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***21 Prince Plc v. Prince Sports Group Inc.**

In the High Court of Justice--Chancery Division

Ch D

Before: Mr Justice Neuberger

July 30, 1997

Trade mark--Threats of proceedings--Internet domain name registration-- Whether letter amounted to a threat--Relevance of subsequent communications-- Whether threat confined to supply of services--Whether plaintiff person aggrieved--Declaration--Injunction--Inquiry as to damages--Summary judgment-- Declaration of non-infringement--Desirability of further relief.

Trade Marks Act 1994, s.21.

RSC, Ord. 14.

This was an application for summary judgment for a declaration, an injunction and an inquiry as to damages in an action for threats of proceedings for infringement of a registered trade mark, pursuant to section 21 of the Trade Marks Act 1994. The plaintiff was a United Kingdom company providing services in connection with the computer industry under or by reference to the mark PRINCE. The defendant was an American corporation making tennis racquets, sports shoes and other sports equipment. It was the proprietor of various registrations of the trade mark PRINCE throughout the world, including in the United States and the United Kingdom.

The plaintiff registered the Internet domain name "prince.com" with Network Solutions Inc. ("NSI"), a federally authorised domain name register operator in the United States. As a result the defendant's American attorneys wrote a letter to the plaintiff ("the principal letter"), which the plaintiff alleged amounted to an unjustifiable threat under section 21. The defendant's attorneys wrote a

further letter to NSI enclosing the principal letter. NSI then wrote to the plaintiff enclosing the defendant's letter to it, stating that the defendant alleged that the plaintiff's domain name was identical to the defendant's federally registered trade mark. The plaintiff sought (1) a declaration that the letter was an unjustifiable threat under section 21, (1) an injunction, and (3) a further declaration that the plaintiff's registration and use of its domain name did not infringe the defendant's United Kingdom trade marks.

The defendant argued that the case did not fall within section 21(1) on three grounds: first, that the letter was not a threat of proceedings for infringement of a registered trade mark when construed together with *22 the later correspondence; secondly, that the threat was limited to services because the provision of services was the only activity in which the plaintiff was engaged; thirdly, that the plaintiff was not a person aggrieved. The defendant further argued that in the circumstances the court should not grant any of the relief sought pursuant to section 21(2), and that the case was not an appropriate one for relief under Order 14 because the plaintiff had realised, before the issue of proceedings, that the defendant's letter was pursuant to NSI's dispute resolution policy, and because the action was brought for an ulterior purpose, namely to improve the plaintiff's position in the United States and to avoid having to bring proceedings there.

Held, granting a declaration and injunction:

(1) If the principal letter constituted a threat, then it could not retrospectively not have constituted a threat because of subsequent letters. Although the justifiability of section 21 proceedings, the nature of the relief granted and the appropriate costs order could all be influenced by communications made after the document constituting a threat, subsequent communications could not alter the fact that the first communication constituted a threat.

Brain v. Ingledew Brown Bennison & Garrett [1996] F.S.R. 341, CA applied.

(2) The test for whether a particular communication constituted a threat was whether it

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would have been read by the ordinary reader, in the position of the plaintiff, as constituting a threat by the defendant of proceedings for infringement of a United Kingdom registered trade mark. The principal letter made express reference to the defendant's registered trade marks in the United Kingdom, there was no territorial restriction to the complaint of the plaintiff's use of PRINCE as a domain name, there was an unqualified requirement not to use PRINCE as part of any new domain name, and there was a general threat of litigation. Therefore the letter would have been understood by the recipient as a threat falling within section 21(1).

Brain v. Ingledew Brown Bennison & Garrett (No. 3) [1997] F.S.R. 511 applied.

(3) When a particular communication constituted a threat, whether it was confined to the supply of services under the mark, was a matter of construing the language of the document. In this case the threat was general in its nature and therefore did not fall within section 21(1)(c).

Cavity Trays Ltd v. RMC Panel Products Ltd [1996] R.P.C. 361 followed.

(4) Section 21(1) was concerned to ensure that threats of infringement proceedings were not made casually or recklessly. Therefore the person wishing to raise the possibility of infringement proceedings was required to take care in expressing himself, and it was incumbent upon him to indicate in terms if he wished to take advantage of one of the excepting paragraphs of section 21(1).

*23 (5) Save in exceptional circumstances, where a threat was made directly to the person alleged to be the infringer, that person was a person aggrieved. In any event in this case the terms of the principal letter and the attitude of the NSI made it difficult for the defendant to contend that the plaintiff was not a person aggrieved.

Brain v. Ingledew Brown Bennison & Garrett [1996] F.S.R. 341, CA and *John Summers & Sons v. The Cold Metal Process Co.* (1948) 65 R.P.C. 75 applied.

(6) It was consistent with the language and purpose of section 21 that once the court concluded that an unjustifiable threat falling within the section had been made, in the absence of special circumstances, the person against whom the threat had been made was entitled to a declaration and an injunction. Here the defendant had not been prepared to offer an undertaking in lieu of an injunction nor had it withdrawn the letter in so far as it offended against section 21.

(7) It was inappropriate at this stage to order an inquiry as to damages where there was no evidence that the plaintiff had suffered loss and damage. The plaintiff would be given an opportunity to put forward evidence to support a claim for an inquiry on the understanding that it would abandon the claim if, on the evidence, the court refused an inquiry.

Brain v. Ingledew Brown Bennison & Garrett (No. 3) [1997] F.S.R. 511 and *McDonald's Hamburgers Ltd v. Burger King (UK) Ltd* [1987] F.S.R. 112 distinguished.

(8) Order 14 relief was appropriate in this case. The plaintiff's case was properly brought and the plaintiff was entitled to relief under section 21.

(9) The further declaration as to non-infringement of the defendant's UK trade marks was not appropriate. It was unclear whether it took matters any further than the section 21 declaration, in which case it would be a pointless exercise and it could be used unfairly against the defendant. If it did take matters further and in so far as it could be used to assist any claim brought by the defendant in the United States, the court should be slow to grant such relief.

Guaranty Trust Company of New York v. Hannay & Company [1915] 2 K.B. 536 and *Camilla Cotton Oil Co. v. Granadex SA and Tracom SA* [1976] 2 Lloyd's L.R. 10 applied.

(10) The burden of proof was on the plaintiff in seeking the further declaration. The plaintiff had not put forward any positive evidence to support its claim.

(11) It was undesirable, except in unusual circumstances, to grant relief such as the further declaration, to a plaintiff against whom an unjustified threat under section 21 was made. The legislature had decided what declaratory relief was appropriate to such a person. It would be oppressive on the maker of the threat to face relief which went further than that contemplated by section 21(2).

*24 The following cases were referred to in the judgment:

Brain v. Ingledew Brown Bennison & Garrett [1996] F.S.R. 341, CA.

Brain v. Ingledew Brown Bennison & Garrett (No. 3) [1997] F.S.R. 511.

Camilla Cotton Oil Co. v. Granadex SA and

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Tracom SA [1976] 2 Lloyds L.R. 10.

Cavity Trays Ltd v. RMC Panel Products Ltd [1996] R.P.C. 361.

Guaranty Trust Company of New York v. Hannay & Company [1915] 2 K.B. 536.

Lady Anne Tennant (The) v. Associated Newspapers Group Ltd [1979] F.S.R. 298.

McDonald's Hamburgers Ltd v. Burger King (UK) Ltd [1987] F.S.R. 112.

Summers (John) & Sons v. The Cold Metal Process Co. (1948) 65 R.P.C. 75.

Tudor Accessories Ltd v. J. N. Somers Ltd [1960] R.P.C. 215.

Representation

James Mellor instructed by Willoughby & Partners appeared on behalf of the plaintiff. Richard Meade instructed by Eversheds appeared on behalf of the defendant.

NEUBERGER J.:

Introduction

General

The plaintiff seeks summary judgment for a declaration, an injunction, and an inquiry as to damages, on the basis of what it alleges is an unjustifiable threat by the defendant of proceedings for the infringement of a registered trade mark, pursuant to section 21 of the Trade Marks Act 1994 ("section 21"), and also for further declaratory relief.

The plaintiff is a United Kingdom company which provides services in connection with the computer industry. The defendant is a U.S. corporation, particularly well known for the making of tennis racquets, sports shoes, and associated sports equipment.

The plaintiff registered the Internet domain name "prince.com" during 1995. This domain name featured as part of its address. On January 16, 1997, the defendants' U.S. attorneys, Sughrue, Mion,

Zinn, Macpeak & Seas, wrote a letter ("the principal letter") to the plaintiff in the following terms:

Re: Domain Name PRINCE.COM
Trademark Infringement and Dilution
Our Ref: 500-065
Dear Sirs:

We represent Prince Sports Group, Inc., with respect to trademark and other intellectual property matters. Prince is the owner of the famous PRINCE trademark, which has been used in connection with tennis rackets, squash rackets, other sporting items and clothing for at least the past 20 years in the United States. Prince is the owner of several U.S. registrations for the PRINCE mark, many of which are incontestable, e.g., Registration Nos. 1,049,720; 1,074,654; 1,111,008; 1,103,956; 1,233,680; 1,284,452; 1,290,202; and 1,290,217. Our client has also registered the PRINCE mark in many other countries throughout the world, including the United Kingdom.

Through extensive sales and advertising under the PRINCE mark and the *25 excellent quality of our client's products, the PRINCE mark has become an asset of immeasurable goodwill and value to our client.

It has come to our client's attention that you have registered "PRINCE.COM" as a domain name with Network Solutions Inc., (NSI) thereby preventing our client from registering its house mark and trade name as a domain name. We are writing to advise you that your company's use and registration of PRINCE as a domain name constitutes infringement and dilution of our client's trademark rights in PRINCE, as well as unfair competition, under the Lanham Act, 15 U.S.C. 1051 *et seq.*

This matter can be amicably resolved by an assignment of the PRINCE.COM domain name to Prince Sports Group, Inc., in accordance with the procedures of NSI and an agreement not to use PRINCE as part of any new domain name you may select. While we are willing to wait for your orderly transition to a new domain name, we must have your immediate written agreement to assign the PRINCE.COM domain name to Prince Sports to avoid litigation.

We look forward to hearing from you or your attorneys in the very near future.

The reference to NSI was to Network Solutions Inc., a U.S. federally authorised domain name register operator. The registration of domain names

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with the suffix ".com" is, to a substantial extent, under the control of NSI. On September 9, 1996, NSI introduced a new revision of its "Domain Name Dispute Policy" ("the Policy") which stated in paragraph 5 that NSI "cannot act as an arbiter of disputes arising out of a registration of a domain name". This paragraph, headed "Third Party Dispute Initiation", was designed to deal with a case where a third party challenged a registrant's "second-level domain name" (that is, the prefix "not including '.com, .org, .net, .edu, or .gov' ") which was "identical to a valid and subsisting foreign or United States federal registration of a trade mark". In such a case, the third party had to submit documents to NSI including, under paragraph 5(a), proof "of a United States Principal or foreign Registration" trade mark, and, under paragraph 5(b), evidence that prior notice had been given to the registrant specifying that its domain name "violates the legal rights of the trade mark owner". Paragraph 6 of the Policy set out procedures which would then apply. By paragraph 6(d), if the registrant failed to provide the necessary evidence of its right to use the domain name, NSI would assist the registrant with the "assignment of a new domain name" and in effecting an "orderly transition to the new domain name". By paragraph 6(e), if a registrant could not justify its use of the domain name within 30 days of the challenge being communicated by NSI, and did not agree to relinquish its domain name, then the domain name was "put on hold" by NSI, which effectively meant that the registrant could not use it.

Having written the principal letter, the defendant's attorneys wrote to NSI (with a copy to the plaintiff) on January 29, 1997, enclosing the principal letter, stating that it had been written pursuant to paragraph 5(b) of the policy, and enclosing, pursuant to paragraph 5(a), "certified status copies of [certain] U.S. registration [s] . . . for the PRINCE mark" and stating that those registrations were obtained "before the date the prince.com domain name was activated". The letter went on to state that the defendant had requested the plaintiff "to assign the prince.com domain name to [it]" and *26 sought NSI's assistance if the plaintiff so agreed, and also asked the "prince.com" domain name to be put on hold until any issue between the plaintiff and the defendant had been determined.

On February 25, 1997, NSI wrote to the plaintiff

enclosing the defendant's attorneys' letter of January 29, 1997, stating that the defendant alleged "that [the plaintiff's] domain name prince.com is identical to a valid and subsisting federally registered trade mark" held by the defendant. The letter then set out the various possibilities which could then occur. These included the plaintiff relinquishing the name and agreeing to transfer it to the defendant, the plaintiff choosing "to file suit in any court of competent jurisdiction against the [defendant]", and the plaintiff choosing "not to respond" in which case "the disputed name will be placed in a "hold" status at the end of thirty days, and no one will be able to use the name until the two parties resolved the dispute".

On April 28, 1997, the plaintiff issued the writ in these proceedings; the summons now before me was issued on June 3, 1997. The relief sought by the plaintiff in the summons is as follows:

1. A declaration that the plaintiff's registration and use of its domain name "prince.com" does not infringe any U.K. Registered Trade Mark of the defendant;
2. A declaration that the defendant's threat of proceedings (as contained in the principal letter) for infringement of U.K. registered trade mark are unjustifiable;
3. An injunction restraining the defendant from threatening the plaintiff or any other person with proceedings for infringement of U.K. registered trade mark in respect of the plaintiff's registration and use of, and business carried on through, its internet domain name, "prince.com";
4. An inquiry as to damages.

Section 21

The relief sought under paragraph 1 is free standing, and I shall consider it at the end of this judgment. The relief under the other three paragraphs is sought pursuant to section 21, which, so far as relevant, provides as follows:

(1) Where a person threatens another with proceedings for infringement of a registered trade mark other than:

- (a) . . .
- (b) . . .

(c) the supply of services under the mark, any person aggrieved may bring proceedings for relief under this section.

(2) The relief which may be applied for is any of

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the following:

(a) a declaration that the threats were unjustifiable,

(b) an injunction against the continuance of the threats,

(c) damages in respect of any losses sustained by the threats; and the plaintiff is entitled to such relief unless the defendant shows that the acts in respect of which proceedings were threatened constitute (or if done would constitute) an infringement of the registered trade mark concerned.

The issues between the parties are:

1. Is the principal letter a threat of "proceedings for infringement of a registered trade mark" within the opening part of section 21(1); *27

2. If so, is it still within section 21(1) in light of the provisions of paragraph (c) thereof;

3. Is the plaintiff a "person aggrieved" within section 21(1);

4. Given all the circumstances, should the court grant all or any of the relief sought pursuant to all three paragraphs of section 21(2);

5. Is this an appropriate case to grant the plaintiff relief under Order 14.

The plaintiff contends that each of these five questions should be answered in the affirmative, whereas, on the defendant's case, they should be answered in the negative. I shall deal with these questions in turn.

Threat of proceedings

It is clear that the reference to "infringement of a registered trade mark" in section 21(1) is a reference to the infringement of a U.K. registered trade mark. As to how one judges whether or not a particular document or statement constitutes a threat within section 21(1), Aldous L.J. said, in *Brain v. Ingledew Brown Bennison & Garrett* [1996] F.S.R. 341 at 349, in relation to a very similar provision, namely section 70 of the Patents Act 1977, as follows:

[T]he conclusion as to whether a document amounts to a threat of patent proceedings is essentially one of fact. It is a jury-type decision to be decided against the appropriate matrix of fact. Thus a letter or a statement may on its face seem innocuous, but when placed in its context it could be a threat of proceedings. The contrary is less likely but could happen.

He also appears to have approved the view of Jacob J. that, in that case, the question of whether or not there was a threat in correspondence should be judged by looking at the correspondence as a whole, and that is how Laddie J. judged the matter when it came before him--see *Brain v. Ingledew Brown Bennison & Garrett* (No. 3) [1997] F.S.R. 511 at 521-524.

On behalf of the defendant, Mr Meade contends that the principal letter should not be construed on its own, but should be construed together with the defendant's attorneys' letter of January 29, 1997 to NSI (a copy of which was sent to the plaintiff) and NSI's letter of February 25, 1997 to the plaintiff (I shall refer to these two letters as "the subsequent letters"). I do not accept that argument. Although it is true that in *Brain* the correspondence was construed as a whole, it seems to me that this was with a view to deciding whether, read as a whole, the correspondence amounted to a threat, or, alternatively, whether a later letter when read in the context of earlier correspondence, amounted to a threat. I do not see how that justifies construing an earlier letter by reference to a later letter. If, in the present case, the principal letter, when judged according to the test confirmed by Aldous L.J., constituted a threat, then I do not see how it could retrospectively not have constituted a threat because of the subsequent letters. While I would readily accept that the justifiability of section 21 proceedings, the nature of the relief to be granted, and the appropriate order as to costs, can all be influenced, in some cases decisively, by communications made after the document which, when properly construed, *28 constitutes a threat, those subsequent communications cannot, in my judgment, alter the fact that the first communication constituted a threat.

I do not find the question of whether the principal letter constitutes a threat to be altogether easy. Mr Meade understandably contends that I should accordingly decline to determine the issue under Order 14, and leave it to the trial judge to determine, particularly as the question is one of fact, as was emphasised by Aldous L.J. On the other hand, Mr Mellor, on behalf of the plaintiff, argues that as the question is ultimately one of construction. I am, in reality, in as good a position as the trial judge would be to determine the issue, and that in these circumstances I should determine it.

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In *Brain* [1996] F.S.R. 341, in the Court of Appeal, Hobhouse L.J. said at 353:

If a judge is to make a declaration of right, it must be upon facts which either are admitted or have been found after an appropriate fact finding procedure. If he is to make a declaration of law, if it is not upon facts found or admitted, it must be upon defined assumptions of fact . . . In the present case, the declarations which the judge made were declarations of right and did not leave open any question of fact. There were facts which had neither been admitted nor found which were at least potentially relevant to what he was deciding.

These observations, although made in relation to the way in which that case had proceeded at first instance, appear to me to set out the approach which I should adopt here. That approach seems to me to be as follows. The fact that I do not find this particular issue easy to resolve should not, of itself, prevent me from determining it under Order 14. Unless there are issues of fact which can only be satisfactorily resolved at trial, and the resolution of those issues could have an effect on the outcome of the dispute as to whether or not the principal letter constitutes a threat, I should resolve that dispute at this stage.

In *Brain* (No. 3) [1997] F.S.R. 511 at 521 Laddie J. said:

There is no dispute . . . that the meaning and impact of the letters in issue has to be decided in accordance with how they would be understood by an ordinary reader. . . . What is particularly important is the initial impression which the letters would have on a reasonable addressee. During court proceedings it is inevitable that the lawyers, parties and judge will read and re-read the offending passages with ever closer attention. Such meticulous analysis is not what would happen in the real world and the court must guard against being led down a path of forensic analysis to a meaning which is narrower or broader than would occur to the ordinary recipient reading the letter . . . in the normal course of business.

What I have to decide is whether the plaintiff is correct in contending that the principal letter would have been read by the ordinary reader, in the position of the plaintiff, as constituting a threat by the defendant of proceedings for infringement of a U.K. registered trade mark. In this connection, the

plaintiff relies on the terms of that letter and in particular on (i) the fact that, in the first paragraph, the principal letter refers to the defendant having registered the mark PRINCE specifically in the United Kingdom; (ii) the contention that the plaintiff's "use . . . of PRINCE as a domain name constitutes infringement and dilution of [the defendant's] trade mark rights in PRINCE"; (iii) the seeking of "an agreement not to use *29 PRINCE as part of any new domain name [the plaintiff] may select"; and (iv) the express reference to, and implied threat of, litigation.

The plaintiff was based in England; the great majority of its business was in the United Kingdom; the name and mark PRINCE had been used consistently in the context of its business since May 1995; "prince.com" had been the name under which the plaintiff had set up its Internet site in February 1995, and had since then been used throughout the plaintiff's business, and had been part of the plaintiff's address; about 10 per cent of the plaintiff's new business contacts came through "prince.com"; the plaintiff's e-mail and website addresses included the name "prince", the plaintiff had registered "prince.co.uk" as an Internet domain name in August 1995. There is therefore a powerful case for saying that the principal letter, if read in accordance with the approach laid down by authority, would have been understood by the recipient to be a threat falling within section 21(1), namely a threat by the defendant to bring proceedings against the plaintiff on the grounds of alleged infringement of the defendant's U.K. registered trade marks.

The defendant identified a number of points which, particularly when taken together, according to Mr Meade, more than justify the conclusion that there is an arguable case to the contrary. The principal letter comes from U.S. attorneys; it specifically identifies only the U.S.-registered trade marks, mentioning its registrations in other countries only incidentally; the allegation of trade mark infringement is linked to "unfair competition under the Lanham Act", clearly a U.S.-limited allegation; in each of the two paragraphs upon which the plaintiff places greatest reliance, reference is made to NSI, which emphasises the fact that the complaints are limited to the United States. The defendant also relies upon two matters which it contends raise issues of fact which can only be

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resolved at trial. First, the defendant's complaint is of a domain name with the ".com" suffix, which is U.S.-specific: that is disputed by the plaintiff on affidavit. Secondly, the defendant contends that it should be entitled to discovery, and to cross-examination of the plaintiff's director, Mrs Tate, so as to discover how she understood the principal letter, on the basis that, while the question of whether a letter constituted a threat should be judged objectively, the court is normally assisted by knowing how the actual recipient read the letter.

I have come to the conclusion that these arguments on behalf of the defendant do not justify giving leave to defend. The points, apart from the two alleged disputed issues of fact, whether taken on their own or together, do not answer the facts that the principal letter makes express reference to the defendant's registered trade marks in the United Kingdom, that there is no territorial restriction to the complaint of the plaintiff's use of "PRINCE as a domain name" (and in this connection the fact that there is reference to this being unfair competition under a U.S. Act does not, to my mind, cut down the general width of the complaint of the use of the name as an infringement of the defendant's marks, particularly bearing in mind the express reference to the defendant's U.K. registration and the fact that the plaintiff was based in the United Kingdom), the unqualified requirement *30 "not to use PRINCE as any part of any new domain name you may select" and the general threat of litigation. The fact that it was U.S. attorneys who wrote the principal letter would only be of significance to a lawyer: he might very well take the view that proceedings would not be issued by U.S. lawyers other than in the United States, and that such proceedings would not be based on U.K.-registered trade marks. Even then, it does not seem to me that the fact the principal letter came from U.S. attorneys takes matters significantly further. In any event, bearing in mind that the letter was written to a comparatively small company, I do not think that that point should be given any real weight.

I turn to the defendant's reliance on the references to NSI in the principal letter. The opening part of paragraph 5 of the Policy refers to the registrant's domain name being "identical to a valid and subsisting *foreign* or United States registration of a trade mark", and paragraph 5(a) requires the submission of "a certified copy . . . of a United

States Principal or *foreign* registration". This seems to me to suggest that, while NSI is undoubtedly a U.S.-based, and indeed U.S.-authorised, body, its disputes procedure indicate that it is not merely concerned about infringement of trade marks registered in the United States. It is fair to say that paragraphs 6(f) and 7(b) of the Policy, refer to disputes about a domain name being decided by (respectively) "a Federal or State court" and "any court of competent jurisdiction" in each case "in the United States". However, that does not detract from the fact that NSI is not only concerned with U.S. trade mark registrations, but also, quite clearly, with foreign registrations as well.

Quite apart from this, when one turns to look at the principal letter, the first reference to NSI appears to me to be there purely to identify how the plaintiff's use of the name "PRINCE" came to the defendant's attention. The second reference to NSI merely concerns the organisation in accordance with whose procedure the defendant requires the plaintiff to assign the "prince.com" domain name to the defendants.

There are other reasons why I consider that the two references to NSI in the principal letter do not assist the defendants. First, I do not consider that it should be assumed that the person who received the principal letter should be taken to have been knowledgeable about the Policy: it is not specifically or even impliedly referred to. Secondly, it does not appear to me that the principal letter should be read as referring solely to the use of the domain name "prince.com" simply because of the two references to NSI: they do not detract from the facts that the principal letter refers to the defendant's U.K.-registered trade mark and makes an unqualified reference to the "infringement . . . of [the defendant's] trade mark rights in PRINCE".

As to the proposition that "prince.com" is a U.S.-limited name, I consider that the plaintiff has two conclusive answers. The first is that the defendants' attorneys objected to the plaintiff's "use and registration of PRINCE as a domain name" on the grounds that it "constitutes infringement . . . of [the defendant's] trade mark rights in PRINCE". As I have already said, the natural meaning of those words appears to me to be that the defendant is objecting to the plaintiff using the name "PRINCE" as part of any domain *31 name (with no limit to

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jurisdiction) because it breaches the defendant's trade mark rights, which, as a matter of ordinary language, would seem to be the trade mark rights referred to earlier in the letter, including those in the United States and "in many other countries throughout the world *including the United Kingdom*". Secondly, it seems quite clear that the plaintiff used "prince.com" as a domain name in the United Kingdom. If, as I believe to be the natural meaning of the principal letter, it was objecting to the plaintiff's use of the name "PRINCE" in any country in which the defendant had a registered trade mark (including the United Kingdom) then, even if that objection was limited to the use of the domain name "prince.com", I do not see how the fact that many, or even almost all, domain names with the ".com" suffix are U.S.- based, or even exclusive to the United States, assists the defendant. A person who sends a communication, such as the principal letter, without first making enquiries as to the identity of the recipient, the nature of the recipient's business, and the nature of the use of the mark, must take his recipient as he finds him. I appreciate that, in order to register its complaint with NSI, the defendant had to write a letter to the plaintiff to satisfy the requirements of paragraph 5(b) of the Policy. However, prudence would suggest that the defendant should first have checked with the plaintiff as to the nature of the plaintiff's business and its use of the mark before writing. If it was the defendant's intention to restrict its complaint to breach of its U.S. trade mark rights, it would have been only too easy to say so, and, in particular, not expressly to refer to the defendant's registered trade marks in the United Kingdom.

So far as the reaction of the plaintiff is concerned, Mrs Tate makes it clear in her affidavit that she understood the principal letter to be an attack on the plaintiff's right to use the domain name "prince.com" and that, at the time she received the principal letter, she did not understand it to have been sent pursuant to paragraph 5(b), or indeed any other provision, of the Policy. She says she appreciated this at an unspecified time later, when she had the terms of the Policy drawn to her attention.

Mr Meade contends that the defendant is entitled to cross-examine Mrs Tate to establish whether she genuinely understood the principal letter in the way that she says, and whether she was really unaware

of the Policy at the time she received it. Given that the way in which the plaintiff understood the threat is only of indirect relevance, the fact that Mrs Tate's evidence is consistent with what one would have expected, and that there is no evidence to contradict what she says (so that the defendant's approach can be said to involve "Micawberism"—see *The Lady Anne Tennant v. Associated Newspapers Group Ltd* [1979] F.S.R. 298 at 303) I do not think it right to accede to that argument. Mr Meade suggested that there was evidence which called Mrs Tate's evidence into question, but I do not accept that. There is a press release on the plaintiff's website indicating that it expects to be able to retain its domain name of "prince.co.uk". However, it is clear from other statements in that press release that it was written after the plaintiff received the subsequent letters, by which time it had appreciated that the defendant's threats were or might be restricted to infringement of its U.S. trade marks *32 and/or to the use of the specific domain name "prince.com". That is entirely consistent with Mrs Tate's affidavit, in which she says that, at some point after receipt of the principal letter, she realised that it must have been written effectively pursuant to paragraph 5(b) of the Policy: that must have been after she received one or both of the subsequent letters.

Limited to services

It is accepted by the plaintiff that, at least on the evidence before me, it supplied services, and not goods. In these circumstances, the defendant contends that, even if the principal letter constitutes a threat within the opening part of section 21(1), it is excluded by virtue of paragraph (c) thereof.

This issue raises a short point of construction relating to section 21(1)(c). Where a threat, such as that contained in the principal letter, is not expressly limited to "the supply of services under the mark" does it nonetheless fall within the exception contained in section 21(1)(c) on the ground that the recipient of the letter only supplies services under the mark in question?

As a matter of ordinary language, it seems to me that the plaintiff's contention, namely that the answer to that question should be in the negative, is correct. Once one has decided, by applying the test to which I have already referred, that a particular

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communication constitutes a threat, then one has to ask oneself whether, as a matter of language, the threat is confined to the supply of services under the mark. If, as in the present case, the threat is perfectly general in its nature, there is no basis for saying that it falls within section 21(1)(c).

The defendant relies on the same principle which governs the approach to the issue of whether or not the principal letter constituted a threat. If the person who makes the communication has the disadvantage of having to take the recipient as he finds him, consistency of approach suggests that this should not only apply to the question of whether or not the communication should be seen as a threat, but also as to whether or not it can fall within one of the exceptions in paragraph (a) to (c) of section 21(1). If, as in the present case, the recipient of the letter only provides services under the mark, then that, in effect, is the good fortune of the sender of the communication. To put the point another way, the test as to whether a communication constitutes a threat is to be determined by its effect on a reasonable person in the position of the recipient. If, in fact, the recipient only provides services under the mark, then, the argument runs, he would understand the communication to threaten him with infringement proceedings which only fall within section 21(1)(c).

I see the attraction of this argument, but in the end I consider that the language in section 21(1), when read as a whole, is clear. In agreement with Mr Mellor, I consider that one takes the communication, and decides whether it would be understood by a reasonable person in the position of the recipient to be a threat of infringement proceedings. If it is such a threat, then one must decide whether, on its face, the communication nonetheless is *33 outside section 21(1), because it falls within one of the three excepting paragraphs. This conclusion appears consistent with the approach of the Court of Appeal in *Cavity Trays Ltd v. RMC Panel Products Ltd* [1996] R.P.C. 361.

Although at first sight this may not appear to comply with the philosophy behind section 21(1), I believe that, on analysis, it does. The section is concerned to ensure that threats of infringement proceedings are not made casually or recklessly, because of the potential damage and concern they can cause. Anyone who wishes to write a letter

raising the possibility of infringement proceedings is, therefore, required to consider with care whether he has a case, and, if he is to communicate with another, to take care in expressing himself. If, therefore, the person making such communication wishes to take advantage of one or more of the excepting paragraphs of section 21(1), it is incumbent upon him to indicate this in terms.

Person aggrieved

The question of whether or not a plaintiff is a "person aggrieved" was considered both by Aldous L.J. and by Laddie J. in *Brain* [1996] F.S.R. 341. Aldous L.J. said at 351:

[T]he question of whether or not a person is aggrieved by a threat is in the main a question of fact to be established by evidence. If the threat is not made to the person himself, then he must establish by evidence that the threats have or are likely to cause him damage which is not minimal.

In the absence of authority, Laddie J. said ([1997] F.S.R. 511 at 519) that he would have taken the view that

the inclusion of "person aggrieved" in [the relevant] section is to exclude frivolous applications or applications by busybodies who have no real personal interest in the threats.

He turned to authority, and reached this conclusion at 520:

For the purpose of demonstrating that he has status to sue, what [the plaintiff] has to do is show that his commercial interests are or are likely to be adversely affected in a real as opposed to a fanciful or minimal way. Where the threats are made against him directly, following *Summers*, the court will infer such adverse effect. Where the threats are made indirectly, he will need to demonstrate it. But I do not think the court should be astute to find that a complainant has not been affected in his commercial activities where it is clear that the purpose of the threat was to do so.

The reference to *Summers* was the decision of Romer J. in *John Summers & Sons v. The Cold Metal Process Co.* (1948) 65 R.P.C. 75, where at 98, he said:

As I have come to the conclusion that *Summers* themselves were threatened different considerations arise. It is true that *Summers* called no evidence to

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prove the damage which they pleaded, but in my judgment it was not necessary for them to do so. I am clearly of the opinion that any person who is threatened with an action of infringement of patent, as I find that Summers were, is a "person aggrieved" for the purposes of [the relevant section] and need not prove actual damage at the trial in order to found a claim for relief.

To my mind, these authorities establish that, save perhaps in very *34 exceptional circumstances, where a threat of the sort contemplated by section 21(1) is made directly to the person who is alleged to be the infringer, that person may bring proceedings as a "person aggrieved" without further ado. Mr Meade argued that this was not so where the threat was communicated directly by the defendant to the plaintiff, as opposed to a case where the defendant communicated to a third party (normally a customer of the plaintiff) that the defendant would sue the plaintiff (rather than the customer). While that argument was attractively presented, it does not seem to me to be borne out by the clear way in which the judgments from which I have quoted are expressed. However, as I have already indicated, I would be inclined to accept that there could be exceptional circumstances where a threat made directly to an alleged infringer would not render him a "person aggrieved".

Quite apart from this, even if the test applicable to cases where the threat is not made directly to the infringer is applicable, it seems to me that the terms of the principal letter in the present case, coupled with the attitude of NSI, make it difficult for the defendant to contend that the plaintiff is not a "person aggrieved". The evidence suggests that, if these proceedings had not been brought by the plaintiff, there would have been a real risk of NSI putting the plaintiff's "prince.com" domain name on hold (and hence incapable of use) for the time being.

Mr Meade made the point that, as appears from Mrs Tate's affidavit, the plaintiff must have been aware, after receipt of the subsequent letters, that the defendant was alleging infringement of its United States trade marks. As I have already indicated, that cannot prevent the principal letter constituting a section 21 threat: for the same reason, I do not see how such subsequent letters can prevent the plaintiff from being a "person aggrieved".

No Section 21 relief appropriate

The defendant argues that, even if the plaintiff can establish that it has a case in principle under section 21 (as I have held that it does) the court should nonetheless decline to grant the plaintiff relief. This argument has two components, which can be conveniently dealt with separately, albeit that the defendant also relies on their cumulative effect. The defendant first contends that, even on the face of it, the plaintiff has not made out a sensible case for any of the three heads of relief which it claims pursuant to section 21(2). Secondly, the defendant contends that the plaintiff is really seeking relief under section 21 for an ulterior motive, and that the court should accordingly not grant it relief.

No basis for the relief

In relation to the claim for an injunction and a declaration, Mr Meade submitted that, even though the plaintiff may have thought that the threat contained in the principal letter related to infringement of trade mark in the United Kingdom, any such belief must have been dispelled once the plaintiff received the subsequent letters, i.e. before the instant proceedings were *35 issued. Accordingly, he argues that, whether one looks at matters from the point of view of the plaintiff or that of the defendant, it would be inappropriate to grant a declaration or an injunction.

From the plaintiff's point of view, it must now appreciate, and indeed must have appreciated from the date it received the copy letter of January 29 from the defendant's attorneys to NSI, or, in any event, from the date it received NSI's letter of February 25, 1997, that the plaintiff was simply alleging infringement of its U.S.-registered trade marks. Indeed, that contention derives support from what Mrs Tate says in her affidavit; namely that, when she first received the principal letter, she could not really understand "the hostility of [the defendant's] approach and the allegations of trade mark infringement and unfair competition, which defied belief". She then goes on to say that "all became clear when I had drawn to my attention the . . . Policy (September 1996) of the NSI domain name dispute procedure". Later on in her affidavit, she says this:

I conclude that the defendant's attorneys sent [the principal] letter solely to trigger the NSI dispute

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procedure and not because they or the defendants had any genuine belief in the merit of their allegations. Nor could they have had any such belief. The plaintiff and the defendants have traded concurrently in the United Kingdom throughout the trading life of the plaintiff and its predecessors and without any vestige of confusion.

So far as the defendant is concerned, its case on affidavit, which is supported by the subsequent letters, is that it "was aware of the . . . Policy and intended to rely only on its U.S. trade mark rights to persuade NSI and/or the plaintiff to assign to it the plaintiff's U.S. PRINCE domain name."

In these circumstances, it is said that there is no point in granting the plaintiff an injunction or declaratory relief: any apparent threat by the defendant which might have fallen foul of section 21(1) was removed to the plaintiff's knowledge (through the medium of the subsequent letters and the knowledge of the Policy) and any breach of section 21(1) on the part of the defendant was inadvertent.

These arguments, even taken on their own, are not without force, given that it is common ground that the court has a discretion whether or not to grant any or all of the types of relief set out in that subsection.

Having said that, one has to bear in mind the purpose of section 21. It is to protect business people against threats based on unjustifiable allegations that they are infringing trade marks registered in the United Kingdom by third parties. It is to ensure, so far as possible, that persons who have the privilege of a U.K. registered trade mark should not abuse that privilege. If that privilege is abused by the making of unjustified threats based on the trade mark, then the maker of the threat has only himself to blame if he finds that he is at the receiving end of proceedings by the person he has threatened, and if those proceedings result in relief being granted against him.

In the present case, it is significant that the defendant was not prepared to offer an undertaking in *lieu* of the injunction sought by the plaintiff under section 21(2)(b), although the possibility of such an undertaking was *36 expressly raised by Mr Mellor during the hearing. (The fact that the

defendant denied that the principal letter constituted an unjustifiable threat under section 21 would not have prevented a contingent offer of such an undertaking.) In this context, I would contrast this case with *Tudor Accessories Ltd v. J. N. Somers Ltd* [1960] R.P.C. 215--see at 220 lines 50-55 and at 221 lines 28-40. Given that the defendant has made an unjustifiable threat within section 21(1), and given that the defendant is not prepared to give an undertaking in *lieu* of the injunction sought under that section (or even to withdraw the principal letter in so far as it is in breach of section 21), I would think it right, in the absence of any other special circumstances, to conclude that the plaintiff should be granted the injunction it seeks. It appears to me that similar conclusion is appropriate in relation to the grant of a declaration. In my judgment these conclusions are consistent with the philosophy behind section 21: once the court concludes that an unjustifiable threat falling within that section has been made, both the language and the purpose of that section suggests that, in the absence of special circumstances, the person against whom such a threat has been made is entitled to comfort with regard to the past (namely a declaration that an unjustifiable threat has been made) and protection for the future (namely an injunction restraining further threats).

The question of an inquiry as to damages, however, stands on a rather different footing. The evidence of any loss or damage having been suffered by the plaintiff as a result of the unjustifiable threat on the part of the defendant is exiguous to the point of being effectively non-existent. There is an allegation in the statement of claim that the plaintiff has suffered loss and damage as a result of the unjustifiable threat, but there are no particulars. The plaintiff's affidavit evidence reveals no loss or damage. In those circumstances, it would seem inappropriate to order an inquiry into damages.

Mr Mellor had two answers to that. The first was that the court should as a matter of principle order an inquiry as to damages, on the basis that, if no damages were awarded the plaintiff would bear the costs of a pointless exercise, whereas, if damages were awarded, an inquiry would have been self-evidently justified. Attractive though that argument is, I cannot accept it. If a party wants the court to accord time for, and another party to incur

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expense and effort in relation to, an inquiry as to damages, he must produce some evidence to show a *prima facie* case that he will recover such damages.

The cases upon which he relied to support his argument, namely *Brain* [1997] F.S.R. 511 at 525-528 and *McDonald's Hamburgers Limited v. Burger King (UK) Limited* [1987] F.S.R. 112 are distinguishable. In *Brain*, Laddie J. had evidence before him to establish the basis of a possible claim by the plaintiff for loss of the chance to enter into certain contracts: even with that evidence, he was still reluctant to order an inquiry, albeit that he ultimately did so. In *McDonald's*, the finding of the judge at first instance established a real risk of loss on the part of the plaintiff, albeit that such loss would have been self-evidently difficult to quantify: the Court of Appeal held that in those circumstances he should have ordered an inquiry as to damages. In the *37 present case, there is simply no evidence, and no pleading other than in the most general terms, to support a claim for damages. I consider that it would be wrong to order an inquiry on this evidence.

Mr Mellor's alternative argument was that I should adjourn the question of whether or not an inquiry as to damages should be ordered to enable the plaintiff to put in further evidence so as to show that it has at least a *prima facie* case that it has suffered some damage as a result of the unjustifiable threat made by the defendant. That course appears attractive. It could be said to be somewhat unfair on the defendant to permit the plaintiff to put right a defect in its case for summary judgment. However, if I refuse an inquiry as to damages, that does not mean that the plaintiff's application for such an inquiry has failed totally: I would merely have refused to grant that relief at summary stage, and this could result in the time consuming and costly exercise of the plaintiff having to go to trial purely for an inquiry. I think it far more satisfactory for all concerned that the plaintiff should be given a final opportunity now to put forward its evidence to support a claim for an inquiry, on terms that the plaintiff accepts that, if, on the evidence it will put forward, the court refuses an inquiry, then the claim for an inquiry will be abandoned.

The plaintiff's claim as a device

The defendant contends that the plaintiff is

pursuing these proceedings not so much because it wishes genuinely to obtain the relief which it purports to seek, but to improve the plaintiff's position outside the United Kingdom, and in particular in the United States, especially as against NSI. In *Tudor, Lloyd-Jacob J.* said this at 220-221:

[H]aving got the letter of threat and replied that his intention to place these goods on the market would no longer be pursued, [the plaintiff] appreciated, or was advised, that a breach of the provisions of [the equivalent of section 21] had been committed by the defendants which would give rise to a legal claim which could be enforced by litigation, or alternatively, as he himself said, could be used as a further threat to induce the defendants to accept some terms for the resolution of the conflict between them. I am quite satisfied that the presence of this section . . . is not intended to give a bargaining weapon to secure anything other than the appropriate relief which the section states should be granted to persons aggrieved; that is to say an undertaking that no such threat would be persisted in and would be immediately withdrawn and additionally some offer to compensate the complainants for any loss which they had been put as a result of the receipt of that letter is proper to be sought before litigation commences. But if the truth be, as it was here, that the recipients of the letter regarded it as a valuable weapon for negotiating a settlement of a different conflict, in that it would put the defendants at a still greater disadvantage in discussing the terms upon which these components could be transferred from one company to the other. I am bound to express my opinion that they were seeking something beyond the relief which the section regards as appropriate to the wrong done by the defendants in writing the letter.

In these circumstances, having referred to the fact (which I have already mentioned) that the defendant in that case offered an undertaking in lieu of *38 an injunction the judge decided that in all the circumstances he should not award the plaintiff any relief.

It seems clear from the plaintiff's press releases on its website that:

1. Following receipt of the subsequent letters, the plaintiff was aware that the defendant was seeking to invoke, and to rely on, the Policy;
2. The plaintiff believed that, by virtue of the

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terms of the Policy, it had to issue proceedings in the United States if it was to protect the domain name "prince.com";

3. The plaintiff was reluctant to begin proceedings in the United States, and thought that NSI was unreasonable in requiring proceedings to be brought in the United States rather than, in the present case, in the United Kingdom;

4. It was only when the plaintiff sought advice from their present solicitors, apparently towards the end of April, that they appreciated that proceedings could be brought in the United Kingdom.

In connection with this final point, in a press release dated April 30 on the plaintiff's website, they refer to their present solicitors as being "specialists in this area" and continue:

They have defined a very narrow cause of action crafted to secure a very specific end. U.K. trade mark law provides for us to get the case into a U.K. court, sparing [the plaintiff] the significant expense and drain on resources of fighting the case in a U.S. court.

The defendant contends that, taking into account these matters, it is clear, or at least the defendant has an arguable case for saying that it will establish at trial, that the plaintiff is bringing these proceedings for an ulterior motive. First, these proceedings were not brought until after the principal letter had been "explained" by the subsequent letters, as discussed in Mrs Tate's affidavit. Secondly, there is no substantial concern on damages, as is demonstrated by the fact that the plaintiff has put in no evidence to show that any damage has been suffered. Thirdly, the purpose of these proceedings is to avoid having to bring proceedings in the United States. Fourthly, the bringing of these proceedings is with a view to improving the plaintiff's position in the United States.

I am not persuaded by these arguments. As I have already mentioned, if, as I believe to be the case, the principal letter does represent an unjustified threat within section 21(1), and that is denied by the defendant, then the plaintiff is entitled to an appropriate declaration to that effect, in the absence of special circumstances, and, equally, if there is no undertaking by the defendant not to make unjustified threats in the future, the plaintiff would be entitled to injunctive relief in the absence of

special circumstances. There is nothing wrong with a U.K.-based company wishing to bring proceedings against a U.S.-based company in the United Kingdom, any more than there is anything wrong in a U.S.-based company wishing to bring proceedings in the United States against a U.K.-based company. I understand that the defendant has issued proceedings in the United States against the plaintiff in connection with the use of the domain name "prince.com". It is not suggested that there is any sort of binding agreement between the plaintiff and the defendant whereby the bringing of the instant proceedings puts the plaintiff in breach of contract with the defendant.

***39** I find it very hard to believe that any U.S. court, or indeed NSI, would conclude that any relief granted to the plaintiff against the defendant under section 21 by this court was based on anything other than the fact that the principal letter, on its true construction, constituted an unjustified threat of proceedings against the plaintiff on the ground that the use of the word "PRINCE" by the plaintiff constituted a breach of the defendant's U.K.-registered trade mark. I take the opportunity of emphasising that anything I decided in this judgment, and any order made as a result of this judgment, goes, and indeed can go, no further than that. If the defendant is genuinely concerned about the possibility of the effect of any order being given a different, and wider, interpretation, I would listen sympathetically to any variation to the terms of the order as sought by the plaintiff. It is obviously quite possible for an English court to reach the conclusion that the principal letter, in so far as it constitutes a threat of infringement proceedings in relation to the defendant's U.K.-registered trade marks is an unjustified threat, and for a U.S. court to reach the contrary conclusion so far as the defendant's U.S.-registered trade marks are concerned.

Order 14 relief inappropriate

There would appear to be two aspects of the defendant's case on this point. First, it relies on the points I have just been considering. It is well established that, even where, on the evidence and arguments before it, the court concludes that there is no defence to a claim by a plaintiff, judgment under Order 14 can nonetheless be refused. This is inherent in the wording of Order 14 itself, and the

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cases on the topic are usefully summarised at paragraph 14/3-14/9 of the current, 1997, edition of the *Supreme Court Practice*.

Having concluded that the various arguments raised by the defendants against the plaintiff being entitled to relief under section 21 (save, possibly, in relation to the claim for an inquiry as to damages) should be rejected, despite the admirable way in which they were advanced by Mr Meade, I accept that it would be nonetheless possible for me to conclude that leave to defend should be given. Having said that, I do not consider that I should give leave to defend. The plaintiff's case appears properly brought, and, on the face of it, the plaintiff appears to be entitled to some relief under section 21. The defendant neither accepts that the principal letter was an unjustified threat, nor does the defendant undertake not to repeat that threat. No doubt, the grant of summary judgment in these proceedings may give the plaintiff a negotiating weapon in connection with any discussions which may take place with the defendant or NSI, or both of them. However, that negotiating weapon is neither more nor less than something to which the plaintiff is entitled, namely the relief it seeks under section 21, which, as I have mentioned, is restricted to U.K.-registered trade marks. Unlike the situation in *Tudor* as I understand it to have been, this is not a case where any declaration or injunction would be used as a negotiating weapon in relation to a different or ancillary matter: nor, as I have said, is it a case where any sort of undertaking has been offered by the defendant. In conclusion on this point. I think that Mr Mellor is correct in contending that, as I have already remarked in relation to a specific point, the defendant is really seeking to rely on the fact that something might turn up to give it a defence, if this matter went to trial. In my judgment, that will not do.

Mr Meade also relied on the fact that the existence of the Internet throws up very substantial problems in connection with proceedings such as those in the instant case, and that it would be rash to grant summary judgment on the plaintiff's claim in those circumstances. I would certainly accept that the international nature of the Internet, and the difficulty in identifying where transactions or statements are made, can give rise to grave difficulties in connection with intellectual property claims and arguments. However, what I have to

consider is whether any specific problem of this nature can be said to arise in the present case, and, if it can, whether it is a point which can or should be dealt with at summary stage. No such specific point has been identified by the defendant, and, as at present advised, it does not seem to me that there is one. I have already mentioned various ways in which the plaintiff, its business, and its documents, are based within the jurisdiction, the fact that the defendant has trade marks registered within the jurisdiction, and the terms of the principal letter. Although there could be problems in relation to the consequences of an English court reaching one conclusion as to the plaintiff's rights under section 21, and a U.S. court reaching an arguably inconsistent conclusion in relation to proceedings brought before it, it does not seem to me that that is something which should prevent the plaintiff from judgment from an English court to which it would otherwise be entitled, particularly as no specific difficulty or argument in this connection has been raised on behalf of the defendant.

The first declaration

The relief with which I have so far been dealing is sought by the plaintiff pursuant to section 21. However, it will be recalled that the plaintiff is seeking, in addition, a declaration ("the further declaration") that the plaintiff's registration and use of its domain name "prince.com" does not infringe the trade marks registered in the name of the defendant in the United Kingdom.

The plaintiff contends that the court should grant this further declaration under its summary jurisdiction, on the basis that the plaintiff is entitled, on the face of the arguments and the evidence, to such a declaration, and there is no good reason why it should be refused. In particular, the defendant has not even sought to contend that the plaintiff's use of the domain name "prince.com" breaches any of its registered trade marks: it will be recalled that none of the arguments raised by the defendant against the plaintiff having relief under section 21 involve raising such a contention.

While acknowledging that these arguments have force, I do not consider it appropriate to grant to the plaintiff the further declaration. It appears to me that it will either take matters no further than the declaration which I am prepared to grant the

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plaintiff under section 21(2) ("the section 21 *41 declaration"), or it does in some way take matters further. If the first alternative is correct, and it takes matters no further than the section 21 declaration, then the grant of the further declaration would seem to be a pointless exercise, to which the court should not be a party. Further, there is a risk that another court (and particularly a court in the United States before whom the defendant seeks relief) may think that the further declaration may be intended to give the plaintiff additional relief, because it would otherwise have been pointless relief to grant. There is, therefore, a real risk that the grant of the further declaration could be invoked unfairly against the defendant. In making this observation, I am not suggesting that it would be the plaintiff's intention to mislead a U.S. court, but I make the point in order to demonstrate the sort of confusion which could result if the court grants a declaration which, albeit in different terms, took matters no further than the section 21 declaration which I consider should be granted.

On the other hand, if the further declaration sought by the plaintiff takes matters further than the section 21 declaration, it seems to me that, albeit for different reasons, the declaration should not be granted. First, Mr Mellor has not explained satisfactorily to me why this declaration would take matters further than the section 21 declaration. I consider that, particularly at an Order 14 stage, and particularly where there are other proceedings in relation to the "prince.com" domain name (namely in the United States), the court should be slow to grant a declaration in circumstances such as these without a clear understanding of why the declaration is being sought.

In this connection, Mr Meade referred to *Guaranty Trust Company of New York v. Hannay & Company* [1915] 2 K.B. 536 where at 564-565, Pickford L.J. said this:

[I]n my opinion, the whole object of this action is either directly by means of an injunction or indirectly by means of a claim for declaration to compel the defendants to litigate [a certain] question in England and not in the United States. . . . I think that a declaration that a person is not liable in an existing or possible action is one that will hardly ever be made, but that in practically every case the person asking it will be left to set up his defence in the action when it is brought . . . ; but

taking the large view that I do of the effect of [the then Rules of the Supreme Court] I am not prepared to say that it is beyond the power of the court in a very exceptional case to make such a declaration . . .

Those observations were referred to, with apparent approval, by Lord Wilberforce in *Camilla Cotton Oil Co v. Granadex SA and Tracom SA* [1976] 2 Lloyd's L.R. 10 at 14. As Lord Wilberforce says, it is clear from the very passage I have quoted that the court does have jurisdiction to grant a declaration at the suit of a plaintiff who wishes to use it in other litigation outside this country, but it is clear that such relief should rarely be granted. I do not consider that it would be appropriate to grant the further declaration, not least because I am unclear as to the purpose for such relief being sought by the plaintiff, except if it be for the purpose of assisting it in the claim which I understand has been brought by the defendant in the United States. If that is the purpose, I am not satisfied that it would be either useful or fair to grant the declaration sought.

Quite apart from this, it is one thing for the plaintiff to seek the section 21 *42 declaration, on the basis that the principal letter constitutes a threat, where the onus is on the defendant to justify it; it appears to me to be quite another thing for the plaintiff to be seeking the further declaration, in respect of which, as I see it, the onus is on the plaintiff. In this connection, I note that the plaintiff has not put forward any positive evidence to support its claim.

I add this. It would appear to me to be undesirable as a matter of practice, save in unusual circumstances, to grant relief such as the further declaration to a plaintiff against whom an unjustified threat under section 21 is made. The legislature has decided what declaratory relief is appropriate to such a person: it is set out in section 21(2). Unless there is an unusual reason for so doing, it appears to me that it would be somewhat oppressive on the person who has made the threat that he should have to face relief which goes further than that which the section contemplates.

In all the circumstances, I think it inappropriate to grant the plaintiff the declaration it seeks in paragraph 1 of its summons, at any rate at this summary stage.

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Conclusion

In these circumstances, my conclusions are as follows:

1. I am prepared to grant a declaration and an injunction pursuant to section 21(2);
2. I am not prepared to direct an inquiry as to damages under section 21(2), but I will do so if the plaintiff can put in evidence to show a prima facie case for establishing that it has suffered some damage as a result of the receipt of the principal letter; however, I will only accord the plaintiff that opportunity if it is prepared to accept that, if after it has had the opportunity to file such further evidence, the court does not think it right to order an inquiry as to damages, the plaintiff will then abandon its claim for damages;
3. I am not prepared to grant the plaintiff any declaratory relief outside the ambit of section 21(2).

I will be happy to hear both counsel, to whom I am indebted for their clear and careful arguments, on any consequential matter, including that of costs.

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