

## THE HIGH COURT

[2015 No. 2537P]

BETWEEN:

**GLAXO GROUP LIMITED  
AND  
GLAXOSMITHKLINE (IRELAND) LIMITED T/A ALLEN & HANBURYS**

Plaintiffs

**AND  
ROWEX LIMITED**

Defendant

JUDGMENT of Mr Justice Max Barrett delivered on 15th June, 2015.

**Part I****Introductory Matters.**

1. *Background.* This judgment follows on the court's judgment a month ago in the plaintiffs' failed application for an interlocutory injunction. (See *Glaxo Group Limited & Ors v. Rowex Ltd.* (Unreported, 19th May, 2015. High Court (Barrett J.)). This further judgment is concerned with the issue raised by the court in the interlocutory proceedings as to whether a stay should be granted pursuant to Art.104 of the Community Trade Mark Regulation (i.e. Council Regulation (EC) No. 207/2009 of 26 February 2009 on the Community trade mark, as amended. (O.J. L78, 24.3.2009, p.1), hereafter the "CTMR"). During the hearings that preceded this further judgment, counsel suggested that the court should only consider the Art.104(1) dimension of matters, with any issue as to Art.104(3) to be argued and decided in the future, if required. It was a shrewd suggestion: the court's decision below in respect of Art.104(1) has the result that no decision will be required under Art.104(3).

2. *Nature of instant proceedings and previous findings.* By way of general remark, the court notes that its hearing of counsel in respect of the Art.104(1) issue was not, and was never intended as, an opportunity to place additional material before the court for the purpose of contesting any findings that are contained in the court's judgment of 19th May. It is perhaps worth recalling in this regard that in that judgment the court determined on the basis of the evidence that was before it that (a) damages are an adequate remedy for Glaxo, (b) damages are not an adequate remedy for Rowex, and (c) the status quo ante favours Rowex. In its consideration of the status quo ante, the court had especial regard to the fact that Glaxo, in seeking the interlocutory injunction was effectively asking the court to impose an interlocutory injunction that would set Ireland apart from much of the rest of Europe as regards free trade in AirFluSal, and free trade between it and Seretide in their respective purple liveries.

3. *Article 104.* Article 104 of the CTMR provides as follows:-

*"1. A Community trade mark court hearing an action referred to in Article 96, other than an action for a declaration of non-infringement shall, unless there are special grounds for continuing the hearing, of its own motion after hearing the parties or at the request of one of the parties and after hearing the other parties, stay the proceedings where the validity of the Community trade mark is already in issue before another Community trade mark court on account of a counterclaim or where an application for revocation or for a declaration of invalidity has already been filed at the Office.*

*2. The Office, when hearing an application for revocation or for a declaration of invalidity shall, unless there are special grounds for continuing the hearing, of its own motion after hearing the other parties, stay the proceedings where the validity of the Community trade mark is already in issue on account of a counterclaim before a Community trade mark court. However, if one of the parties before the Community trade mark court so requests, the court may, after hearing the other parties to these proceedings, stay the proceedings. The Office shall in this instance continue the proceedings pending before it.*

*3. Where the Community trade mark court stays the proceedings it may order provisional and protective measures for the duration of the stay."*

4. *The mandatory and the permissive.* The language of Art.104(1) is mandatory. It uses the word "shall" in relation to the grant of a stay and the only derogation it contemplates is the existence of "special grounds for continuing the hearing". This is so obvious from the wording that the court scarcely requires the 'security blanket' of precedent to support its observations in this regard. Even so, the court notes that in the decision of the English High Court in *Guccio Gucci SpA v. Shipton & Heneage Ltd.* [2010] EWHC 1739 (Ch.), Lewison J., at para.16 of his judgment, notes the mandatory nature of the language in Art.104(1) as follows:-

*"The presumption in Article 104 is that the CTM will stay its proceedings where there is an application on foot in OHIM. This is clear from the mandatory language of the paragraph which says the court 'shall' stay its proceedings. The only circumstance in which it may decline stays is if there are 'special' grounds."*

5. In *Starbucks (UK) Ltd. v. British Sky Broadcasting Group plc* [2012] EWHC 1842 (Ch.), a case in which a stay was not granted, Arnold J. identified the following basic propositions in respect of Article 104:-

*"Certain matters are common ground. First, the purpose of Article 104 is to avoid multiplicity of proceedings and inconsistent decisions. Secondly, where Article 104(1) applies, the national court must stay proceedings relating to a Community trade mark unless there are special grounds. Thirdly, the concept of special grounds must be given a uniform and autonomous interpretation as a matter of European law. Fourthly, the special grounds must relate to factual circumstances specific to the given case: see by way of analogy, Case C-316/05 Nokia Corp v Joacim Wårdell [2006] ECR I-12083 at [38]."*

6. By contrast, the use of the word "may" in Art.104(3) is merely permissive as regards the grant of "provisional and protective measures for the duration of the stay". As mentioned above, the court's conclusions as to what ought to happen pursuant to Art.104(1) mean that it is not required to consider Art.104(3) at any length in the within judgment.

**Part II****Some general principles concerning Article 104**

7. There is no Irish case-law on Art.104. However, the courts of England and Wales have had occasion to consider the provision. It seems to the court that the below-mentioned principles can be gleaned from the case-law of our neighbouring jurisdiction and usefully

applied in this jurisdiction also.

8. First, it appears to be accepted by the courts of England and Wales (see, for example, the decision of the Court of Appeal in *Starbucks*, at para.37) that the concept of "special grounds" should be given an autonomous European Union-wide meaning and that, by analogy with Article 102 of the CTMR and the decision of the Court of Justice in *Nokia Corporation v. Wärdell* [2007] 1 CMLR 37, the special grounds should relate to the factual circumstances of each case.

9. Second, the presumption as regards granting a stay is a "strong one". Lewison J.'s observations in this regard in *Guccio Gucci*, at para.18, seem to the court to be worthy of especial mention. Per Lewison J:-

*"In the [then] only case to have considered Article 104 Kitfox Swallow Group v. Great Gizmos Limited [2008] FSR 9, Mann J. said the presumption in favour of a stay in Article 104 was a strong one. I agree. This differs from the EPC which did not make any provision for the stay of national proceedings. Thus, the starting point for the exercise of a discretion in the present case is very different. Unlike the EPC [European Patent Convention], the CTMR has consciously tried to avoid conflict and duplication. The general principle is that the court first seised decides the dispute on the merits and any other court defers to that court. This applies even where the first court seised is dealing with a national trade mark court as opposed to a CTM. So the general principle is that the first in time prevails.*

*In a case where there is potential duplication between a CTM court and OHIM the same principle applies in the absence of special reasons, that is to say, special factual circumstances peculiar to the individual case. 'Special' to my mind connotes something out of the ordinary run of cases. The fact that the CTMR specifically contemplates a stay where there are concurrent proceedings relating both to a CTM and a national trade mark, indicates to my mind that the mere fact that there are concurrent claims cannot be regarded as a special reason. In my judgment, the same must be true where there is a passing off claim tacked on which arises out of substantially the same facts. As the Court said in Nokia, the general national law cannot be regarded as a special reason."*

10. Third, the rationale underpinning Art.104 appears to be that identified by the English High Court in *Hearst Holdings Inc v. AVELA Inc and Others* [2014] EWHC 1553 (Ch.) where Birss J. stated, at paras 22-23:-

*"Articles 109 and 104 of the CTMR are related to Articles 27 and 28 of the Brussels I Regulation. They set up for Community trade marks a scheme with the same structure as the one applicable generally under Articles 27 and 28 of Brussels I. In some situations the court second seised must decline jurisdiction, in other words the result is mandatory. In other situations there is discretion to be exercised. In some situations the exercise of the discretion is heavily circumscribed. When a challenge to the validity of a Community trade mark is already in existence in the first court, which is after all itself a Community Trade Mark Court, the court second seised shall stay the proceedings unless there are special grounds for continuing (Art 104(1)).*

*The purpose of the specific rules in the CTMR about successive actions in trade mark cases is...to reduce or avoid the risk of irreconcilable judgments."*

11. These general principles in mind, the court now turns to consider the particulars of the within proceedings.

### **Part III**

#### **Are there special grounds for continuing the hearing and refusing a stay?**

12. *Other proceedings of relevance.* There is no doubt that Art.104(1) has prima facie been triggered in the present case. There are invalidity and revocation applications pertaining to the Community Trade Mark that is at issue in the within proceedings before both OHIM (on foot of applications brought by EBEWE Pharma Nfg KG GmbH on 14th August, 2014) and the Hamburg District Court (on foot of a counterclaim filed by Sandoz on 1st December, 2014, in proceedings previously commenced by Glaxo on 19th March, 2014). Even so, it appears to the court that there are a number of considerations that, either on their own or cumulatively, militate against the granting in the within proceedings of the stay envisioned in Art.104(1).

13. *An aside on 'special grounds'.* Before proceeding further, the court notes in particular the observations made by the English Court of Appeal in *Samsung Electronics (UK) Ltd. v. Apple Inc.* [2012] EWCA Civ.729, a case that was concerned with wording in Art.91 of Council Regulation (EC) No. 6/2002 of 12th December 2001 on Community Designs (O.J. 05.01.2002, L3, p.1) which is akin to that in Art.104 of the CTMR. In that case, Lloyd L.J. (with whom the other members of the Court of Appeal concurred), observed, at para.49 of his judgment, as follows:-

*"It seems to us that, while it would be rash to attempt to define 'special grounds', something can usefully be said in relation to the legislative policy. The nature and force of the special grounds which would justify not ordering a stay in a given case would need to be such as to make it appropriate to allow proceedings to continue to which article 91(1) applies, thereby opening up the possibility of parallel and active proceedings on the same issue of validity or otherwise, and therefore possible inconsistent decisions on the same point in different courts or as between a Community design court and OHIM. The grounds would have to be of sufficient importance and substance, on the facts of the given case, to justify that risk. In relation to the present case, some features apparent to us might be eligible to be brought into account on this question. (There may well be others). One is that the current proceedings in England do not in fact include any issue as to validity, because Samsung has not responded to Apple's counterclaim, as it could have done, by counterclaiming for a declaration of invalidity. Therefore the proceedings as currently constituted would not result in the English court coming to a decision as to validity which would be even potentially inconsistent with whatever determination was eventually reached (if any) by OHIM. Another relevant factor might be the objectively justifiable need, as found by the judge, for speed in the determination of the claim, though whether that itself justifies allowing the counterclaim to proceed, rather than only the claim, may require further consideration. Moreover, although we do not see that the parties' agreement could itself constitute special grounds, the fact that they do agree, or that Samsung does not object, and that the invalidity proceedings are brought by Samsung, may be a factor which can properly be taken into account."*

14. *Reasons not to grant a stay.* Bearing in mind the above-quoted case-law, the court considers that there are at least five reasons, each of varying strength but cumulatively of some considerable strength, as to why a stay should not be granted in the within proceedings. These are identified hereafter.

15. [1]. Neither of the parties to the within proceedings is seeking a stay. As acknowledged in *Samsung*, this is a factor which can be

taken into account – and the court gives this factor due weight. After all, the law, to be useful, must be realistic; and, for the business community, commercial law is intended as a crutch, not a crucifix. Obviously there are limits to this: the court is the servant of Justice, not of the parties that come before it; and it must apply the law as it finds it, not as it might like it to be. Even so, the court has in mind in this regard the words of Judge (later Lord) Atkin in *Groom v. Barber* [1915] 1 KB 316 at p.325 that “*The object of the courts in construing commercial contracts is to try and give effect to the intention of both the contracting parties and not to impose upon businessmen terms which they never contemplated.*” That observation was made in the private domain of contract law where the since much-expanded concept of the public interest does not perhaps present to the same extent as in other areas of commercial law. But is it such a jump from Atkin J.’s observation to posit as a proposition that the Commercial Court can, subject at all times to what the law requires, be conscious of what commercial parties before it indicate it to be a common desire?

16. [2]. The proceedings before OHIM and the German courts could last many years before they fall to be ultimately determined. Each forum has appellate layers and either side may appeal against determinations with which it is dissatisfied. By contrast, the main trial in the within proceedings is likely to come on during the Michaelmas Term and any appeal that might arise is likely thereafter to be determined by our Court of Appeal in the summer of next year. That is likely to be the end of matters so far as the Irish courts are concerned, and the court is conscious from the hearing of the injunction application that the unfortunate prevalence of asthma and like disorders in Ireland has the result that the Irish market is perhaps of surprising commercial significance to the parties to these proceedings despite our relatively small population as a State. So getting matters resolved quickly and finally in Ireland within the next year or so is a matter of especial, perhaps even singular, value to the parties, and perhaps also the public.

17. The court notes too that while the challenge to the Community Trade Mark before OHIM pre-dates the counterclaim in the German proceedings, the Hamburg District Court has not taken any steps to stay those proceedings pursuant to Art.104(1), and the parties in the German proceedings have not asked it to do so. This means that the policy of avoiding inconsistent decisions that seems to underpin Art.104(1) has not been engaged in respect of Glaxo’s Community Trade Mark. To adapt the words of Lloyd L.J. in *Samsung*, quoted above, it seems that at this time matters have already moved beyond “*the possibility of parallel and active proceedings on the same issue of validity*”. In short, the prospect of challenges to the Community Trade Mark being dealt with in different fora is now a reality; in truth, it already existed when the present proceedings were commenced before the court. On this last analysis, the court would be acting in vain if it granted a stay as the apparent purpose of Art.104.(1) cannot now be achieved.

18. Finally, the court notes in this regard that the chance of inconsistent decisions between the Irish and German courts seems in this case to be less than might at first glance appear. For starters, Rowex, to date, has not issued a counterclaim for invalidity in Ireland and if it decides not to do so there can be danger of inconsistent invalidity decisions as the issue of validity will not be considered by the Irish courts. This absence of a basis for inconsistency was a specific factor to which the English Court of Appeal had regard in *Samsung* (at para.49). That said, the court is conscious that Rowex has indicated that it does intend to introduce a counterclaim for invalidity in the within proceedings. Notably, however, at the time of hearing this matter (and at the still later time of this judgment being written) it has not yet done so. The court has enough to do deciding this case on the facts as they are, rather than how at some future stage they might be. Moreover, even if Rowex does proceed with such a counterclaim – and who among us knows what the future may bring? – it is worth noting that it appears that a German first instance decision will be available to the Irish court before it makes its first instance decision in the main trial of the within proceedings, most likely at the end of Michaelmas Term.

19. [3] The within proceedings are not confined to infringement of the Community Trade Mark as Glaxo has chosen to include a claim in passing off. Although passing off is of course a different cause of action, in the present case there will be many areas of potential overlap between the different causes of action, including whether purple or particular shades of purple are distinctive of Glaxo and its products and whether Glaxo has acquired a reputation for the colour or shades in question. Thus, the parties say, leaving the passing off claim to proceed on its own would mean that little would likely be saved in terms of court-time and costs.

20. While the last-mentioned point may be true, it seems to the court that great care is required in this regard if the harmonising purpose of the CTMR is not to be all but defeated. A brief consideration of some relevant case-law from our neighbouring jurisdiction suffices to show the issue that presents. Thus, in *Starbucks*, Etherton L.J., in the Court of Appeal, firmly rejected the contention that adding passing off to a Community Trade Mark infringement action would be sufficient to constitute a special ground, stating, at para.115, that “*It is commonplace that infringement claims are accompanied by passing off claims That is not a special feature of these proceedings distinguishing them from others for the purpose of compromising the strong policy considerations underlying Article 104(1) and overcoming the high bar for establishing special grounds*”. Counsel for Glaxo has urged in this last regard that the approach of the English High Court is to be preferred. In the High Court decision in *Starbucks*, the addition of passing off to the grounds of claim was treated by Arnold J. as a factor justifying the refusal of a stay. A similar approach was also adopted by Arnold J. in *Enterprise Holdings Inc v. Europcar UK Ltd & Anor* [2015] EWHC 17 (Ch.). And in *Boxing Brands Ltd. v. Sports Direct International plc* [2012] EWHC 3588 (Ch.), Sales J. refused a stay on the basis that where factual issues are in dispute (there on the question of bad faith), an English court’s procedure allows for disclosure and cross-examination of relevant expert witness.

21. Sales J.’s preference for English court procedures may have been justified; this Court is not competent to offer any useful view in this regard. However, it appears to the court that there is another issue that presents, namely that if a stay under Art.104 is continuously to be refused on the basis that a passing-off dimension presents or a particular national court’s procedures are to be preferred in the grander scheme of proceedings presenting, one could quickly arrive at a position in which stays under Art.104 are never granted, and the harmonising effect of the CTMR in the field of intellectual property is considerably weakened – and the member states acting through the medium of the European Union clearly consider that such harmonisation is a desirable end. Consequently, the court, unfettered by considerations of precedent when it comes to English cases, prefers the approach of Etherton L.J. in *Starbucks*, does not accept the approach of the English High Court in this respect, and considers that, at best, the presence of a common law or other local-law dimension to a claim that also features a Community trade mark claim is a factor to be considered but always within the context of the strong presumption as regards granting a stay to which Lewison J. makes reference in *Guccio Gucci*, and the other ‘*communautaire*’ considerations highlighted above. If one might borrow from the Book of Common Prayer, when it comes to the CTMR, what the Community lawmaker has joined together, it is not for Community trade mark courts bit-by-bit to put asunder. When it comes to the present case the court simply notes, for what it is worth, that leaving the passing off claim to proceed on its own would mean that little would likely be saved in terms of court-time and costs.

22. [4]. In *Starbucks*, Arnold J. indicated, at para.64 of his judgment, that the fact that an expeditious determination of all the issues in the litigation there arising was warranted and that the court could provide such a determination, was a further factor supporting the conclusion that there were special grounds that warranted not granting a stay. It seems to the court that precisely the same factor presents in the within proceedings.

23. [5]. Glaxo makes a related point in favour of a stay not being granted by this court under Article 104, viz. the right under Article 47 of the Charter of Fundamental Rights of the European Union to a fair and reasonable hearing within a reasonable time and the like

right arising under Article 6(1) of the European Convention on Human Rights. In this regard, it is worth noting that granting a stay under Article 104 of the CTMR so as to allow matters, *inter alia*, to proceed to completion at OHIM could potentially introduce a delay of close on a decade into the within proceedings. It may be, as Harold Wilson once observed, that a week is a long time in politics. In the law-courts, regrettably, a week often seems but the passing of a moment; a near-decade, however, seems an unacceptably long delay to introduce into any commercial proceedings. And such a potential delay is not some idle fancy of the parties. Commenting on delays at OHIM in *D Jacobson & Sons v. Crocs Inc* [2014] EWHC 987 (Ch.), Warren J. described such delays, at para.43, as “notorious”. The significant delays at OHIM were also taken into account by Sales J. in *Boxing Brands* (at para.49). In an affidavit sworn on 28th May by Ms Joanne Green, a trademark counsel with, and a vice-president of, the GlaxoSmithKline group of companies (of which the plaintiffs are members), the court has been provided with some useful statistical information in this regard. Thus, Ms Green states, at paras.11–14 of her affidavit:-

*“11. I have set out below the timelines for a sample of invalidity actions which I am informed have recently been decided by the General Court of the Court of Justice...and the CJEU. In the Voss case (Voss of Norway ASA v. OHIM, Case C-445/13 P) which was decided in May 2015, the invalidity proceedings took close to 7 years to get a final determination in the Court of Justice. The timeline was as follows:*

*Invalidity application filed in OHIM on 17 July 2008.*

*Application rejected by Cancellation Division of OHIM on 10 March 2010.*

*Board of Appeal decision on 12 January 2011.*

*General Court Judgment on 28 May 2013.*

*Court of Justice Judgment on 7 May 2015.*

*12. In the Louis Vuitton v. OHIM cases (Louis Vuitton Malletier v. OHIM, Case T-359/12 and Louis Vuitton Malletier v. OHIM, Case T-360/12) which were decided in April 2015, proceedings took over 6 years to get a determination in the General Court. The timeline was as follows:*

*Invalidity application filed in OHIM on 28 September 2009.*

*Application rejected by Cancellation Division of OHIM on 11 July 2011.*

*Board of Appeal decision on 4 May 2012.*

*General Court Judgment on 21 April 2015.*

*13. In the Enercon v. Gamesa Eólica case (Enercon GmbH v. Gamesa Eólica SL, Case C-/35/14P) which was decided in February 2015, proceedings took close to 6 years to get a determination in the General Court. The timeline was as follows:*

*Invalidity application filed in OHIM on 26 March 2009.*

*Application rejected by Cancellation Division of OHIM on 8 December 2010.*

*Board of Appeal decision on 1 March 2012.*

*General Court Judgment on 12 February 2015.*

*14. Although the duration of each invalidity action initiated before OHIM will vary due to the differing facts of each case, I am advised that actions can potentially be lengthened by the delay of either party.”*

24. The court does not consider it necessary to, and does not, rule on whether there is any breach of the EU Charter or the European Convention on Human Rights that arises on the facts of the present application. However, the profound significance of each of the Charter and Convention is such that it seems to the court that the possibility that such a breach may arise, by reference to the factors just described, is a matter of some gravity to which it can have regard in considering whether (a) a stay under Art.104 would be appropriate or, (b) could and would introduce (i) an unacceptable uncertainty into the present and future commercial dealings of the parties to these proceedings in relation to the disputed products, as well as (ii) a commercially unhealthy uncertainty into the inhaler market more generally.

## **Part IV**

### **Conclusion**

25. *Delay but one factor in decision on injunctive relief.* The court has touched on the issue of potential delay at some length above, and in its judgment of 19th May one of the grounds on which it was satisfied to refuse interlocutory relief was that the trial of the main proceedings can be brought on so quickly. That said, it seems to the court that it is important not to ‘over-egg’ the issue of delay as an issue of significance in the application for injunctive relief on which it gave judgment on 19th May. Other important factors in that judgment were that:

- to date there is no other jurisdiction anywhere in the world in which Glaxo holds the benefit of an injunction or equivalent order, whether preliminary or perpetual, restraining the marketing of AirFluSal, and

- Glaxo, in seeking the interlocutory injunction was effectively asking the court to impose an interlocutory injunction that would set Ireland apart from much of the rest of Europe as regards free trade in AirFluSal and free trade between it and Seretide in their respective liveries.

26. The wider prevailing norm as regards trade by and competition between the parties, seems to the court to be unaffected by any delay that might arise in the within proceedings. It seemed to the court that in pressing the issue of delay to the extent that they did in the Art.104 hearings, both parties teetered perhaps on losing sight of this separate but important aspect of matters.

27. *Conclusion.* Given the cumulative strength of the various factors identified above, all of which are individually of varying strength but cumulatively of some potency, the court, albeit not without some hesitation given the '*communautaire*' concerns presenting and touched upon above, has decided that it is not required in this case to grant the stay contemplated by Art.104 of the CTMR by virtue of the special grounds presenting and amplified upon above.