

NOW that's what I call a stay under Article 104(1)

1 November 2012

Starbucks (UK) Ltd v British Sky Broadcasting Group plc and others; EMI (IP) Ltd and others v British Sky Broadcasting Group plc and another [2012] EWCA Civ 1201, 13 September 2012

The Court of Appeal has upheld two High Court decisions relating to separate trade mark infringement actions brought by Starbucks and EMI against Sky concerning Community Trade Marks for "NOW". Both cases also involved parallel invalidity actions before OHIM. Although the cases were similar, the Court of Appeal allowed a stay in one but refused a stay in the other, providing useful guidance as to when a court should allow a stay of infringement proceedings where there is a related invalidity action.

Background

Under Article 104(1) of the Community Trade Mark (CTM) Regulation¹ (the CTM Regulation) where there is a hearing relating to infringement of a CTM in a court within the EU, unless there are "special grounds" for continuing the hearing, that court can stay those proceedings if the validity of the CTM is already in issue, either before another court or at OHIM.

Facts

In March 2012, Sky launched a new internet TV service under the name "NOW TV" and the following logo:



This prompted Starbucks and EMI to launch separate actions for trade mark infringement and passing off. Starbucks relied upon the figurative CTM comprising the word "now" registered for various goods and services including television broadcasting in class 38, in addition to its passing off claim:



Any comments or queries

David Cran Partner david.cran@rpc.co.uk D +44 (0)20 3060 6149

Charlotte Ward Associate charlotte.ward@rpc.co.uk D +44 (0)20 3060 6564

1. 40/94EEC, now replaced by 207/2009/EC

EMI relied upon a CTM for the word "NOW" for a range of goods and services, including services related to sound and audio-visual recordings in classes 35 and 38, in addition to the goodwill built up in the word "NOW" from the promotion and sale of compilation albums with the title "Now that's what I call music". Both parties applied for injunctions and expedited trials in respect of their claims for trade mark infringement and passing off.

Sky applied for a stay in both sets of proceedings under Article 104(1) of the CTM Regulation pending the outcome of Sky's application to OHIM to invalidate the relevant marks.

First instance

At first instance, Sky was granted a stay in the EMI proceedings but refused a stay in the Starbucks proceedings.

In the EMI proceedings, deputy judge Mr John Baldwin QC, held that none of the grounds advanced by EMI, individually or as a whole, constituted "special grounds" under Article 104. In reaching his decision, the judge highlighted the fact that there was no particular urgency for a decision on the infringement claim even though EMI had its own plans to launch a TV channel under the NOW brand. Those plans were not definite and EMI had also licensed the use of the NOW mark in relation to TV services to a third party.

Conversely, in the Starbucks proceedings, the judge, Arnold J, considered that there were "special grounds", the most important being an element of urgency and the fact that the OHIM proceedings would substantially delay resolution of Starbucks' claim, if he allowed the stay.

EMI appealed the decision in the EMI proceedings and Sky appealed in the Starbucks proceedings.

Court of Appeal decision

The Court of Appeal rejected both appeals. Etherton LJ giving the principal judgment noted that the main issue to be addressed under Article 104(1) was whether, on the making of a counterclaim for invalidity or revocation, the infringement claim should be permitted to proceed notwithstanding the risk of inconsistent decisions between OHIM and the court hearing the infringement claim.

There was little case law for the court to consider on the meaning of "special grounds" under Article 104(1). The Court of Appeal therefore decided that these grounds must be assessed in relation to the factual circumstances specific to each case. Differences in terms of rules and evidence, procedure and powers of case management between the courts in different Member States were deemed irrelevant.

Notably, Etherton LJ considered that it was not relevant that the applications to OHIM had been made by Sky as a reaction to the threat of infringement proceedings. This was an expected response and, further, the reasoning behind an application to OHIM was irrelevant for the purposes of Article 104(1). In addition, he held that the fact the proceedings included a claim for passing off as well as for infringement could not be a special ground as it was usual for these claims to be made together.

Overall, the Court of Appeal considered that whether there were "special grounds" came down to the urgency of the situation in each set of proceedings and whether injunctive relief would be sufficient.

The Court of Appeal concluded that in the Starbucks' proceedings, there were "exceptional circumstances of urgency", which did not exist in the EMI claim. Sky had plans to launch its new service shortly,

and it was in its interests to do so. Further, Starbucks' evidence had been that the promotion of the Sky service would undermine its ability to exploit its registered mark. It would also undermine its plans to expand its imminent rival service later in the year. Nevertheless, it was not a case in which it would have been appropriate to delay Sky's launch by granting interim relief in favour of Starbucks. In that respect the situation was unusual as a claimant's interests can often be adequately protected by provisional and protective measures. This was sufficient to allow Starbucks' claim to proceed.

In contrast, in the EMI proceedings, EMI had no fixed plans and therefore the Court of Appeal considered that EMI could be adequately compensated in damages for any loss and a stay was appropriate.

Comment

This judgment provides helpful guidance on the approach the courts will take when considering an application for a stay of infringement proceedings under Article 104(1). Factors such as the existence of passing off claims, the length of time it might take for invalidity proceedings to come before OHIM, or the reactive nature of an application to OHIM, will not constitute special grounds. However, circumstances of urgency in a case will be relevant, particularly when the claimant's interests cannot be protected by appropriate interim relief.

ref: 12355

