



Neutral Citation Number: [2017] EWHC 2933 (IPEC)

Case No: IP-2016-000131

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

The Rolls Building
7 Rolls Buildings
Fetter Lane
London EC4A 1NL

Date: Monday, 13th November 2017

Before:

HIS HONOUR JUDGE HACON

Between:

(1) JAKE FIOR
(2) JOANNE HUMPHRIS
(3) ALICE LOOKING LIMITED **Claimants**
- and -
(1) THE WALT DISNEY COMPANY
LIMITED
(2) DISNEY ENTERPRISES INC.
(3) L'OREAL (U.K.) LIMITED
(4) COTY, INC.
(5) LENA WHITE LIMITED **Defendants**

MR. GUY TRITTON and MR. JAMIE MUIR WOOD (instructed by Trainer Shepherd Phillips Melin Haynes LLP) appeared for the Claimants

MR. HENRY WARD (instructed by Carpmeals & Ransford for D1 and D2 and BAKER McKENZIE for D3 and D4) appeared for the Defendants

Approved Judgment

Digital Transcription by Marten Walsh Cherer Ltd.,
1st Floor, Quality House, 6-9 Quality Court, Chancery Lane, London WC2A 1HP.
Telephone No: 020 7067 2900. Fax No: 020 7831 6864 DX 410 LDE
Email: info@martenwalshcherer.com
Web: www.martenwalshcherer.com

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HIS HONOUR JUDGE HACON:

1. This is an application to strike out certain paragraphs of the reply and defence to counterclaim in an action for trade mark infringement. This is on the ground that they refer to what that pleading calls "the promise." It is said by the first and second defendants ("Disney") (whose application this is) that the promise as defined was contained in a without prejudice statement, made on their behalf, and that therefore references to the promise should be struck out.
2. The point arises in this way. In the defence and counterclaim there is an allegation that certain trade marks which are in issue in this case were registered in bad faith, contrary to sections 3(6) and 47 of the Trade Marks Act 1994. The most important paragraphs of the defence and counterclaim are these, contained in the particulars under paragraph 31:

“31.5 Further, the 2015 and 2016 registrations cover goods of the type which can reasonably be anticipated to be part of merchandising efforts typically undertaken by Disney to promote its motion pictures, particularly motion pictures that may appeal to children and teenagers, including its 2016 ‘Alice Through the Looking Glass’ motion picture. Moreover, an ALICE IN WONDERLAND palette was previously launched in the UK under the Urban Decay brand to coincide with the release of the 2010 Disney motion picture of that name. It could reasonably be anticipated that similar merchandising would accompany the Disney ALICE THROUGH THE LOOKING GLASS motion picture.

31.6 In the premises, it is to be inferred that the Claimants applied for the 2015 and 2016 registrations with no intention of making genuine or *bona fide* use of the same, but sought them purely as legal instruments to build a case of trade mark infringement against Disney and its licensees.”

3. Mr. Tritton, who appeared for the claimants, said that there were two allegations being made by Disney in paragraph 31.6: first that his clients had registered the relevant marks in bad faith because they had no intention of making genuine or bona fide use of the same; and secondly, that the marks were registered in bad faith because his clients had applied for them purely as legal instruments to build a case on trade mark infringement against Disney and its licensees.
4. He said that today it was the second of those allegations that mattered. Part of his client's response to it was contained in the reply and defence to counterclaim. In that pleading the claimants rely on what I have referred to as "the promise" to rebut the second allegation. The promise is explained and quoted in the second witness statement of Ian Kirby dated 7th November 2017 in particular at paragraphs 14-17. The key assertion by Disney is the one stated in Mr. Kirby's paragraph 17, in particular the penultimate sentence. I will not quote it because it forms part of without prejudice communications.

5. It was not in dispute between the parties that the assertion relied on was contained in without prejudice communications. At one stage the claimants relied on an exception to the rule that the contents of without prejudice communications cannot be used at trial. The exception is that if the relevant contents create an estoppel, then they can be relied upon.
6. Today Mr. Tritton said that the assertion in issue did not in truth create an estoppel. He took me instead to the judgment of Lord Clarke, with whom the remainder of their Lordship's agreed, in the case of *Oceanbulk Shipping & Trading SA v TMT Asia Limited* [2010] UKSC 44. At paragraph 29 Lord Clarke said this:

"In para 43 Lord Rodger recognised the breadth of the without prejudice rule and rejected the proposed exception. So too did Lord Walker. He said at para 57 that he would not restrict the without prejudice rule unless justice clearly demands it. This seems to me to be entirely consistent with the approach of Lord Griffiths in *Rush & Tompkins* at p 1300C, where he said that the rule is not absolute and that resort may be had to the without prejudice material for a variety of reasons where the justice of the case requires it. See also per Lord Neuberger at para 89, endorsing the passage from the judgment of Robert Walker LJ in *Unilever* at pp 2448-2449 (referred to above)."

7. Mr. Tritton said that the burden of what their Lordships ships decided in that case was that there could be an exception to the without prejudice rule where justice required it. He argued that justice plainly required it in this case because it would not be in the interest of justice to allow Disney to allege, as they have, that the claimants registered the relevant trade marks with the intention of using them against anticipated trading activities by Disney, without his clients being able to rebut that by reference to the assertion made in the without prejudice communication.
8. There are two problems with this submission. First I should refer to paragraph 30 of *Oceanbulk*, which is in the following terms:

"The cases to which I have referred (and others) show that, because of the importance of the without prejudice rule, its boundaries should not be lightly eroded. The question in this appeal is whether one of the exceptions to the rule should be that facts identified during without prejudice negotiations which lead to a settlement agreement of the dispute between the parties are admissible in evidence in order to ascertain the true construction of the agreement as part of its factual matrix or surrounding circumstances."

9. As Lord Clarke said in that paragraph, the without prejudice rule is an important principle in English law and its boundaries should not be lightly eroded. As appears from that paragraph the particular exception under scrutiny in *Oceanbulk* was not related to the one in issue in the present case.
10. I must bear in mind the major point made by Lord Clarke, namely that the without prejudice rule must not be lightly eroded.

11. The second difficulty I think with the claimant's position is that the assertion in issue was by no means clear and its value, as a repost to the allegation made by Disney is in any event very limited. For those two reasons, I accede to the application to strike out references to without prejudice communications.
