



Neutral Citation Number: [2023] EWHC 1455 (IPEC)

Case No: IP-2020-000138

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

Royal Courts of Justice, Rolls Building
Fetter Lane, London, EC4A 1NL

Date: 16 June 2023

Before :

HIS HONOUR JUDGE HACON

Between :

CRAFTS GROUP LLC
- and -
(1) M/S INDEUTSCH INTERNATIONAL
(2) M/S KNITPRO INTERNATIONAL

Claimant

Defendants

Michael Edenborough KC (instructed by **White & Black Limited**) for the **Claimant**
Guy Hollingworth (instructed by **Wiggin LLP**) for the **Defendants**

Hearing date: 22 May 2023

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This judgment was handed down remotely at 10.30am on 16 June 2023 by circulation to the parties or their representatives by e-mail and by release to the National Archives.

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Approved Judgment**Judge Hacon :****Introduction**

1. This an application by the defendants (“KnitPro”) for a stay of this claim pending the resolution of an application to cancel one of KnitPro’s trade marks in the European Union Intellectual Property Office (“EUIPO”). KnitPro relies on art.132(1) of Regulation (EU) 2017/1001 (“the Trade Mark Regulation”) and on CPR 3.1(2)(f).
2. Michael Edenborough KC appeared for the claimant (“Crafts”), Guy Hollingworth for KnitPro.

Background

3. Both KnitPro defendants are partnership firms formed under Indian law. They are part of a group headed by the Indian company Indeutsch Industries Private Limited. From August 2007 the Indeutsch group supplied to Crafts’ predecessor, Crafts Americana, wooden knitting needles and crochet hooks which bore a decorative chevron pattern in two styles.
4. In late 2009 Crafts applied for a trade mark in the form of one of the chevron patterns in the United States Patent and Trade Mark Office.
5. To protect its position outside the United States, in February 2010 KnitPro (specifically the first defendant, but I need not distinguish the defendants) filed two applications in the EUIPO for trade marks. Both were registered on 10 August 2010 in class 26 for knitting needles and crochet hooks. The first, “the EU Chevron Mark” takes a chevron form, as does the second (“the EU Symfonie Mark”), more figuratively. Following Brexit the second defendant obtained comparable UK trade marks, the “UK Chevron Mark” and the “UK Symfonie Mark”.
6. On 26 May 2010 the parties signed what was referred to as the “Trade Dress Rights Agreement”, by which they sought to delimit geographically their respective uses of two types of chevron signs used on their products.
7. The relationship broke down. Crafts began to sell knitting needles and crochet hooks in competition with those made by KnitPro. On 9 January 2013 Crafts applied to the EUIPO seeking cancellation of KnitPro’s EU Chevron Mark under art.7(1)(a) and (b) of the Trade Mark Regulation.
8. In 2015 KnitPro became aware that Crafts was selling knitting needles and crochet hooks through Amazon in the United Kingdom and in Germany, both types of product bearing a sign which KnitPro believed constituted an infringement of its EU Chevron Mark. In the UK they were branded Crafts’ “Caspian” products. In June 2015 KnitPro instigated a takedown request to Amazon. Amazon removed the listing of the Caspian products from Amazon.co.uk on 14 July 2015.
9. On 23 July 2015, trade mark attorneys acting for Crafts wrote to KnitPro’s solicitors alleging that KnitPro had made unjustified threats of infringement of the EU Chevron

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Mark by reason of its communications with Amazon. On 29 July 2015, KnitPro's solicitors replied, denying the claim.

10. On 30 November 2015 Amazon removed another line of Crafts' needles, the "Sunstruck" needles, following KnitPro's complaint that they infringed the EU Chevron Mark.
11. Meanwhile Crafts took no further steps in respect of its allegation of threats and did not do so for over five years. The next that KnitPro heard about this allegation was when solicitors newly instructed by Crafts wrote to KnitPro's solicitors on 12 November 2020 alleging that KnitPro's communications with Amazon UK had constituted unjustified threats of infringement of the EU Chevron and Symfonie Marks contrary to s.21 of the Trade Marks Act 1994. A claim form was issued in this court by Crafts on 11 December 2020.
12. On 8 January 2021 the claim form was amended to add allegations of unjustified threats in relation to the UK Chevron and UK Symfonie Marks and later re-amended to correct the addresses of KnitPro.
13. I made an Order dated 20 May 2021 giving Crafts permission to serve the re-amended claim form in India. KnitPro were served on 3 August 2021. On 9 September 2021 KnitPro applied to set aside service. KnitPro also sought in the alternative a stay pursuant to art.132(1) of the Trade Mark Regulation.
14. In a judgment dated 23 December 2021, Ian Karet, sitting as an Enterprise Judge, refused either to set aside service or to grant the stay ("the Karet Judgment"). Permission was sought to appeal the order on service, which was refused by Snowden LJ on 29 September 2022.
15. On 27 October 2022 KnitPro served a Defence and Counterclaim. KnitPro allege that the EU Chevron and Symfonie Marks and the two comparable UK Marks have been infringed by Crafts. They further allege that Crafts has passed off its goods for those of KnitPro.
16. On 8 December 2022 Crafts served a Reply and Defence to Counterclaim, together with an Additional Claim. Crafts pleads that the Trade Dress Rights Agreement provides a defence to the allegation of infringement of all the Chevron and Symfonie Marks. In the Additional Claim Crafts alleges that the EU Chevron and UK Chevron marks were invalidly registered pursuant to, respectively, art.7(1)(a), (b) and (c) of the Trade Mark Regulation and s.3(1)(a), (b) and (c) of the Trade Marks Act 1994, and further that they stand to be revoked on grounds of non-use.
17. Part of Crafts' case is that this Court does not have jurisdiction in relation to the EU Chevron and Symfonie Marks because it is no longer an EU trade mark court within the meaning of the Trade Mark Regulation. I discuss this below.
18. KnitPro's principal argument for a stay is based on its contention that art.132(1) of the Trade Mark Regulation applies. KnitPro submits that this court is obliged to stay the proceedings insofar as they relate to the EU Chevron Mark.

Article 132(1) of the Trade Mark Regulation

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19. Art.132(1) falls within Chapter X of the Trade Mark Regulation. It provides:

“1. An EU trade mark court hearing an action referred to in Article 124 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 EU trade mark is already in issue before another EU 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.”

20. Art.123 of the Trade Mark Regulation requires Member States to designate national courts which have the functions of EU trade mark courts under the Regulation. Art.124, referred to in art.132(1), provides:

“The EU trade mark courts shall have exclusive jurisdiction:

- (a) for all infringement actions and – if they are permitted under national law – actions in respect of threatened infringement relating to EU trade marks;*
- (b) for actions for declaration of non-infringement, if they are permitted under national law;*
- (c) for all actions brought as a result of acts referred to in Article 11(2);*
- (d) for counterclaims for revocation or for a declaration of invalidity of the EU trade mark pursuant to Article 128.”*

21. The UK Community Trade Mark Courts Regulations 2006 (SI 2006/1027) (“the 2006 Regulations”) as amended designate the High Court and the County Courts at the seven regional Business and Property Court centres as EU trade mark courts in accordance with art.123.
22. I pause here to mention the reason given in the Karet Judgment for refusing a stay of the threats action. It was held that a UK threats action is not listed in art.124 of the Trade Mark Regulation and consequently art.132(1) could not be engaged and there could be no stay. It followed that there was no need to consider the issues on post-Brexit transitional provisions which have been raised in the present hearing.

Withdrawal of the UK from the EU

23. In anticipation of the UK leaving the EU, among the provisions introduced were the Trade Marks (Amendment etc.) (EU Exit) Regulations 2019 (“the 2019 Regulations”), made on 13 February 2019. They were to come into force on exit day. Exit day was due to fall on 31 October 2019, later amended to be 31 January 2020.
24. The 2019 Regulations added Schedule 2A to the Trade Marks Act 1994 (“the 1994 Act”). Paragraph 1 provided for the introduction of “comparable trade marks (EU)” to UK trade mark law on exit day. Paragraph 20(1) and (2) stated:

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“20. (1) *This paragraph applies where on exit day an existing EUTM is the subject of proceedings which are pending (‘pending proceedings’) before a court in the United Kingdom designated for the purposes of Article 123 (‘EU trade mark court’).*

(2) Subject to sub-paragraphs (3) and (4), the provisions contained or referred to in Chapter 10 of the European Union Trade Mark Regulation (with the exception of Articles 128(2), (4), (6) and (7) and 132) continue to apply to the pending proceedings as if the United Kingdom were still a Member State with effect from exit day.”

25. Thus, where there were pending proceedings before a UK designated EU trade mark court on exit day, the articles of the Trade Mark Regulation falling under Chapter X of the Trade Mark Regulation would continue to apply to those proceedings. There were exceptions, among them art.132.
26. The 2019 Regulations were made at the time when negotiations between the UK and the EU were an uncertain outcome, which included the possibility of no deal. As it turned out there was a deal, set out in the Agreement on the Withdrawal of the United Kingdom and Northern Ireland from the European Union and the European Atomic Energy Community (2019/C 384 I/01) (“the Withdrawal Agreement”), signed on 24 January 2020 and effective as of 1 February 2020.
27. Pursuant to art.126 of the Withdrawal Agreement there was a transition or implementation period that applied from immediately after exit day on 31 January 2020 until 31 December 2020. The effect was that in most respects EU law continued to have effect in the UK until the end of that period.
28. Section 39(1) and (2) of the European Union (Withdrawal Agreement) Act 2020 (“the 2020 Withdrawal Act”) defined the end of the period as “IP completion day” (IP standing for implementation period), stated to be at 11pm on 31 December 2020.
29. The implementation of schedule 2A of the Trade Marks Act 1994 was adjusted along with that of many other provisions, so that the schedule came into force on IP completion day rather than exit day, see the 2020 Withdrawal Act, schedule 5 para.1(1).
30. Art.67 of the Withdrawal Agreement provides:

“Article 67

Jurisdiction, recognition and enforcement of judicial decisions, and related cooperation between central authorities

1. In the United Kingdom, as well as in the Member States in situations involving the United Kingdom, in respect of legal proceedings instituted before the end of the transition period and in respect of proceedings or actions that are related to such legal proceedings pursuant to Articles 29, 30 and 31 of Regulation (EU) No 1215/2012 of the European Parliament and of the Council, Article 19 of Regulation (EC) No 2201/2003 or Articles 12 and 13 of Council Regulation (EC) No 4/2009, the following acts or provisions shall apply:

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- (a) *the provisions regarding jurisdiction of Regulation (EU) No 1215/2012;*
- (b) *the provisions regarding jurisdiction of Regulation (EU) 2017/1001, of Regulation (EC) No 6/2002, of Regulation (EC) No 2100/94, of Regulation (EU) 2016/679 of the European Parliament and of the Council and of Directive 96/71/ EC of the European Parliament and of the Council;”*

31. Thus, pursuant to subparagraph (b) the provisions regarding jurisdiction of the Trade Mark Regulation were to continue to apply after that date in respect of legal proceedings instituted before that date. Those provisions are the articles of the Regulation which fall under Chapter X, headed “Jurisdiction and Procedure in Legal Actions relating to EU Trade Marks”, namely arts.122-135, see *Easygroup Ltd v Beauty Perfectionists Ltd* [2021] EWHC 3385 (Ch) at [23], *per* the Chancellor, Sir Julian Flaux.
32. Section 5 of the Withdrawal Act 2020 inserted a new section 7A into the EU Withdrawal Act 2018. This had the effect, among other things, of giving the rights and procedures provided for under the Withdrawal Agreement, including art.67(1), direct legal effect as part of English law, see *Easygroup* at [25].
33. Art.67(1) makes no exception to the continuing application of Chapter X of the Trade Mark Regulation in the circumstances stated. Art.132 was not excluded.

The inconsistency

34. This created an inconsistency with para.20 of Schedule 2A to the 1994 Act. It was remarked upon by the Chancellor in *Easygroup*:

“[54] ... the exclusions of Articles 128 and 132 are not relevant to the issue which the Court has to decide. The excluded provisions are all ones which required reciprocity with the EU IPO such as obligations to notify or deferring to the EU IPO and, as [counsel] said, one can see that at the time the 2019 Regulations were made the legislature may well have wanted to avoid any reciprocity with the EU IPO in the event of a no deal Brexit. As she also pointed out, it does appear that these exclusions from Articles 128 and 132 are inconsistent with Article 67.1 of the Withdrawal Agreement which provides that in pending proceedings the jurisdiction provisions in Chapter X of EU Regulation 2017/1001 will continue to apply without there being any such exclusions. However, that issue does not arise for determination in the present case so I need say no more about it.”

35. Art.67(1) was considered by Judge Cawson QC in *Simon v Taché* [2022] EWHC 1674 (Comm). The case related to Regulation 1215/2012 (“Brussels Recast”) under subparagraph (a) rather than the Trade Mark Regulation under subparagraph (b). The defendants challenged the jurisdiction of the court pursuant to art.29 of Brussels Recast because they had already commenced proceedings involving the same cause of action in Belgium. The claimant’s first argument was that art.29 did not apply by reason of art.67 of the Withdrawal Agreement since, although the Belgian proceedings had been instituted before the end of the transition period on 26 October 2020, the English proceedings had not become “related to” the Belgian proceedings until the issue of the claim form in England on 10 May 2021.

36. Judge Cawson said:

“[70] One necessarily begins with the language of article 67, which introduces two concepts. Firstly, legal proceedings instituted before the end of the transition period, and secondly, proceedings or actions that are related to such legal proceedings pursuant to articles 29, 30 and 31 of Brussels Recast. If the latter, in contrast to the former, were required to be instituted so as to give rise to the necessary relationship prior to the expiration of the transitional period, then one would have expected article 67 to have said so. More fundamentally, perhaps, if it were a requirement that the necessary relationship existed as at the end of the transition period, then Brussels Recast would have applied in any event without the need for article 67 because both sets of proceedings would necessarily have been instituted before the end of the transitional period and so Union law would have continued to have effect by virtue of articles 126 and 127 of the Withdrawal Agreement. On this basis, article 67 and the additional wording “and in respect of proceedings or actions that are related to such legal proceedings only makes sense if construed as encompassing a relationship that only arose after the end of the transitional period, cf *Briggs* [*Civil Jurisdiction and Judgments*, 7th ed (2021)] at p 20.

[71] Although perhaps of more limited weight following the exit of the UK from the EU, support for the defendants’ construction is provided by the European Commission’s ‘Notice to Stakeholders’ dated 27 August 2020 which, at para 1.1 thereof, comments as follows:

‘Article 67(1) of the Withdrawal Agreement specifies that EU rules on jurisdiction also apply to “proceedings or actions that are related to such legal proceedings” even if such related proceedings or actions are instituted after the end of the transition period. This addresses situations where proceedings involving the same cause of action and between the same parties are brought in the courts of a member state and the United Kingdom (“lis pendens”) before and after the end of the transition period respectively (or vice versa). The aim is to ensure that, in these cases, the EU rules on conflict of jurisdictions continue to apply where the court has been seised after the end of the transition period in an EU member state or in the United Kingdom.’

[72] Of particular significance is the aim identified in respect of the operation of article 67, namely to ensure that in respect of the situation where one set of proceedings is commenced prior to the end of the transition period, and another set of proceedings is commenced after the end of the transition period, the pre-existing regime should continue to apply to both sets of proceedings.

[73] Although there is no judicial authority on the point as such, I note that in *On the Beach Ltd v Ryanair UK Ltd* [2022] IL Pr 24, albeit in circumstances in which the parties were agreed on the point, Nugee LJ (sitting at first instance) at para 22 recorded that: ‘Since all the Irish proceedings were instituted before the end of the transition period, . . . article 30 of [Brussels Recast] applies to this application, notwithstanding that this action was commenced in England after the end of the transition period’ (emphasis added).

[74] Mr Ruddell, on behalf of the defendants, makes the point that article 67 preserves the applicability of Brussels Recast to ‘proceedings’ and not to particular claims in proceedings. On that basis, and having regard to what I consider to be the proper construction of article [67], I accept Mr Ruddell’s submission that Brussels Recast continues to apply to new claims added to proceedings commenced prior to 31 December 2020 and claims against new defendants joined to such proceedings after that date. This is also consistent with the approach of Morgan J in *Benkel v East-West German Real Estate Holding* [2021] IL Pr 16, para 43, albeit (again) on the basis of an agreed position as to the law, and is supported by the commentary in *Briggs* at pp 19-20.

[75] In short therefore, I do not consider it to be an objection to the potential application of articles 29 and 30 of Brussels Recast in the present case that the Belgian Proceedings and the English Proceedings might only have become related for the purposes of articles 29 and 30 after 31 December 2020.”

The arguments

37. There was no dispute that since the claim form in the present case was issued before IP completion day, those are “proceedings instituted before the end of the transition period” contemplated by art.67(1) of the Withdrawal Agreement.
38. It is also common ground that if, pursuant to art.67(1)(b), art.132(1) is engaged, there are no “special grounds” within the meaning of art.132(1), so this court must stay these proceedings insofar as they apply to the EU Chevron Mark, assuming this court has jurisdiction in respect of that mark.

Crafts’ arguments

39. Crafts argued that art.132(1) is not engaged because this court was not acting as an EU trade mark court at the time the Defence and Counterclaim was filed on 27 October 2022, a necessary element of art.132(1). This court’s lack of status as an EU trade mark court was underlined by the fact that on 27 October 2022 the court had no jurisdiction over EU trade marks, only UK marks and UK comparables. The various Brexit provisions made no difference to that lack of jurisdiction.
40. Secondly, the inconsistency between art.67(1)(b) of the Withdrawal Agreement and paragraph 20 of Schedule 2A to the Trade Marks Act 1994 must be resolved in favour of the latter. Art.67(1) is a provision of general effect, applying to all proceedings instituted before the end of the transition period (and proceedings related to them with the meaning of arts.29-31 of Brussels Recast), whereas Schedule 2A is a specialist provision directed to the law of trade marks.
41. Thirdly, *Simon v Taché* provides no guidance because the judge was concerned only with the general provision relating to Brussels Recast under art.67(1)(a) of the Withdrawal Agreement, not the more specialist provision under art.67(1)(b).
42. Fourthly, the 2019 Regulations lawfully amended the Trade Marks Act 1994 to add Schedule 2A, which is primary legislation. Schedule 2A came into force after the Withdrawal Agreement was concluded, so the Withdrawal Agreement must be read in the light of Schedule 2A.

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43. KnitPro's argument began with the fact that there were existing proceedings, the threat actions, instituted before the end of the transition period on IP completion day. Art.67(1)(b) expressly provides that the provisions of the Trade Mark Regulation regarding jurisdiction continue to apply to existing proceedings after the end of the transition period and this includes the whole of Chapter X, see *Easygroup* para [23], with no exceptions.
44. The same applies to new claims added to such existing proceedings after the end of that period, see *Simon v Taché* at [74].
45. It is irrelevant that the new claim in the present proceedings, the claim alleging infringement of the EU Chevron Mark, was added after this court ceased to be an EU trade mark court. There is an analogy to be drawn between these facts and those of *Simon*. In *Simon* it was argued that the new claim did not give rise to a stay because it had not become a "related claim" until after IP completion day. That argument was rejected by the judge.
46. In effect, KnitPro argued, the new claim was deemed to have been started at the same time as the Belgian claim. The position corresponded to the "relation-back" principle of English law, whereby a new claim, including a counterclaim, is deemed to have been started on the same date as the claim for the purposes of the Limitation Act 1980, see s.35(1) and (2). Similarly, in the present case the new claim started after IP Completion Day "related back" to the threats claim started beforehand.
47. The direct effect of art.67(1) cannot be limited by a statutory instrument, namely the 2019 Regulations, and so by Schedule 2A of the 1994 Act. They are inconsistent, but the direct effect of art.67(1) must prevail.
48. In written submissions from the parties invited by the court after the hearing, KnitPro supplemented its argument by saying that regulations that may be made by a Minister of the Crown in relation to art.67 are limited to provisions which either (a) implement that article, (b) deal with matters arising out of, or related to, that article, (c) supplement the direct effect of that article or (d) restate that article for the purpose of making the law clearer or more accessible. Section 8B of the European Union (Withdrawal) Act 2018, added by the European Union (Withdrawal Agreement) Act 2020, provides, to the extent that is relevant, as follows:

"8B Power in connection with certain other separation issues

(1) *A Minister of the Crown may by regulations make such provision as the Minister considers appropriate—*

(a) to implement Part 3 of the withdrawal agreement (separation provisions), [Part 3 includes art.67]

(b) to supplement the effect of section 7A in relation to that Part, or [s.7A means s.7A of the 2018 Act as amended, which gives direct effect to the rights and procedures provided for by the Withdrawal Agreement]

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(c) otherwise for the purposes of dealing with matters arising out of, or related to, that Part (including matters arising by virtue of section 7A and that Part).

...

(3) Regulations under this section may make any provision that could be made by an Act of Parliament.

(4) Regulations under this section may (among other things) restate, for the purposes of making the law clearer or more accessible, anything that forms part of domestic law by virtue of—

(a) section 7A above and Part 3 of the withdrawal agreement,

...”

49. KnitPro’s point was that although a Minister could implement or supplement the direct effect of the Withdrawal Agreement, deal with matters arising out of it or even restate aspects of that direct effect, no Minister has the power to make regulations which limit the direct effect. Nor can the direct effect of the Withdrawal Agreement in English domestic law be limited by any such regulation.

Discussion

50. In *Easygroup* the Chancellor addressed an argument similar to that advanced by Crafts in this case, namely that after IP completion day no English court could sit as an EU trade mark court. The Chancellor was considering a different point, namely whether an English court could grant an EU-wide injunction after IP completion day in respect of pending proceedings. However, it seems to me that his analysis holds good here with regard to whether this court sits as an EU trade mark court in proceedings pending before IP completion day:

“[49] Mr Abrahams sought to answer this point by submitting that, after IP completion day, this court was no longer an EU trade mark court, because even though the repeals in Schedule 5 of the 2019 Regulations did not include the 2006 Regulations, by repealing the 2008 and 2016 Regulations that Schedule had necessarily by implication repealed the underlying 2006 Regulations. However, I do not consider that it is possible to say that the 2006 Regulations have somehow been impliedly repealed by Schedule 5 to the 2019 Regulations. Whilst the legislation giving effect to Brexit is not exactly clearly and coherently drafted, it would be surprising to say the least if the 2006 Regulations had been impliedly repealed by a statutory instrument made on 13 February 2019, when the 2018 Regulations, which had come into force a month earlier on 14 January 2019, had made detailed, albeit minor, amendments to the 2006 Regulations to ensure that they cross-referred to EU Regulation 2017/1001, hardly consistent with the 2006 Regulations being about to be repealed.

[50] In any event, even if the 2006 Regulations have somehow been impliedly repealed, I consider the submission that this court is no longer an EU trade mark court as regards pending proceedings is misconceived. It ignores the position as

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regards pending proceedings in circumstances where, when the 2019 Regulations came into force on IP completion day, 31 December 2020, the Withdrawal Agreement and the EU Withdrawal Acts 2018 and 2020 were all in force. Immediately prior to IP completion day, these proceedings were pending before this court, which was an EU trade mark court. Mr Abrahams' submission did not really address how it was that this court ceased to have that status when paragraph 20 of Schedule 2A makes it clear that, as regards proceedings already pending before this court as an EU trade mark court on IP completion day, this court continues to be an EU trade mark court. Thus, paragraphs 20(3) and (4), even if they were limiting jurisdiction as Mr Abrahams contends, are obviously forward looking, in the sense that they are dealing with jurisdiction in pending proceedings after IP completion day and yet they refer to the relevant court in the United Kingdom as 'the EU trade mark court' not 'the former EU trade mark court'. On the basis that this court remains an EU trade mark court for the purposes of pending proceedings, the clear intention of article 67 of the Withdrawal Agreement, which has full legal effect, is that this court should retain the same jurisdiction under EU Regulation 2017/1011 as it had before IP completion day."

51. I see little force in Crafts' argument that schedule 2A should override art.67 on the ground that the former is a specialist provision whereas the latter is general. The relevant part of art.67, paragraph 1(b) relates expressly to, among other regulations, the Trade Mark Regulation. To that extent it, too, is a provision with specialist effect.
52. Save that art.67(1) applies to new claims added to pending proceedings, I find only limited assistance from the judgment in *Simon v Taché*. The issue before the judge was whether art.67(1)(a) applied where the claim brought after IP completion day could not therefore have been "related" to the earlier claim until after IP completion day. The question of being "related" concerned "related actions" within the meaning of Section 9 of Brussels Recast and had nothing to do with "relating back" in an analogy with the Limitation Act 1980. As I understand Judge Cawson's judgment, it did not matter that the later claim, "related" in the Brussels Recast sense, was made after IP completion day because (a) art.67 itself did not require that it should, (b) had that been a requirement the words "and in respect of proceedings or actions that are related to such legal proceedings" in art.67(1)(a) would have been otiose, (c) paragraph 1.1 of the European Commission's 'Notice to Stakeholders' dated 27 August 2020 supports this view and (d) there is indirect support from other judicial rulings. None of these reasons have any bearing on the present case.
53. Nor do I think that a parallel can be drawn with s.35 of the Limitation Act 1980 and the English rules derived from it on claims which can be "related back". The opening words of s.35 are: "For the purposes of this Act".
54. I agree with the submission made on behalf of KnitPro that s.8B of the European Union (Withdrawal) Act 2018 indicates an intent on the part of Parliament that the direct effect of the Withdrawal Agreement in English law cannot be limited by regulations made by a Minister of State. It seems to me that this applies even if the regulations in question have the effect of supplementing primary legislation.
55. Ultimately, though, I think the answer is that although paragraph 20 of schedule 2A of the Trade Marks Act 1994 and art.67(1)(b) of the Withdrawal Agreement are not

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consistent with regard to the application of art.132 of the Trade Mark Regulation to pending proceedings, they can be reconciled. The two provisions overlap. The overlap does not of itself create a difficulty. Art.67(1)(b) provides for the continuing effect of art.132 as retained EU law in respect of proceedings instituted before the end of the IP completion day; paragraph 20 of schedule 2A does not. The net result is that art.132 has continuing effect.

56. As I have discussed, in broad terms art.132(1) requires that an EU trade mark court hearing any action listed in art.124 (other than for a declaration of non-infringement) shall stay the proceedings in circumstances such as the present one. I will therefore stay KnitPro's counterclaim for infringement of the EU Chevron mark, the claim for threats in relation to the EU Chevron Mark and the claims for revocation and a declaration of invalidity in relation to the EU Chevron Mark.

Case management

57. There remain Crafts' threats claims which relate to the UK Chevron Mark and the EU and UK Symfonie Marks, KnitPro's counterclaim for infringement of the UK Chevron Mark and the EU and UK Symfonie Marks, KnitPro's counterclaim for passing off and Crafts' additional claim for a declaration of invalidity of the Chevron UK Mark and for revocation of that Mark.
58. KnitPro seeks a stay of those claims too pursuant to s.49(3) of the Senior Courts Act 1981 and CPR 3.1.(2)(f).
59. Article 54 of the Withdrawal Agreement provides, in relevant part:

“Continued protection in the United Kingdom of registered or granted rights

1. *The holder of any of the following intellectual property rights which have been registered or granted before the end of the transition period shall, without any re-examination, become the holder of a comparable registered and enforceable intellectual property right in the United Kingdom under the law of the United Kingdom:*

- (a) *the holder of a European Union trade mark registered in accordance with Regulation (EU) 2017/1001 of the European Parliament and of the Council (33) shall become the holder of a trade mark in the United Kingdom, consisting of the same sign, for the same goods or services;*

...

3. *Notwithstanding paragraph 1, if an intellectual property right referred to in that paragraph is declared invalid or revoked, or, in the case of a Community plant variety right, is declared null and void or is cancelled, in the Union as the result of an administrative or judicial procedure which was ongoing on the last day of the transition period, the corresponding right in the United Kingdom shall also be declared invalid or revoked, or declared null and void, or be cancelled. The date*

of effect of the declaration or revocation or cancellation in the United Kingdom shall be the same as in the Union.

By way of derogation from the first subparagraph, the United Kingdom shall not be obliged to declare invalid or to revoke the corresponding right in the United Kingdom where the grounds for the invalidity or revocation of the European Union trade mark or registered Community design do not apply in the United Kingdom.”

60. Consistently with this, paragraph 21A of schedule 2A introduced into the Trade Marks Act 1994 provides:

“21A.— Existing EUTM: effect of invalidity or revocation

- (1) *This paragraph applies where, on IP completion day, an existing EUTM is the subject of proceedings under Article 58 (Grounds for revocation), 59 (Absolute grounds for invalidity) or 60 (Relative grounds for invalidity) which have been instituted but not finally determined before IP completion day (‘cancellation proceedings’).*
- (2) *Subject to sub-paragraph (4), where—*
 - (a) *the existing EUTM is revoked or declared invalid (whether wholly or partially) pursuant to a decision in the cancellation proceedings which is finally determined, and*
 - (b) *the registrar has—*
 - (i) *received notice of the situation referred to in paragraph (a) (‘a cancellation notice’), or*
 - (ii) *otherwise become aware of the situation referred to in paragraph (a),*

the registration of the comparable trade mark (EU) which derives from the existing EUTM must be revoked or declared invalid to the same extent as the existing EUTM.

...

- (4) *The registration of a comparable trade mark (EU) must not be revoked or declared invalid under sub-paragraph (2) where the grounds on which the existing EUTM was revoked or declared invalid (whether wholly or partially) would not apply or would not have been satisfied in relation to the comparable trade mark (EU)—*
 - (a) *if the comparable trade mark (EU) had existed as at the date the cancellation proceedings were instituted, and*
 - (b) *an application for the revocation or a declaration of invalidity of the comparable trade mark (EU) based on those grounds had been made on that date under section 46 or 47 (as the case may be).*

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(5) *Where a comparable trade mark (EU) is revoked or declared invalid to any extent pursuant to this paragraph—*

(a) the rights of the proprietor are deemed to have ceased to that extent as from the date on which the rights of the proprietor of the existing EUTM are deemed to have ceased under the EUTM Regulation;

(b) subject to any claim for compensation for damage caused by negligence or lack of good faith on the part of the proprietor or a claim for restitution based upon the unjust enrichment of the proprietor, the revocation or invalidity of the comparable trade mark (EU) does not affect—

(i) a decision arising from infringement proceedings which has been finally determined and which has been enforced prior to the date on which the entry in the register of the comparable trade mark (EU) has been removed or amended pursuant to subparagraph (3) (‘the decision date’);

(ii) any contract entered into prior to the decision date to the extent that it has been performed prior to the decision date, subject to the right of a party to the contract to claim the repayment of any consideration paid under the contract where, having regard to the circumstances, it is fair and equitable for such repayment to be made.

...

(7) *For the purposes of this paragraph—*

(a) proceedings are instituted if an application or counterclaim for revocation or for a declaration of invalidity—

(i) has been filed (and not subsequently withdrawn) with the European Union Intellectual Property Office or a court designated for the purposes of Article 123, and

(ii) meets the requirements for being accorded a filing date under the European Union Trade Mark Regulation and Commission Delegated Regulation (EU) 2018/625 of 5th March 2018;

(b) a decision is finally determined when—

(i) it has been determined, and

(ii) there is no further possibility of the determination being varied or set aside (disregarding any power to grant permission to appeal out of time).”

61. The cancellation proceedings before the EUIPO are under art.7(1)(a) and (b). It was common ground that neither the second paragraph of art.54(3) of the Withdrawal

Agreement nor paragraph 21A(4) of Schedule 2A applies. If the EU Chevron Mark is declared invalid by the EUIPO, the UK Chevron Mark will also be declared invalid.

62. The reverse is not necessarily the case: if the decisions of the EUIPO and appeals from them were to result in the EU Chevron Mark being found validly registered, neither the Withdrawal Agreement nor Schedule 2A of the Trade Marks Act 1994 require English courts to follow suit. KnitPro submitted that it would be an abuse of process for Crafts to seek a declaration of invalidity of the UK Chevron Mark in those circumstances. It seems to me that, without deciding whether it would be an abuse, it is safe for me to assume that this court is unlikely to reach a different view on the validity of the registration of the UK Chevron Mark to that reached by EU tribunals. The material facts in this case relating to the provisions of the Trade Marks Act 1994 equivalent to art.7(1)(a) and (b) would not differ materially from those facts considered by the EU tribunals. It was part of Crafts' case on delay that the EU proceedings are likely to be decided finally by the CJEU and its judgment would be persuasive. The judgment from the General Court, before remission to the EUIPO Grand Board of Appeal, suggests that the challenge to validity under art.7(1)(a) of the Trade Mark Regulation may play a central part in the final result. To my knowledge, there is little case law on that provision. A judgment of the CJEU which turns on an analysis of this part of trade mark law is likely to be particularly persuasive.
63. My attention was drawn to the discussion of the Court of Appeal in *IPCom GmbH & Co KG v HTC Europe Co Ltd* [2013] EWCA Civ 1496 in which the court considered an application for the stay of an English patent action pending the outcome of opposition proceedings in the European Patent Office.
64. An analogy can be drawn with the present application insofar as it relates to the Chevron issues, i.e. the issues of infringement, validity, revocation for non-use and threats in respect of the EU and UK Chevron Marks. The analogy is not exact because in the case of patent proceedings, the outcome in the EPO may or may not be decisive of the issues before the English court. If there is a finding in the EPO that the patent in suit is valid, it resolves nothing. There is therefore a risk – the degree of risk will generally be difficult to assess – that a stay pending the outcome of the EPO proceedings will delay the claimant's right to relief to no purpose. By contrast, in the present case if the EU Chevron Mark is found to be valid by the European Tribunals, the validity of the registration of the EU Chevron Mark and very likely the UK Chevron Mark would no longer be issues before this court. If the EU Chevron Mark is found to be invalid, so will be the UK Chevron mark; infringement and revocation for non-use fall away. Of the Chevron issues, only the question of whether there was a threat on the facts would remain.
65. In *IPCom Floyd LJ* noted that the earlier guidance in *Glaxo Group Ltd v Genentech Inc* [2008] EWCA Civ 23 had been overtaken by the judgment of the Supreme Court in *Virgin Atlantic Airways Ltd v Zodiac Seats UK Ltd* [2013] UKSC 46:

“[68] In the light of the observations in *Virgin* and the arguments in this appeal I would recast the *Glaxo* guidance as follows:

1. The discretion, which is very wide indeed, should be exercised to achieve the balance of justice between the parties having regard to all the relevant circumstances of the particular case.

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2. The discretion is of the Patents Court, not of the Court of Appeal. The Court of Appeal would not be justified in interfering with a first instance decision that accords with legal principle and has been reached by taking into account all the relevant, and only the relevant, circumstances.
3. Although neither the EPC nor the 1977 Act contains express provisions relating to automatic or discretionary stay of proceedings in national courts, they provide the context and condition the exercise of the discretion.
4. It should thus be remembered that the possibility of concurrent proceedings contesting the validity of a patent granted by the EPO is inherent in the system established by the EPC. It should also be remembered that national courts exercise exclusive jurisdiction on infringement issues.
5. If there are no other factors, a stay of the national proceedings is the default option. There is no purpose in pursuing two sets of proceedings simply because the Convention allows for it.
6. It is for the party resisting the grant of the stay to show why it should not be granted. Ultimately it is a question of where the balance of justice lies.
7. One important factor affecting the exercise of the discretion is the extent to which refusal of a stay will irrevocably deprive a party of any part of the benefit which the concurrent jurisdiction of the EPO and the national court is intended to confer. Thus, if allowing the national court to proceed might allow the patentee to obtain monetary compensation which is not repayable if the patent is subsequently revoked, this would be a weighty factor in favour of a grant of a stay. It may, however, be possible to mitigate the effect of this factor by the offer of suitable undertakings to repay.
8. The Patents Court judge is entitled to refuse a stay of the national proceedings where the evidence is that some commercial certainty would be achieved at a considerably earlier date in the case of the UK proceedings than in the EPO. It is true that it will not be possible to attain certainty everywhere until the EPO proceedings are finally resolved, but some certainty, sooner rather than later, and somewhere, such as in the UK, rather than nowhere, is, in general, preferable to continuing uncertainty everywhere.
9. It is permissible to take account of the fact that resolution of the national proceedings, whilst not finally resolving everything, may, by deciding some important issues, promote settlement.
10. An important factor affecting the discretion will be the length of time that it will take for the respective proceedings in the national court and in the EPO to reach a conclusion. This is not an independent factor, but needs to be considered in conjunction with the prejudice which any party will

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suffer from the delay, and lack of certainty, and what the national proceedings can achieve in terms of certainty.

11. The public interest in dispelling the uncertainty surrounding the validity of monopoly rights conferred by the grant of a patent is also a factor to be considered.
 12. In weighing the balance it is material to take into account the risk of wasted costs, but this factor will normally be outweighed by commercial factors concerned with early resolution.
 13. The hearing of an application for a stay is not to become a mini-trial of the various factors affecting its grant or refusal. The parties' assertions need to be examined critically, but at a relatively high level of generality."
65. With regard to Floyd LJ's point 5, Crafts' estimate, on the assumption that validity of the EU Chevron Mark is finally resolved by the CJEU, is that a finding will be made in 5 years' time. That is probably a maximum, but I will assume that it is correct. If there were no stay of the present proceedings, the issues relating to the UK Chevron Mark, and the EU Chevron Mark if this court has jurisdiction, would be decided in about 9-10 months, subject to appeal. Five years must be added to that if there were a stay of the issues relating to the UK Chevron Mark.
66. There was evidence from Matthew Petkun, the CEO of Crafts, regarding the potential damage that Crafts would suffer if the proceedings before this court were to be stayed. He said that Crafts is currently prevented from selling its Caspian and Sunstruck product lines on Amazon. He believes that if Crafts sought to market three other lines on Amazon, KnitPro would seek further takedown notices because of alleged infringements of KnitPro's EU Marks and that Amazon would remove the products from its websites. Mr Petkun calculates the potential loss. He estimates that Crafts would make direct annual sales of \$72,000 in the UK but for the takedown notices, a sum arrived at by estimating that UK sales would be consistently 10% of US sales in 2022. In addition, Crafts is losing (unquantified) sales through distributors who would sell on Amazon. Mr Petkun suggests that over 5 years Crafts' losses would exceed the IPEC cap and the amount over £500,000 would be irrecoverable. He adds that his company wants certainty and that the current uncertainty means that Crafts is not expanding into Germany because he expects that KnitPro would seek a takedown notice on Amazon.de.
67. Mr Petkun's point about irrecoverable damages is hard to follow. Taking his figures at face value and assuming that Crafts were to win at trial in its claim for unjustified threats, Crafts would be entitled to its lost profits between June 2015 and around June 2029, about 17 years. Michael Browne of KnitPro's solicitors gave evidence of having been told by Shirish Jain, Vice President of the second defendant, that a profit margin of 10% would be considered healthy, a figure not challenged by Crafts. On the assumption that sales were completely consistent at \$72,000 per annum since 2015 and will continue to be so until 2029, that would mean a loss of \$7,200 each year for 17 years, on my maths a total of \$122,400. An online currency converter at current rates translates that into about £97,000. There is no prospect of Crafts losing out because of the damages cap in this court. Losses in Germany because of a takedown notice there, or a threat of one, will be recoverable in Germany if a cause of action is available there.

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68. Following Crafts' complaint by correspondence in July 2015 that KnitPro's application to Amazon for a takedown notice constituted an unjustified threat of infringement proceedings, Crafts chose to do nothing until the claim form was issued on 11 December 2020. Thomas Carver, a solicitor acting for Crafts, gave evidence about this, with which Mr Petkun agreed. Mr Carver says that when Crafts applied to the EUIPO in January 2013 for a declaration of invalidity of the EU Chevron Mark, it expected that application to resolve the matter. Unexpectedly there have been two judgments of the General Court so far, remittances to the EUIPO with another decision of the Grand Board of Appeal currently expected, plus the further expectation of judgments on appeal from the Grand Board to the General Court and then to the CJEU.
69. I accept Mr Carver's evidence that Crafts expected the EUIPO proceedings to be concluded sooner than they will be. However, if Crafts had been seriously concerned by irreparable damage due to the takedown notices, it seems to me that it would have issued a claim form in 2015 and would have either sought interim relief or moved the case forward to a trial some months later. Its behaviour is more consistent with a willingness to live with any loss of sales and to claim compensation in due course. Issuing the claim form in December 2020 was consistent with keeping open the option of being able to seek such compensation at some stage, avoiding any bar under the Limitation Act 1980.
70. Thus, if the claims in this court relating to the EU and UK Chevron Marks are stayed pending the outcome of the European proceedings and Crafts succeeds in those claims, it will be compensated for the loss caused by the takedown notices if and to the extent it is entitled to such compensation. No other relevant damage to Crafts has been identified.
71. If there is no stay, there will be a trial in several months' time and a second trial after the judgment of the CJEU to deal with the claims this court is required to stay under art.132(1) of the Trade Mark Regulation. A judgment in relation to Chevron claims in this court will at least in part be subsequently overtaken by the CJEU's judgment, possibly in substantial part, so the cost of dealing with such claims in this court would be wasted.
72. Therefore I take the view that the balance of justice favours a stay of all claims relating to the EU and UK Chevron Marks.
73. Next I consider the claims relating to the Symfonie Marks and for passing off. If those claims are stayed, the potential damage to Crafts remains the same, none of it irreparable. The difference is that there would be one trial, not two. Self-evidently that would save costs, which is what KnitPro wants to do. It seems to me that the balance of justice favours staying those claims as well.

In the result, all the claims in these proceedings are stayed pending final resolution of the application made in the EUIPO for cancellation of the EU Chevron Mark.