstly, whilst proof of ownership of the goodwill may provide a definitive answer (something that is absent in the current case), perhaps it is more important to ask who is perceived by the public as being responsible. In the current case, as with music bands more generally, the public would blame the sound’s members themselves if their quality was not good. Further it is [the Claimant’s] case that, as an unincorporated association, the goodwill generated by the sound is owned by its members in undivided shares. This is somewhat typical of the way music groups are formed, with no formal agreement in place. **In such circumstances, the members usually constitute a “partnership at will” unless there was an agreement to the contrary**” (my emphasis).

23. It is not clear from where the Hearing Officer gained the idea that members of a music group formed as an unincorporated association “usually constitute” a partnership at will but it is manifestly not correct. However, from this statement the Hearing Officer continued get into difficulties, leading to his finding at paragraph 57:

“The evidence is insufficient for me to conclude that there was a verbal agreement in place between the members of the sound and [the Second



Defendant] to the effect that he owned the goodwill generated by the sound. In the absence of such evidence, **I find that, as an unincorporated association and a partnership at will, the goodwill resided with the changing members of the sound”** (my emphasis).

24. The part I have emphasised sets out the difficulty the Hearing Officer has got himself into. The goodwill would reside with the changing members of the Group if the Group were an unincorporated association in the narrower meaning of the term as used by the Claimant, but that would not encompass partnerships at will. If he is making a finding of a partnership at will, as he appears to be, then his statement that the goodwill resided with the changing members of the Group is not correct, as is made explicit in the authority he quoted in his next sentence, *Saxon*. That sets out very clearly that goodwill held in a partnership does not reside with the changing members of a partnership. *Saxon* was an appeal from the decision of a hearing officer, Mr Foley, in invalidation proceedings. It too involved a dispute between former members of a band (called *Saxon*) about the extent to which each was entitled to continue to perform under the name and to what extent, if at all, each was entitled to the exclusive rights given by registration of a trade mark.

25. Laddie J stated the following at paragraph 19:

“In my view, Mr Foley's views as to ownership of the name SAXON and the goodwill associated with it are not correct. There is no dispute that the group was a partnership at will in the 1980's. The name and goodwill were assets of the partnership. All the partners have or had an interest in those and all other assets of the partnership, but that does not mean that they owned the assets themselves. Absent a special provision in the partnership agreement, the partners had an interest in the realised value of the partnership assets. On dissolution of the original partnership, which is what happened when Mr Dawson departed in 1985, he and all the other partners were entitled to ask for the partnership assets to be realised and divided between them in accordance with their respective partnership shares. But none of them "owned" the partnership assets. In particular, none of them owned the name SAXON or the goodwill built up under it. The position would be very different if all the members of the original group had been performing together, not as partners, but as independent traders. In such a case, each may well have acquired a discreet interest in

the name and reputation which he could use against third parties but not against the other owners. An example of this is *Dent v Turpin* (1861)2 J&H 139. Similarly, when Mr Oliver left in 1995, the then partnership dissolved. He had an interest in the realisation of that partnership's assets, but he did not own in whole or in part the partnership name and goodwill.”

26. That makes clear that in a partnership at will, goodwill is a partnership asset in which the partners have an interest but are not themselves owners, and that continues to be a partnership asset if and when the partnership dissolves, as would be the case when a partner leaves. I am very conscious that I am not hearing an appeal from the decision Hearing Officer, but this misdirection is of relevance to the issues for this application. In fact, as I will come to show, his misdirection does not form part of the ratio of his decision, which is set out at paragraph 58 of the Decision. The Hearing Officer cited *Saxon* in the following way:

[57] ...Mr Wood referred to the leading authority relating to partnerships at will, namely *SAXON* trademark... in particular, I take accounts of the comment of Laddie J in paragraph 33 when he stated:

“Mr Dawson's historical connexion with the original band in the 1980s would be no defence. Second, if and to the extent there is any residual goodwill in the original band, as Mr Dawson and Mr Oliver allege, that is owned by the partnership, not the individual members of it...”

[58] As a consequence of my finding, the members of the sound, including [the Claimant] himself, were the owners of the goodwill up until 2016 when the sound split. It is not necessary to consider what happened regarding the ownership of the goodwill at that point other than to satisfy myself that it was not transferred solely to [the Second Defendant] ... Having found that, up until the split, the goodwill was owned by the members of the sound, there would have had to be an agreement to transfer the ownership to [the Second Defendant] at the time of the split. This, self-evidently, did not occur. Therefore, at the relevant date in these proceedings, namely the 17 February 2017 and 4 October 2017, [the Claimant], together with the other members of the sound, had the requisite goodwill, even if this could have been diminished to a degree by the ceasing, or reduction, of the sound's activity between the split in 2016 and the relevant date.

27. This finding of the Hearing Officer that “[the Claimant]... and other members of the sound” “had” the goodwill at the Relevant Dates is a reference, I think, to the members of the Group before the Split, rather than to any group that the Claimant continued with after the Split. In other words, it included the Second Defendant. I reach this conclusion because the Hearing Officer went on to state:

[59] If [the Second Defendant’s] assertion that it was [the Claimant] and Mr Higgins who left the sound in 2016 is correct (but it is hotly disputed), and [the Second Defendant] was left as one of the “last man standing” in the LUV INJECTION sound, it would not impact upon my findings regarding goodwill. As referred to, at the hearing, by Mr Wood, Geoffrey Hobbs, sitting as the Appointed Person, in ANIMAL Trade Mark, BL-O-369-13, paragraph 33, commented that:

“It was, as I have said, open to the opponent as one of the ‘last men standing’ to invoke the law of passing off for the protection of the goodwill and reputation to which they were collectively entitled. The fact that the applicant was also one of ‘the last men standing’ did not enable him to lay claim individually to the whole of the benefit of their goodwill and reputation by registering THE ANIMALS as his trade mark for live and recorded performances. The evidence on file does not show that he was free by virtue of devolution or dissipation or on the basis of any relevant authorisation or consent to apply for registration of the trade mark in his own name.””

28. Accordingly, it seems to me that the Hearing Officer left undetermined the issue of what happened to the goodwill after the Split, and so did not, finally, determine that the goodwill “resided with the changing members of the Sound” as he misdirected himself in paragraph 57. To summarise, therefore, I consider that the Hearing Officer:

- i) Found that the Group was operated by its members before the Split, including the Claimant and the Second Defendant, as a partnership at will; and
- ii) Found that the goodwill in the Name resided in that partnership.

29. I also note that the Hearing Officer did not determine the identities of the partners at the time of the Split, or determine the dispute of whether the

Claimant left the Group which continued with the Second Defendant or the Second Defendant left the Group which continued with the Claimant. In either case, however, as a matter of law, the partnership which existed immediately before the Split would have dissolved as a result of the Split.

## **THE LAW**

### ***Strike out and Summary Judgment***

30. The High Court has inherent jurisdiction to strike out any claim, or any part of a claim, which constitutes an abuse of the processes of the Court.
31. Whether strike out or summary judgment, the burden is on the Claimant to satisfy the court on the civil standard, i.e. the balance of probabilities.

### ***Res Judicata***

32. Both parties rely on the case of *Virgin Atlantic Airways Ltd v Zodiac Seats UK Ltd* [2014] A.C. 160, [2013] UKSC 46 at paragraphs 17 to 26.
33. At paragraph 17 of Lord Sumption's judgment (with whom Lady Hale, Lord Carnwath and Lord Clarke agreed) he provided this description of the doctrine of res judicata (with which description Lord Neuberger also agreed):

“Res judicata is a portmanteau term which is used to describe a number of different legal principles with different juridical origins. As with other such expressions, the label tends to distract attention from the contents of the bottle. The first principle is that once a cause of action has been held to exist or not to exist, that outcome may not be challenged by either party in subsequent proceedings. This is "cause of action estoppel". It is properly described as a form of estoppel precluding a party from challenging the same cause of action in subsequent proceedings. Secondly, there is the principle, which is not easily described as a species of estoppel, that where the claimant succeeded in the first action and does not challenge the outcome, he may not bring a second action on the same cause of action, for example to recover further damages: see *Conquer v Boot* [1928] 2 KB 336. Third, there is the doctrine of merger... Fourth, there is the principle that even where the cause of action is not the same in the later action as it was in the earlier one, some issue which is necessarily common to both was decided on the earlier occasion and is binding on the parties: *Duchess of Kingston's Case* (1776) 20 St Tr 355. "Issue estoppel"

was the expression devised to describe this principle by Higgins J in *Hoysted v Federal Commissioner of Taxation* (1921) 29 CLR 537, 561 and adopted by Diplock LJ in *Thoday v Thoday* [1964] P 181, 197-198. Fifth, there is the principle first formulated by Wigram V-C in *Henderson v Henderson* (1843) 3 Hare 100, 115, which precludes a party from raising in subsequent proceedings matters which were not, but could and should have been raised in the earlier ones. Finally, there is the more general procedural rule against abusive proceedings, which may be regarded as the policy underlying all of the above principles with the possible exception of the doctrine of merger.”

34. Four of the six principles identified by Lord Sumption are engaged by the Claimant in this application, namely cause of action estoppel, issue estoppel, the principle in *Henderson v Henderson*, and abuse of process.
35. At paragraph 25 of *Virgin*, Lord Sumption explained the distinction between res judicata as classically understood, and abuse of process:

“Res judicata and abuse of process are juridically very different. Res judicata is a rule of substantive law, while abuse of process is a concept which informs the exercise of the Court's procedural powers. In my view, they are distinct although overlapping legal principles with the common underlying purpose of limiting abusive and duplicative litigation. That purpose makes it necessary to qualify the absolute character of both cause of action estoppel and issue estoppel where the conduct is not abusive. As Lord Keith put it in *Arnold v National Westminster Bank plc* [1991] 2 AC 93 at p 110G, “estoppel per rem judicatam, whether cause of action estoppel, or issue estoppel is essentially concerned with preventing abuse of process”.

### ***Estoppel***

36. At paragraph 20 of his judgment in *Virgin*, Lord Sumption cited the “*classic distinction between cause of action estoppel and issue estoppel*” explained by Lord Keith of Kinkel in *Arnold v National Westminster Bank plc*:

“Cause of action estoppel arises where the cause of action in the later proceedings is identical to that in the earlier proceedings, the latter having been between the same parties or their privies and having involved the same subject matter. In such a case the bar is absolute in relation to all points decided unless fraud or collusion is alleged, such as to justify setting aside the earlier judgment. The discovery of new

factual matter which could not have been found out by reasonable diligence for use in the earlier proceedings does not, according to the law of England, permit the latter to be reopened.

Issue estoppel may arise where a particular issue forming a necessary ingredient in a cause of action has been litigated and decided and in subsequent proceedings between the same parties involving a different cause of action to which the same issue is relevant, one of the parties seeks to reopen that issue.”

37. At paragraph 22, Lord Sumption stated that *Arnold* was authority for the following propositions:

“(1) Cause of action estoppel is absolute in relation to all points which had to be and were decided in order to establish the existence or non-existence of the cause of action.

(2) Cause of action estoppel also bars the raising in subsequent proceedings of points essential to the existence or non-existence of the cause of action which were not decided because they were not raised in the earlier proceedings, if they could with reasonable diligence and should in all the circumstances have been raised.

(3) Except in special circumstances where this would cause injustice, issue estoppel bars the raising in subsequent proceedings of points which (i) were not raised in the earlier proceedings or (ii) were raised but unsuccessfully. If the relevant point was not raised, the bar will usually be absolute if it could with reasonable diligence and should in all the circumstances have been raised.”

38. Lord Sumption reiterated in paragraph 32 that cause of action estoppel is absolute “*only in relation to points actually decided on the earlier occasion*”.

39. Both parties also rely on the case of *Special Effects Limited v L’Oréal SA and Others* [2007] EWCA Civ 1. In this, the Court of Appeal considered the question of estoppel arising from earlier UKIPO proceedings. The case concerned the question of whether a defendant which had unsuccessfully opposed registration of a trade mark could challenge the validity of that trade mark in subsequent infringement proceedings. The court concluded that normally a defendant could make such a challenge, but there might be

circumstances in which to do so was an abuse of process - see paragraphs 75 to 79 of the judgment of Lloyd LJ:

“[75] This type of abuse of process argument is generally mounted where a party seeks to put forward a claim, defence or argument which it has not relied on before, but it is said that it could have done on an earlier occasion. Usually, if the point had been taken before, it gives rise to an issue estoppel, if not a cause of action estoppel. In principle, however, it could be an abuse of process to raise the same arguments again, if for some reason the defeat of the point on the first occasion does not preclude it being raised again on grounds of estoppel. No doubt Lord Bingham would have said the same about such a case. In deciding whether trying again would be an abuse it must be relevant to consider why the first attempt is not the basis for an estoppel.

[76] It seems to us that it is also relevant to consider what is at stake at each stage. In opposition proceedings in the Registry the consequences of failure for the opponent (leaving aside the abuse of process argument) is that the trade mark will be registered, though subject to the possibility of a later declaration of invalidity under section 47, at the suit either of the opponent or of some other party. It does not, as an infringement action could, lead to a financial liability and an injunction to stop the use of the opponent's own marks. In those circumstances it seems to us that the potential opponent could reasonably take the view that more limited resources should be deployed on opposition proceedings as compared with that which would be involved in court proceedings for infringement with a counterclaim for invalidity. That would also be consistent with the attitude that proceedings in the Registry are designed to be economical and expeditious, with limited costs recovery for the successful party.

[77] Given the nature of opposition proceedings as being, essentially, preliminary (so as not to lead to a final decision, as discussed above) and given the manner in which they are generally conducted, as they were in the present case, and applying Lord Bingham's tests in the circumstances of this case, it seems to us that it would be wrong to regard it as an abuse of process for L'Oréal to seek to raise by way of counterclaim the grounds of invalidity on which it relied in the opposition proceedings, or to rely on the prior use which it had alleged in the opposition (and would rely on in support of the claim as regards invalidity) also as the basis of a passing off claim. If, as we have concluded, the legislation does not preclude the same party from seeking a declaration of invalidity, having failed in opposition, it seems to us that the circumstances would need to be unusual to justify holding that a party who did take advantage of the second opportunity provided by the legislation is abusing the process of the court. We were

told that sometimes opposition proceedings are conducted in a manner similar to that of High Court litigation, with Counsel representing the parties and with disclosure and cross examination. We could imagine the possibility that, if issues had been fought in that way in the Registry on an opposition, it might then be properly regarded as an abuse to fight the same issues again in court.”

40. The Claimant also relies on the case of *Evans & Anor (t/a Firecraft) v Focal Point Fires Plc* [2009] EWHC 2784 (Ch) as authority that invalidation proceedings may create cause of action and issue estoppel. The distinction between *L'Oréal* and *Evans* appears to be that opposition proceedings do not generally give rise to an issue estoppel because they are “*inherently not final*” (although I note the caveat in the last sentence of paragraph 77 of *L'Oréal*), whereas invalidation proceedings are final and so may give rise to issue estoppel.
41. I take from the authorities that where there are arguments of cause of action and/or issue estoppel, and abuse of process, in relation to previous proceedings, the Court should first consider estoppel, and then should go on to consider whether that estoppel is qualified because the conduct is not abusive (per *Virgin* at [25]) or whether, even though the Court finds no estoppel, there is in any event an abuse of process (per *L'Oréal* at [75]).

***Abuse of Process and the principle in Henderson v Henderson***

42. Lord Sumption considered the principle in *Henderson v Henderson* at paragraphs 18 to 21 and 23 to 26 of his judgment in *Virgin*, citing p115 of *Henderson v Henderson* at paragraph 18 of his judgment:

“In trying this question I believe I state the rule of the Court correctly when I say that, where a given matter becomes the subject of litigation in, and of adjudication by, a Court of competent jurisdiction, the Court requires the parties to that litigation to bring forward their whole case, and will not (except under special circumstances) permit the same parties to open the same subject of litigation in respect of matter which might have been brought forward as part of the subject in contest, but which was not brought forward, only because they have, from negligence, inadvertence, or even accident, omitted part of their case. The plea of *res judicata*



applies, except in special cases, not only to points upon which the court was actually required by the parties to form an opinion and pronounce a judgment, but to every point which properly belonged to the subject of litigation, and which the parties, exercising reasonable diligence, might have brought forward at the time... Now, undoubtedly the whole of the case made by this bill might have been adjudicated upon in the suit in Newfoundland, for it was of the very substance of the case there, and prima facie, therefore, the whole is settled. The question then is whether the special circumstances appearing on the face of this bill are sufficient to take the case out of the operation of the general rule...”.

43. The principle in *Henderson v Henderson* is one form of abuse: see *Johnson v Gore-Wood* 2002 2 A.C. 1 at paragraph 31:

“*Henderson v Henderson* abuse of process, as now understood, although separate and distinct from cause of action estoppel and issue estoppel, has much in common with them. The underlying public interest is the same: that there should be finality in litigation and that a party should not be twice vexed in the same matter. This public interest is reinforced by the current emphasis on efficiency and economy in the conduct of litigation, in the interests of the parties and the public as a whole. The bringing of a claim or the raising of a defence in later proceedings may, without more, amount to abuse if the court is satisfied (the onus being on the party alleging abuse) that the claim or defence should have been raised in the earlier proceedings if it was to be raised at all. I would not accept that it is necessary, before abuse may be found, to identify any additional element such as a collateral attack on a previous decision or some dishonesty, but where those elements are present the later proceedings will be much more obviously abusive, and there will rarely be a finding of abuse unless the later proceeding involves what the court regards as unjust harassment of a party. It is, however, wrong to hold that because a matter could have been raised in earlier proceedings it should have been, so as to render the raising of it in later proceedings necessarily abusive. That is to adopt too dogmatic an approach to what should in my opinion be a broad, merits-based judgment which takes account of the public and private interests involved and also takes account of all the facts of the case, focusing attention on the crucial question whether, in all the circumstances, a party is misusing or abusing the process of the court by seeking to raise before it the issue which could have been raised before.”

### **The parties' submissions and determination by issue**

44. I note here that the Claimant submits that, to the extent that the Court is to find that a cause of action or issue is res judicata because of UKIPO proceedings in which the Claimant and Second Defendant were parties, the First Defendant should also be bound by that decision because it is a privy to the Second Defendant who is the sole director, shareholder and guiding mind of it. I note that the First Defendant was only incorporated on 8 May 2019. The Defendants have made no submissions against that argument, and accordingly I accept it.

### ***Cause of action estoppel***

#### Submissions

45. The Defendants' case, as set out at paragraph 30 of Mr Hicks' written submissions in reply, is that there can be no cause of action estoppel because the causes of action in the UKIPO proceedings and the claim are different. Mr Hicks submits for the Defendants that the causes of action in the UKIPO proceedings were (a) whether an application should proceed to registration and (b) whether an existing registration is valid. In these proceedings, he submits, the Claimant's causes of action are (a) passing off and (b) a claim that another trade mark registration belonging to the Second Defendant is invalid or should be transferred to the Claimant and (c) a claim that the 'dub plates' be transferred to the Claimant.

46. The Claimant acknowledges both in the Reply and at paragraph 19 of Mr Wood's written submissions that it may be correct that there is no cause of action estoppel or issue estoppel from the opposition decision.

#### Determination

47. In my analysis, the question of whether a cause of action estoppel arises out of the earlier opposition proceedings is answered in the negative by the Court of Appeal at paragraph 49 of *L'Oréal*. The discussion in the preceding two paragraphs is also instructive:

“[47] It is easy enough to identify the cause of action in the present proceedings: the Claimant alleges infringement, and the Defendants (making no distinction between them for present purposes) defend and counterclaim on the basis of invalidity and passing off. What was the cause of action in the opposition proceedings? Mr Carr submitted that there was no cause of action, properly so called, in those proceedings.

[48] He cited in support of that proposition *Buehler AG v Chronos Richardson Ltd* [1998] RPC 609, a decision of the Court of Appeal about whether an unsuccessful opposition in the European Patent Office gave rise to a cause of action estoppel barring the opponent from alleging invalidity as a defence to an infringement action. Aldous LJ held that cause of action estoppel did not apply because the causes of action were not identical. As regards the cause of action in the opposition proceedings, he said this at page 616:

"Before the Opposition Division of the European Patent Office, the cause of action, if it be a cause of action, was whether the patent should be maintained or revoked pursuant to the jurisdiction given to the Opposition Division by articles 100 to 102 [of the European Patent Convention]."

He went on to hold, more fundamentally, that the decision in the opposition proceedings was not final. We will revert to that point.

[49] In our judgment Aldous LJ was right to doubt whether a cause of action was involved in opposition proceedings. Issues certainly arose, but it seems to us that to describe the applicant for registration as having a cause of action for registration would be an inappropriate and artificial use of language. The same is true of the opponent, who does not, it seems to us, have a cause of action at that stage for preventing the registration applied for. We do not consider that cause of action estoppel can apply in the present circumstances.”

48. Accordingly, I accept the Defendants’ submission that there is no cause of action estoppel arising from the opposition proceedings, albeit not for the reason that Mr Hicks argues. It is not that the causes of action in the opposition proceedings were “whether an application should proceed to registration” and therefore different to those arising in the claim, but rather, per *L’Oréal*, that the Second Defendant did not have a cause of action at the stage of opposing registration, and without a cause of action, it follows that no cause of action estoppel could arise from the opposition proceedings to have effect in these proceedings.

49. What of cause of action estoppel arising from the previous invalidity proceedings? I remind myself that Diplock LJ in *Thoday v Thoday* at 197-198 described cause of action estoppel as:

“...that which prevents a party from asserting or denying, as against the other party, the existence of a particular cause of action, the non-existence or existence of which has been determined by a court of competent jurisdiction in previous litigation between the same parties”.

50. Or, as Lord Sumption put it in *Virgin*, once a cause of action has been held to exist, that outcome may not be challenged by either party in subsequent proceedings, and it precludes a party from challenging the same cause of action in subsequent proceedings. The Claimant makes no detailed written submissions in relation to cause of action estoppel arising from the invalidity proceedings, and so I am left with the pleaded assertion. I accept, as the Defendants’ submit, that the cause of action in the invalidity proceedings is different to the cause of action in this case. The cause of action in the invalidity proceedings is whether the existing registration is invalid because the Claimant can assert an earlier right to prevent its use by virtue of the law of passing off (section 5(4)(a) of the Act), which is not identical to the current claim of passing off arising from certain acts complained of.

51. However, I keep returning to Lord Diplock’s and Lord Sumption’s definitions. Is it the case that the Hearing Officer in the invalidity proceedings determined that passing off existed in the circumstances of that case? Yes, because that was a necessary ingredient in determining the cause of action in those proceedings. Does that not preclude the Second Defendant from challenging that outcome in subsequent proceedings? On balance, I find that there is no cause of action estoppel because in the invalidity proceedings passing off was not the cause of action but the issue, and Lord Keith’s ‘classic’ statement of cause of action estoppel in *Arnold* specifies that the cause of action in the later proceedings is identical to that in the earlier. However, this analysis leads me inexorably to the conclusion that there is an issue estoppel arising from it.

52. Furthermore, neither party seeks to argue in their written submissions that there is a cause of action estoppel in relation to the Claimant's claim for transfer or cancellation of the Second Defendant's registered trade mark UK085 or the claim for passing off in relation to the 'dub plates'.

### *Issue estoppel*

#### Submissions

53. The Defendants accept that since the invalidity proceedings before the UKIPO were final, they may in principle give rise to an issue estoppel.
54. The Defendants' submissions are summarised at page 43 of Mr Hicks's written submissions:
- i) Issue estoppel can only arise in relation to the invalidity proceedings: *L'Oréal*.
  - ii) The doctrine does not apply where there are special circumstances which would cause injustice.
  - iii) The ultimate issue for determination in the invalidity proceedings was the situation as at February 2017 on the basis of notional and fair use of the mark across its full range of goods and services as at that date. By contrast, the claim for passing off is in respect of the actual use by the Defendants. In light of the Claimant's evidence given in the UKIPO proceedings that the parties agreed to co-exist in May 2017, the Defendants must at least be entitled to raise the defence of co-existence: paragraph 35(2) of the Defence.
  - iv) If the parties are bound by the Decision as to who owned the goodwill at the date of the split in 2016 and whether it was transferred to the Second Defendant, the decision determined that:
    - a) The goodwill was owned by a partnership (at will). It does not decide who the members of that partnership were;
    - b) The goodwill belonging to the partnership was not transferred to the Second Defendant.
  - v) That aspect of the decision does not detract from the Defendants' position that they must at least be entitled to raise the defence of co-existence.

- vi) The Claimant's position is inconsistent. On the one hand he says that the Second Defendant is bound by the Decision so that the Second Defendant has no defence to a passing off claim, but on the other hand he does not consider himself bound by the Decision that the goodwill was owned by the partnership because he brings the claim in his own name and says that part of the Decision was wrong.
55. In addition, the Defendants submit, the Decision is not clear as to who the members of the Group (as a partnership) were. The Defendants say that on any basis they obviously included the Claimant and the Second Defendant. However, in paragraph 13(4) of his Reply, the Claimant suggests there was a finding that the reference to the Group being owners of the goodwill excludes the Second Defendant. This assertion is also inconsistent with the finding that the group was a partnership at will.
56. The Defendants submit that it will cause injustice for the Claimant to claim that the Second Defendant is bound, when he himself is not bound and indeed claims that this part of the Decision is wrong. They contend that the court should conclude that there is no issue estoppel which prevents them from arguing any aspect of their defence or counterclaim, but if the Defendants are prevented from arguing any aspect of their defence, the Claimant must also be bound and prevented from disputing that the Group was a partnership which owned the goodwill. He is therefore not entitled to bring passing off proceedings, because the goodwill belonged to the partnership and he does not bring those proceedings on behalf of the partnership.
57. The Claimant submits that in consequence of the Decision, the following was said to be precluded by the law of passing off:
- i) The sign LOVE INJECTION SOUND injection sound in respect of "hifi sound systems; Music recordings" and "Entertainment; Entertainment by means of roadshows; Entertainment services provided at night clubs; Entertainment in the form of recorded music; Entertainment services provided at discotheques"
  - ii) The sign LUV INJECTION SOUND in respect of "Entertainment; Entertainment by means of concerts; Entertainment club services; Entertainment in the form of live musical performances; Entertainment

in the form of recorded music; Entertainment services provided at discotheques; Entertainment services provided at night clubs”

58. The Claimant submits that the invalidation decision related to the mark LOVE INJECTION SOUND was based upon an assertion that the Claimant owned goodwill identified by the signs LUV INJECTION, LOVE INJECTION, LUV INJECTION SOUND and LOVE INJECTION SOUND, whilst the opposition related to the mark LUV INJECTION SOUND. Thus, as part of the invalidation action it was necessary to establish the ownership of the goodwill and whether the use of the marks would be an actionable misrepresentation.
59. The Claimant submits that if the Court finds that there is issue estoppel arising from the invalidation proceedings but not the opposition proceedings, the only limb of the test for passing off for which there is no issue estoppel is whether the use of the signs LUV INJECTION or the logo form of the same would be a misrepresentation when compared with the four signs set out in the paragraph above. In that case, it asks for summary judgement on the matter, it having been finally decided in the invalidation case that use of LOVE INJECTION SOUND would be such a misrepresentation. I will consider this below.
60. The Claimant submits that the Defendants’ argument that they are entitled to relitigate the issue because the Name no longer indicates a single source, is an argument which was open to the Second Defendant to make before the UKIPO. By the time of the filing of the earlier application and registration, he had begun to use the marks in the way complained of, and it was open to him to argue that although the filing date was the relevant date, a Court could consider further developments in deciding whether use would be prevented. He did not advance any such argument.
61. Further, the Claimant submits, this was a long-running dispute and it cannot be appropriate for a party in such a dispute to assert that in the time following complaint, but before judgment, its infringement has been so extensive as to swamp the rights of the Claimant and remove the right to remedy. Mr Wood described this as “*an infringer’s charter and a disastrous*

*situation*” and submits for the Claimant that it would be an abuse of process to force the Claimant to relitigate the matter on new grounds which were available to the Second Defendant in earlier proceedings.

62. In addition, Mr Wood points out that the Claimant was successful once at significant cost, and the small contribution to its costs that the UKIPO ordered the Second Defendant to meet, have not been met. He asks whether, if the Claimant is forced to relitigate, the Court can be satisfied that either Defendant will comply with an order for costs.

### Determination

63. I am satisfied that there has arisen from the invalidation proceedings issue estoppel such that both the Claimant and the Second Defendant are estopped from denying the findings of the Hearing Officer in relation to those proceedings, as I have set them out earlier in this judgment. That is because I am satisfied that to do so would be an abuse of process: these were matters which were fully litigated before the Hearing Officer, who heard four witnesses for each side; the parties had the opportunity to cross-examine each witness; the Hearing Officer gave a written judgment setting out his findings and there has been no attempt to appeal it; there should be finality in litigation; neither the court nor the parties should be vexed with rehearing matters that have been heard and determined by a tribunal of competent jurisdiction. I also take into account as part of the circumstances of the case: that the matters that the Defendants seek to deny include the clear and unambiguous finding that the Second Defendant was not transferred, and does not own, the goodwill in the Name, but despite that he counterclaims for an injunction on the assertion that he does; and that the Second Defendant has not paid the costs awarded to the Claimant by the UKIPO.
64. The Defendants have not satisfied me that there are any special circumstances which mean that the bar on raising in subsequent proceedings points which were not raised in earlier proceedings, would cause them injustice. I accept the Claimant’s submission that the argument about co-existence, and the Name no longer indicating a single source, was an



argument which was open to the Second Defendant to make before the Hearing Officer, particularly in light of the evidence of the Claimant at paragraph 21 of his witness statement that “*we would allow [the Second Defendant] to promote the sound without us and we would promote events where we were playing*”, although I do not find that to be the unambiguous statement of co-existence that Mr Hicks submits it is. It is of some relevance, to my mind, that the Hearing Officer specifically flagged up in his Decision that no argument of such type had been made by the Second Defendant, and it seems more likely than not that he would have checked this point with the Second Defendant, particularly as he was at pains to understand what the Second Defendant’s defence was, and as I set out earlier, accepted it as being wider than specifically pleaded. I am satisfied that the Second Defendant had the opportunity to make that argument, and should, in those circumstances, have made it if he had wished to do so.

65. The inconsistencies of the Claimant in asserting that the Decision is other than as it is written, as highlighted by the Defendants in Mr Hicks’ submissions, are answered by my finding that both parties are bound by the findings of the Hearing Officer. These inconsistencies by the Claimant cannot amount to special circumstances lifting the bar on the Second Defendant from raising new points in subsequent proceedings, in my judgment.
66. The Defendants’ submission that the court should find that the Claimant is not entitled to bring passing off proceedings at all, because the goodwill belonged to the partnership and he does not bring those proceedings on behalf of the partnership, ignores the pleaded case of the Claimant that when the Second Defendant left the Group he took with him certain assets in his possession (including equipment) (paragraph 16 of the Reply) and abandoned any claim to a share in the goodwill (paragraph 24 of the Reply). The ownership of the goodwill after the Split is a matter which I have found was not determined by the Hearing Officer and remains in issue. The burden of proving the claim remains on the Claimant.

### ***Abuse of Process***

67. The Defendants submit that abuse of process adds nothing to the claim to the claimants case on this application: if there is an issue estoppel then the claimant does not need to rely on it; if there is not then it cannot be an abuse of process for the Defendants to argue points which are open to them to argue on the basis that there is no issue estoppel.
68. I have dealt with abuse of process within issue estoppel so there is nothing more for me to add.

***Summary judgment***

69. For the Claimant to succeed in the alternative summary judgment application under CPR 24.2, he must show that the Defendants have no real prospect of succeeding on the claim or any part of it, and there is no other compelling reason why the case should be heard at trial. A real prospect of success is one that is ‘realistic’ or ‘real’ and not fanciful (*Swain v Hillman* [2001] 2 All ER 91, 92) and a fanciful prospect is one which is ‘entirely without substance’, per Lord Hope in *Three Rivers DC v Bank of England* [2001] UKHL 16 at paragraph 95. There does not appear to be an issue between the parties as to the law. A useful summary gleaned from the authorities of the principles which the Court should apply when evaluating whether a party has a real prospect of success was provided by Lewison J (as he then was) in *Republic of Nigeria v Santolina Investment Corporation* [2007] EWHC (Ch), which is set out in Mr Wood’s written submissions.
70. The Second Defendant’s registered trade mark UK028 for LOVE INJECTION SOUND was filed on 10 February 2017 in Class 9 (hifi sound systems, music recordings) but went unnoticed by the Claimant. I accept the Claimant’s submission that the Decision held that the Second Defendant was precluded by the law of passing off from using the sign LOVE INJECTION SOUND injection sound in respect of “hifi sound systems; Music recordings” and so I am satisfied that the Defendants have no real prospect of defending against the claim for cancellation. I give summary judgment on this point.

71. Finally, I return to the Claimant's submission that the only limb of the test for passing off for which there is no issue estoppel is whether the use of the signs LUV INJECTION or the logo form of the same would be a misrepresentation when compared with the four signs set out previously. I accept that it was finally decided in the invalidation case that use of LOVE INJECTION SOUND would be such a misrepresentation, and as such there is no real prospect of the Defendants succeeding on this point.

## **CONCLUSION**

72. Accordingly, I find that:

- i) the Second Defendant's Defence to passing off by use of the signs LUV INJECTION, LUV INJECTION SOUND, LOVE INJECTION and LOVE INJECTION SOUND is struck out, save that summary judgment is given on the point set out in paragraph 71 above, and save to the extent otherwise consistent with this judgement as reflected in the proposed varied Schedule of Issues set out below;
- ii) the Second Defendant's trade mark registration no UK 00003212085 for the mark LUV INJECTION SOUND constitutes an instrument of fraud in the hands of the Second Defendant and shall be cancelled;
- iii) the Second Defendant's counterclaim for an injunction is struck out save to the extent consistent with this judgment as reflected in the proposed varied Schedule of Issues below;
- iv) the Defendants' Defence to the claim of passing off relating to the 'dub plates', and counterclaim for distribution of the assets of the partnership Group, is not struck out and the claim shall continue for determination by the court;
- v) the Schedule of Issues attached to the Order of 6 March 2020 is varied so that it is replaced in its entirety, and I propose the following list of issues:

1. To whom did the goodwill in the Name belong immediately after the split in 2016 and what were the relevant circumstances of the split?
  2. Was the group operated by D2 after the split a continuation of the Group or a new group?
  3. Was the group operated by C after the split a continuation of the Group or a new group?
  4. To whom do the “dub plates” belong?
  5. Does the playing of the dub plates by D2 amount to a misrepresentation causing damage to C?
  6. Should the affairs of the partnership through which the group operated until the split in 2016 (“**the Partnership**”) be wound up in accordance with sections 35 and 44 of the Partnership Act?
  7. Did D2 abandon any claim to the Name and associated goodwill after or during the split in 2016?
73. This judgment is handed down in the parties’ absence, but I will hear any submissions the parties may wish to make on the proposed varied Schedule of Issues, and any consequential orders, at a remote video hearing on 22 June 2020 at 10.30 am.

## ANNEX

### *Issues in the Claim as scheduled to the directions order of 6 March 2020*

Adopting the definitions in the Particulars of Claim and the Defence and the parties being referred to as C, D1 and D2:

1. As at the date of the Group split in 2016 was the Group: (1) a sole trader business of D2; or (2) an unincorporated association (but not a partnership) between C, D2 and others; or (3) a partnership between C, D2 and others?

2. To whom did the goodwill in the Name belong:

(1) immediately before the Group's split in 2016; and

(2) immediately after such split and what were the relevant circumstances of the split?

3. Between the date of the Group's split in 2016 and the date of the issue of the Claim Form who or what entities used the Name and was the use of the Name by either C or D2 for groups of which they were members a misrepresentation by one or other or both of such groups? And in particular: -

(1) Was the group operated by D2 after the split a continuation of the Group or a new group?

(2) Was the group operated by C after the split a continuation of the Group or a new group?

4. Is there a cause of action or issue estoppel which binds some or all of the parties and is it an abuse of process for D2 or D1 to raise a defence to the claim or to raise the counterclaim?

5. To whom do the "dub plates" belong?

6. Does the playing of the dub plates by D2 amount to a misrepresentation?

7. Has C or D2 suffered any damage as a result of any misrepresentation made by the other of them?

8. If the court finds that the Group was a partnership should the affairs of the Partnership be wound up in accordance with sections 35 and 44 of the Partnership Act?

9. If the Group was a partnership are the Names and the goodwill associated with them an asset of the partnership and if so did D2 abandon any claim to such asset after or during the split?

10. Should UK085 be transferred to C or be declared invalid?