Neutral Citation Number: [2016] EWHC 3135 (Ch)
Royal Courts of Justice
Rolls Building, 7 Rolls Buildings
Fetter Lane, London EC4A 1NL

Date: 06/12/2016

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

Before:

MR JUSTICE MANN

Between:

1) NVIDIA CORPORATION (a company incorporated in Delaware)
2) NVIDIA LIMITED
3) NVIDIA DEVELOPMENT UK LIMITED
4) NVIDIA TECHNOLOGY UK LIMITED
5) NVIDIA GmbH (a company incorporated in Germany)
6) NVIDIA DEVELOPMENT FRANCE SAS (a company incorporated in France)
7) NVIDIA DUTCH BV (a company incorporated in the Netherlands)
8) NVIDIA ARC GmbH (a company incorporated in Germany)
9) NVIDIA, HELSINKI Oy (a company incorporated in Finland)
10) NVIDIA ITALY Srl (a company incorporated in Italy)
11) NVIDIA SINGAPORE DEVELOPMENT Pte Ltd (a company incorporated in Singapore)
12) NVIDIA SINGAPORE Pte Ltd (a company incorporated in Singapore)

- and -

HARDWARE LABS PERFORMANCE SYSTEMS INC (a company incorporated in the Philippines)

Claimants

Defendant

Mr Philip Roberts (instructed by Olswang LLP) for the Claimants
Mr Andrew Norris (instructed by Edwin Coe LLP) for the Defendant

Hearing date: Tuesday, 8th November 2016

Judgment
Mr Justice Mann:

Introduction

1. This is a trade mark action in which the claimants seek injunctive and damages relief in respect of what is said to be a groundless threat of proceedings for infringement of a trade mark, and also claim a declaration of non-infringement. There are three applications before me. The first is a defendant’s summary judgment and strike-out application in relation to the groundless threats part of the action. At the heart of the application is the question of whether a letter sent by German attorneys to the first claimant (“Nvidia Corp”) is a threat to take infringement proceedings in this jurisdiction (as opposed to another jurisdiction). That is a matter of construction of the letter in question. The second application is one by the claimants seeking to stay their own action (whether or not the groundless threats claim survives) pending the determination of invalidity proceedings which it has bought in the European Intellectual Property Office, as it is now called (“EUIPO”). The third is an application by the defendant to transfer the claim to the Intellectual Property Enterprise Court (“IPEC”) or have it allocated to the shorter trial scheme.

2. Mr Andrew Norris appeared for the defendant; Mr Philip Roberts appeared for the claimants.

The parties, their marks and other proceedings

3. Nvidia Corp is the parent company of the Nvidia group, of which the other claimants are subsidiaries based in various jurisdictions around the world. Three of them are English; two of them are German (the fifth and eighth defendants) but only the fifth defendant has a significance for present purposes and I shall ignore the eighth. The group manufactures and trades in graphics processing units (hardware for generating graphics in computers) and in that connection uses (or claims to have used) the designations GTX and GTS in connection with multiple products.

4. The defendant is a Philippine corporation which claims to be a pioneer in the computer watercooling industry. It is currently the registered proprietor of three European trade marks (“EUTMs”) registered in various classes, the identity of which does not matter for present purposes. The marks are GTX, GTS and GTR.

5. On or about 2nd February 2016 the first, second, fifth and twelfth claimants brought invalidity proceedings in the EUIPO in respect of the three registered marks, and on the same day the same claimants brought revocation proceedings in the EUIPO in respect of the GTX mark.

The threat

6. The threat on which this action is based was contained in a letter from the defendant’s German attorneys (Lex Dellmeier), written in English, dated 18th January 2016 and addressed to Nvidia Corp at its California address. It is a long letter and for the purposes of this application it is necessary to set out extensive parts of it because what it does not say is said to be as significant as what it does say.

7. It is headed:
“Hardware Labs Performance Systems Inc … NVIDIA Corporation

Community trade mark application ‘GTX’

DEADLINE: 3 February 2016”

The letter goes on to introduce themselves, and their client as a pioneer in the computer watercooling industry and says:

“Our client is the proprietor of Community trademark (CTM) No. 008578106 ‘GTX’ (word mark) ..”

and then describes the classes and provides a printout.

8. The letter then goes on as follows, omitting irrelevant detail:

“2. As you are already well aware, our client had timely filed opposition based on his above referenced CTM against your CTM application No. 011947082 ‘GTX’ …

Following negotiations between your representatives and our client’s US counsel, which unfortunately have as yet not been successful and meanwhile come to a halt, said opposition proceedings were terminated following your withdrawal of your above-mentioned CTM application….

3. Our client has now become aware that – despite the withdrawal of your above-referenced CTM application ‘GTX’ – you and your affiliated company NVIDIA GmbH [fifth defendant], Germany, are using the term ‘GTX’ as a trademark …

3.1 For example, your German language website www.nvidia.de shows use of the term ‘GTX’ together with the ‘TM’ symbol at various places across the site for PC gaming systems [and a screenshot is then displayed]

3.2 In addition, you are using the sign ‘GTX’ on your website at [URL of German website with .de domain designation, with various screenshot details].

3.3 By way of example, we also refer to the website at [further German website with a .de domain]…

3.4 Further, you are using the sign ‘GTX’ also for laptops as apparent for example from the website at [a further .de URL]…

5. All websites under the domain nvidia.de feature a copyright notice referring to your company i.e. ‘Copyright © 2015 NVIDIA Corporation’, including the legal notices section. It is therefore clear that the content of the website has been fed to your German associated company as the proprietor of the respective domain by you and that the site has been set up and is being run at your instigation.

In addition, from the legal notices section of the site it is evident that you control which trade marks and how these are being used by any NVIDIA company worldwide. This even more so since you – as apparent from the respective trade mark registers – are not only the proprietor of all NVIDIA’s trademark applications and
registrations worldwide, but also were the applicant of the corresponding CTM ‘GTX’ that has meanwhile been withdrawn.

The use of the term ‘GTX’ on the German language website www.nvidia.de is, therefore, attributable to you.

6. Following from the above and irrespective of the existence of a danger of first infringement because of the filing of your CTM application ‘GTX’, your use of the term ‘GTX’ as described above clearly infringes our client’s CTM ‘GTX’ pursuant to Art. 9 Para. 1 lit. b CTMR. Given the high similarity up to identity of the signs as well of the goods under comparison and taking into account the at least average distinctiveness of our client’s earlier trademark, there exists a considerable risk of confusion on the part of the public, including the risk that the public may associate the sign and the mark. …

Against this background, there is no doubt that a likelihood of confusion exists on behalf of the public and, thus, your use of the ‘GTX’ gives rise to, inter-alia, claims for injunctive relief (Art 9 Para 1 GMV in conjunction with Art 102 Para 1 CTMR), compensation (Art 102 in conjunction with Sec. 125 b Para 1, Sec 14 Para 2 No 1 and 2, Sec 14 Para 6 German Trademark Act) and information (Art 102 in conjunction with Sec 125 b Para 1, Sec 14 Para 2 No 1 and 2, Sec 19 Para 1 German Trademark Act).

7. Therefore we have to request you in the name and on behalf of our client to execute and send to us a Cease and Desist Declaration with a penalty clause until 3 February 2016 at the latest. In this regard, you may use the draft declaration as enclosed in Attachment 8.

Further, we expect to receive the information requested according to Para 3 of the enclosed draft Cease and Desist Declaration on or before 17 February 2016 should we not receive the requested Declaration on or before the given deadline or in the event that it is incomplete, we will recommend to our client then bringing legal action immediately...."

9. References to legislation in paragraph 6 of the letter, apart from the short references to the CTMR, are, as appears in the extract, references to German legislation operating locally. The letter records that it has various attachments, including excerpts from the register, printouts of a German (.de domain) website and the proposed “cease and desist declaration”. That proposed declaration reads:

“Herewith, the undersigned NVIDIA Corporation, 2701 San Tomas Expressway, Santa Clara, California 95050, USA - in the following referred to as “NVIDIA” [sic] - undertakes vis-à-vis Hardware Labs Performance Systems Inc, 39 Don Ramon, Talayan Village, Quezon City (1104), Metro Manila, Philippines – in the following referred to as ‘Hardware Labs’ –
1 to cease and desist from using in the course of trade in the European Union signs featuring the term [list of marks]

2 to pay a suitable penalty for each single case of culpable violation of the obligation as provided for under Sec 1 of this Declaration, the amount of which shall be determined at the discretion of Hardware Labs and, if a conflict arises, the equitableness of which shall be reviewed by the competent Court;

[And undertaking to provide information about origin and distribution].”

The parties’ cases on this application, in outline

10. In outline, the parties’ respective cases on this application are as follows. The defendant says that the application is bound to fail because the threats letter, when properly read, does not amount to a threat to sue for infringement in this jurisdiction. It amounts to a threat to bring proceedings in Germany alone. Although the “cease and desist declaration”, which is sought from the first claimant, is one which relates to pan-European proceedings, such proceedings could only be brought against a German company (which is said to be the other target of the letter) in Germany. Accordingly there is no threat to do that which the English statute restrains, and that part of the claim ought therefore to be struck out, or summary judgment on it granted against the claimant. It is submitted that all that is sufficiently clear at this stage and there is no need to have a trial in order to elaborate any of the issues or to adduce evidence on the point. Irrespective of whether that point fails, the defendant goes on to seek a transfer to the shorter trials list or to IPEC. It is said that one or other of those methods of trial would produce a more cost-effective and proportionate piece of litigation.

11. The claimants maintain that they have a real prospect of succeeding at a trial on the groundless threats claim and there is a compelling reason why the claim should be disposed of at a trial. On a proper construction of the threats letter it amounted to a threat to bring proceedings in the UK, or at least that is not a fanciful suggestion. If that is not apparent enough from the face of the letter, then putting the letter into context, including earlier dealings between the parties in respect of proceedings in EUIPO, is relevant in order to make the meaning of the letter sufficiently clear. In any event, since the declaration of non-infringement would be going to trial, little if anything would be gained by getting rid of the groundless threats claim. There would be an extensive degree of factual and evidential overlap between the two claims, the former claim being broader than the latter. No time or expense would therefore be saved by dealing with the matter short of a trial. So far as transfer or re-allocation is concerned, that is resisted. Then the claimants have their own application for a stay.

The proper approach to summary judgment or striking out

12. There was no material dispute as to this. Under CPR 3.4 (2), a claim can be struck out if it appears to disclose no reasonable grounds for bringing the claim. Alternatively, CPR 24.2 allows the court to give summary judgment if it appears that the claimant has no real prospect of succeeding on the claim and there is no other compelling reason why the case or issue should be disposed of at a trial. For present purposes there is little meaningful difference between the two tests. It was accepted that the factors to take into account in considering such applications appear from Mellor v Partridge [2013] EWCA Civ 477 per Lewison LJ:
i) The court must consider whether the claimant has a “realistic” as opposed to a “fanciful” prospect of success.

ii) A “realistic” claim is one that carries some degree of conviction – it must be more than merely arguable.

iii) In reaching its conclusion the court must not conduct a mini-trial.

iv) The court must bear in mind not only the evidence before it but also evidence that could reasonably be expected to be available at trial. Furthermore, the court should hesitate before concluding that a full investigation of the facts would not add to or alter the result.

v) On the other hand, if the application gives rise to a short point of law or construction, and the court is satisfied that it has all the evidence necessary before it to determine the point, it should grasp the nettle and decide it.

13. I shall apply those guidelines.

**The relevant legal provisions**

14. The groundless threats claim is made under section 21 of the Trade Marks Act 1994:

   “21(1). Where a person threatens another with proceedings for infringement of a registered trade mark other than –

   (a) the application of the mark to goods or their packaging,

   (b) the importation of goods to which, or to the packaging of which, the mark has been applied, or

   (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 the following –

   (a) a declaration that the threats are unjustifiable,

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

   (c) damages in respect of any loss he has 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.”

15. By statutory instrument that section is applied to European Union trade marks as it applies to a UK trade mark. That means that a European trade mark can count as the basis of a claim but only if the threat concerned is of proceedings in the United
16. The only other legislative provision which is relevant to the present dispute is the Council Regulation (EC) No. 207/2009 or the Community trade mark which contains provisions relied on by the defendant in this case because it is said that when the threats letter is viewed against the background of those provisions then it becomes apparent that the threat is not of proceedings in the UK. The provisions are Articles 97 and 98:

“Article 97

International jurisdiction

1. Subject to the provisions of this Regulation as well as to any provisions of Regulation (EC) No 44/2001 applicable by virtue of Article 94, proceedings in respect of the actions and claims referred to in Article 96 shall be brought in the courts of the Member State in which the defendant is domiciled or, if he is not domiciled in any of the Member States, in which he has an establishment. …

Article 98

Extent of Jurisdiction

1. A Community trade mark court whose jurisdiction is based on Article 97(1) to (4) shall have jurisdiction in respect of:

   (a) acts of infringement committed or threatened within the territory of any of the Member States …

2. A Community trade mark court whose jurisdiction is based on Article 97(5) shall have jurisdiction only in respect of acts committed or threatened within the territory of the Member State in which that court is situated.”

These provisions are said by the defendant to be relevant to the position of the Nvidia German subsidiary referred to in the threats letter. They have the effect that an action in Germany against the German subsidiary could seek to restrain infringement in the UK, and that is said to assist in the true construction of the letter.

Whether the letter threatens proceedings in this jurisdiction

17. There is no dispute as to whether the threats letter is a threat of infringement proceedings – it clearly is. The central question in this case is whether it contains a threat of infringement proceedings in the UK (or, bearing in mind the procedural position, whether it is clear that it does not). That involves construing the letter, and the correct approach to that is set out by Lord Neuberger MR in Best Buy at paragraph 18:
“In my view, so far as such question turns on the meaning of any particular passage in the [relevant] letter, it is to be answered by reference to what a reasonable person, in the position of the recipient of the letter, with its knowledge of all the relevant circumstances as at the date the letter was written, would have understood the writer of the passage to have intended, when read in the context of the letter as a whole.”

As Lord Neuberger pointed out, that approach is consistent with all the modern authorities on the construction of documents.

18. As a general approach it was not disputed in the present case, but there was a dispute as to whether one particular factor could be taken into account as part of the surrounding circumstances. In *Tech 21 UK Ltd v Logitech Europe SA* [2016] FSR 14 Mr Stephen Jourdan QC, sitting as a deputy judge of this division, considered that it would be appropriate to consider:

> “whether the Letter would have been understood by a reasonable recipient, who had received correct legal advice on the provisions governing where proceedings for infringements of Community design rights may be brought, as indicating that there was a realistic possibility of UK proceedings being brought… in respect of the [alleged] infringement.”

19. The emphasis is mine – that is the additional factor which Mr Jourdan considered should be taken into account in considering the meaning of the document. Mr Norris, for the defendant, relied on it because it assisted his case to say that a lawyer would have appreciated that pan-European relief could only be obtained as against the German company in Germany, and a lawyer would know that. Mr Roberts, for the claimants, did not accept that that was a relevant matter. He drew attention to *Prince plc v Prince Sports Group Inc* [1998] FSR 21 and what was said by Neuberger J there:

> “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.” (page 31)

20. I do not think that that statement assists Mr Roberts. Neuberger J was dealing with a different point in that part of his judgment. He was dealing with the impact of a particular statement in the threats letter on the particular recipient in that case. It is not a general statement applicable to all threat letters so as to preclude the possibility of viewing the impact of a threats letter with the assistance of legal advice.

21. For my part I would agree that, in an appropriate case, a threats letter should be treated as it would be viewed with the benefit of legal advice. If it couches the threat in legal technical terms which a layman would not readily understand, I do not see why a legal elaboration should be excluded. If it incorporates legal technicalities whose effects go to the extent of the threat, then again I do not see why it should not be viewed with those technicalities in view, which would require a legal perspective. That is not to say that a person making threats should be able to hide behind legal technicalities if the meaning is otherwise clear; but they cannot be generally ignored.
22. Mr Roberts also drew my attention to paragraph 35 of *Best Buy* at first instance where Floyd J said:

“It has to be remembered that the reasonable businessman is not an expert on trademark law, or jurisdiction.”

I respectfully agree, but that does not deal with quite the same point as the one raised by Mr Norris in this case. Floyd J was considering a letter which was essentially one addressed to a businessman about business matters. What the learned judge seemed to be saying, in my view, was that the reasonable businessman recipient of such a letter would view it as such and not through lawyers’ spectacles. In that case there does not seem to have been any degree of equivocation which turned on legal technical matters. In an appropriate case it seems to me that understanding a threat with reference to legal advice would be an appropriate approach to considering the force and effect of a threats letter.

23. The significance of this point to this case, if any, will appear later.

**The true extent of the threats letter in this case**

24. The threats letter is directed to the US holding company, and makes reference only to German-based activities (the German .de domain website), carried out by a German company and refers to German legislation. Nonetheless Mr Roberts says it should be regarded as being a threat to bring UK proceedings for UK infringements for the following reasons:

i) The letter is written in English and is addressed to a US corporation.

ii) The US addressee is the parent company of the group, which includes 3 UK companies.

iii) The letter states that “it is evident that you [ie the first claimant] control which trade marks and how these are being used by any NVIDIA company worldwide” and “use of the term ‘GTX’ on the German language website [is] attributable to you [the first claimant]”.

iv) The German company is not identified as the infringing party, but instead is described as an “affiliated party” or “associated company”.

v) The references to the German website are “for example”; that leaves open the possibility of infringement elsewhere, and in any event they can be viewed from places outside Germany.

vi) The cease and desist declaration enclosed with the letter is addressed to the US parent, and it seeks an undertaking not to infringe “in a course of trade in the European Union”; so non-German activities are intended to be caught.

vii) The declaration seeks information about the commercial origin and distribution channels of goods, demonstrating that future infringement actions are contemplated on receipt of such information.
viii) The declaration demands payment of compensation for all acts committed throughout the European Union “to be reviewed by the competent Court”.

ix) The dispute over the trade marks has as much to do with the United Kingdom as with Germany. The United Kingdom is a very large market for Nvidia, as would be well known. Previous proceedings in OHIM involved an allegation that marks were vulnerable on the basis of an unregistered right in the UK, namely goodwill sufficient to found a passing off action. All this would have been known to the defendant when drafting its letter.

x) The sort of use of the mark made in Germany is the same as the sort of use made of the marks in the UK.

25. Mr Norris said that a proper reading of the threats letter made it clear that the threat of proceedings was confined to German proceedings. He drew attention to the following points:

i) The letter was in English because it was addressed to a US company.

ii) Paragraph 3 of the letter referred only to the activities of the US and German companies. No one else's activity is referred to.

iii) All the activities of which examples are then given are activities which are confined to Germany and the German website.

iv) The claimants apparently understood that the effect was confined to Germany because, according to the evidence, they issued “protective briefs in various courts in Germany in order to protect” the claimants’ position.

v) The letter demanded a pan-European restraint, and that should be treated as the objective of the claimants. Such relief could only be available if the proceedings against the fifth claimant (the German company) were commenced in Germany – see the Articles from the Regulation referred to above. This is where the putative legal advice comes in. A lawyer would have been able to analyse the letter in that way if the businessman-recipient would not.

vi) The legislation that is cited in the letter as justifying the claims of the defendant is German legislation (supported by the Regulation, but the important parts are German).

26. Mr Roberts sought to support his case by reference to various factors in the Best Buy case which were said to provide similar factors, or parallels, to factors in the present case. Thus he relied on the fact that in that case the concerns of the defendant in the threats letter extended to activities throughout the European Union, and were not limited to Spain. He said the same applied in the present case. He also pointed out the fact that in Best Buy a significant factor was that it was known that the claimant’s group was intending to launch the European business in the UK, which made it far from fanciful to conclude that the threat extended to action in English courts. By the same token, in the present case it is known that Nvidia has a substantial UK business.
27. In the end I did not find the alleged parallels with Best Buy to be particularly helpful either way, and certainly not determinative, because the effect of the letter in the present case depends on its own terms and its own circumstances.

28. I have come to the conclusion that, when read properly, the threats letter does not contain a threat to sue in the UK, and that that is sufficiently clear at this stage without the need for a trial. My reasons are as follows.

29. While the letter is addressed to the parent company, which suggests a world-wide approach which would be consistent with pursuing the group in the UK, by paragraph 3 it has got more specific. It complains that the parent “and your affiliated company Nvidia GmbH, Germany” were using the mark. So it brings the matter home to Germany. What then happens is a series of examples, the examples being of use by the parent and the German subsidiary. They are not said to be examples of objectionable Europe-wide use. They are examples of use by the parent acting through its German subsidiary. Paragraph 5 explains why it is that the parent is having use by the German subsidiary attributed to it – content has been fed to the German associated company by the parent. The immediately following reference to worldwide use is not to complain about wider territorial use, but to explain why it is that use in Germany is attributed to the parent – see the closing words: “The use of the term ‘GTX’ on the German language website www.nvidia.de is, therefore, attributable to you.”

30. Paragraph 6 complains about acts “as described above” – those acts are German-based only, and the acts of the German company only. And then, importantly, the claims for relief at the end of the paragraph are all couched in terms of relief made available by German domestic legislation. The legal action referred to in paragraph 7 (which is the threat) must be taken to refer to action to achieve the relief under the statutory material just referred to.

31. So far there is nothing to suggest a threat of proceedings anywhere other than Germany (unless it is an implicit threat to sue the parent in its own domestic jurisdiction, though that it not articulated), and certainly no explicit or implicit reference to proceedings in the UK. The main case for widening the net of the threat comes from the requirement to cease and desist “from using [the marks] in the course of trade in the European Union”. However, in my view that is not enough to displace what has already appeared, which is a threat of proceedings in Germany. On its face it does not refer to or directly suggest where proceedings would be brought. It describes the activities which it is sought to restrain, and they include activities outside Germany. However, I do not think that the use of the wider words would lead the reasonable businessman, who has read the letter up to this point as referring to German acts and German proceedings, suddenly to believe that he will be targeted elsewhere in the EU for EU wide activities. He would understand that unless he offered this restraint on pan-European activities he would find himself subject to proceedings in Germany. If he then took legal advice on the matter he would discover that pan-European relief would be available if the German subsidiary were sued (though it is not directly threatened in the letter and it is not invited to give the cease and desist declaration). That is how any degree of equivocation would be resolved. I do not think that he would suddenly come to the conclusion that he was being threatened with, inter alia, UK proceedings.
32. It is in relation to this point that Mr Norris ran his characterisation of the reasonable businessman as one who would get legal advice. He said that a person thus informed would inevitably come to the conclusion to which I have just referred because that advice would be fed into the overall view of the letter. Although I have expressed the view that there would be circumstances in which the recipient would be viewed as someone who reads a letter with legal advice, I do not think that that is quite the case here. The letter does not contain enough legal technicalities to require legal explanations to be given as part of the understanding. The real position is that the letter as a whole does not give the impression of a threat of pan-European (or at least extra-Germany) proceedings. What can be said is that a fuller legal understanding of the position produces an explanation of the reference to the terms of the declaration if one is trying to reconcile it with the fact of German proceedings.

33. In my view, therefore, on the true meaning of the letter it does not contain a threat of UK proceedings.

34. In addition to the terms of the letter, Mr Roberts sought to rely on surrounding circumstances as providing a context in which the letter acquired the meaning he contended for. He prayed in aid the previous dealings between the parties, but did not put in any evidence any illustrations of, or examples of, such circumstances as would or might inform the debate as to the meaning and effect of the letter, or provide any relevant context supporting his case. Although I have acknowledged that a trial will be required if, looking at the matter realistically, evidence might emerge at a trial which will inform the debate, it behoves a party making that case to suggest how that might be so, where that evidence is in the possession of that party (which evidence of the surrounding circumstances ought to be), and is not (for example) dependent on disclosure being given by the counter-party, that party ought to produce at least some indication of the sort of evidence which they can or might produce and not to rely on vague assertions of what might be. That has not been done in this case, save to a very limited extent. In my view a conclusion can and should be reached on the basis of the terms of the letter. The claimants are not entitled to wave generally at undefined surrounding circumstances as being potentially relevant without producing some evidence, or indication, of those circumstances particularly since, in a case involving the interpretation of a document such as this, the relevant circumstances must be known to the claimants if they are to be relevant.

35. The limited extent to which there was reference to surrounding circumstances came from Mr Roberts’ reliance on the commercial substance of the UK jurisdiction and the importance of the mark in that jurisdiction. That, he said, would have been known to the writer of the letter, and would certainly have been known to the recipient. It was known, he said, that European IP litigation was often conducted in the major commercial jurisdictions, which included both Germany and the UK. If one sued and won in those jurisdictions it was often unnecessary to sue in others. I am prepared to accept all that, but it does not provide much assistance to Mr Roberts. A reader of the letter would understand that he or she was being threatened with proceedings in one major IP litigation centre. He would not assume he was therefore being threatened with proceedings in another which is not mentioned. For all that person knows, the person making the threat may be content with just the one jurisdiction. I do not think this particular piece of extrinsic evidence makes any difference. There was no suggestion of any other evidence which might.
36. Accordingly, I consider that the defendant is correct in its submissions about the effect of the threats letter and is entitled to summary judgment on the point or to have that part of the claim struck out.

The stay application

37. On or about 2nd February 2016 the first, second, fifth and twelfth claimants in these proceedings filed proceedings in the EUIPO seeking declarations of invalidity of the defendant’s three EUTMs and invalidity of the GTX mark. Those proceedings are now in train. The defendant has withdrawn one of the designations for the GTX mark, but otherwise the proceedings in EUIPO remain live. It is said that those proceedings raise the same “prior rights” issues as those raised in the Particulars of Claim in this case.

38. Just over 2 weeks later, on 17th February 2016, the claimants issued the present proceedings. That was presumably on the footing that they were justified legally and in sensible practical terms. Otherwise they ought not to have been issued. On 28th July the defendant issued its application for summary judgment/striking out, and that was followed on 5th August by an application by the claimants to stay their own proceedings pending the outcome of the EUIPO proceedings. They seek a stay whatever the fate of the defendant’s summary judgment/striking out application.

39. The basis of that stay application is said to be proportionality, managing costs and the efficient use of court resources. It is said that if the EUIPO proceedings succeed in full there will be no marks left to infringe, which would make the present proceedings otiose. It is also suggested that the scope of the marks may be further whittled away in the course of the EUIPO proceedings which (I assume) is said to have a potential effect on these English proceedings. No explanation is given of why all this was not equally true at the time of the issue of the proceedings and, if it was true, why the proceedings were issued in the first place.

40. The defendant opposes the stay, saying that no explanation has been proffered as to why the claimants want a stay in the context of EUIPO proceedings when they were apparently quite content to start them in the same context (acting through the same advisers). The defendant says that the claimants should finish what they have started and profess to be content to see the proceedings through to the end.

41. It is hard to avoid the conclusion that commercial litigation tactics are heavily in play here (on both sides) and they have not been disclosed to the court. The parties are adopting stances which are contrary to what one would expect. It would have been more natural for the defendant to be seeking a stay, and for the claimants to be stating a wish to continue with their English proceedings. It is very odd for the claimants to be seeking a stay of their own proceedings in these circumstances, and I am not wholly satisfied that I have been told their real reason. They have not, for example, said they now realise that they made a mistake in starting their current proceedings. Nor have they explained the volte face between what is said in the Particulars of Claim (which refer to the EUIPO proceedings) and what is now said. In the Particulars of Claim, after earlier referring to the EUIPO proceedings, it is pleaded:

“40. The grant of the aforesaid declaration [of non-infringement] would be in accordance with the interests of
The claimants now say (after rounds of pleadings and requests for further information) that proportionality requires a stay. That is somewhat odd.

42. Be that as it may, I am faced with the application. I do not think that the claimants have made out their case for staying the proceedings. Reliance on proportionality, cost-effectiveness and use of court time is not convincing. If they require a stay now then they must have required it when the claim was issued; indeed, they probably required that the claim be not issued at all. But it is not their case that the claim ought not to have been issued in the first place (or at least they have not made it their case). The claimants should not be allowed to blow hot and cold in the way in which they now do, at least not without explaining the change in temperature in a way which is credible.

43. The unsatisfactory nature of the claimants’ position is demonstrated by the threats claim, albeit that that claim now goes. The action seeks an injunction restraining the issuing of further threats of proceedings. That sounds serious, and is what one would expect if the threats are worth suing over. However, its importance is rather diminished by the fact that the claimants sought to have their proceedings stayed, possibly for several years, without an injunction in the meanwhile, and in circumstances in which they were maintaining the validity of that claim. Maybe the claimants thought that it would be useful to have such a claim hanging over the defendants without any cross-undertaking in damages, but if so then that would be a good reason for not granting a stay. Of course, that particular aspect has disappeared in the light of my decision as to the sustainability of that claim, but it demonstrates the odd and unsatisfactory nature of the claimants’ position.

44. In my view, the claimants having started their proceedings, and let them run as far as they have, they should not be allowed to have them stayed, and hanging over the defendant, if the defendant does not wish for that to happen and without good reason. The claimants have simply not given a good enough reason for the stay. It may seem odd for the court to be insisting on a claimant pursuing a claim which it does not wish to pursue for the moment, and which might in several years be shown to be unnecessary, but the defendant has an interest and, if the defendant wishes for the proceedings to be brought to a conclusion, then, in the absence of expressed reasons to the contrary, which the court finds credible, the defendant should be allowed to adopt that stance. A claimant should not be allowed to start proceedings for tactical reasons and then have them stayed when those tactics do not work or when (as may be the case here) it realises that it wishes to change tactics. The claimants are going to have to decide what they want to do. If they really do not wish to maintain these proceedings then they may discontinue them. Short of that, having started them, and since the defendant professes a desire to have them continued, they should be required to continue them.

45. I therefore refuse the claimants’ application for a stay.
The transfer or allocation of proceedings

46. The last application before me is the application of the defendant for a transfer of these proceedings to IPEC or alternatively for their allocation to the shorter trial scheme.

47. I do not think that these proceedings are suitable for IPEC. The part that survives this judgment is still not within the description of proceedings which are particularly suitable for IPEC, which is proceedings which one side or the other could only afford in IPEC (though I accept that is only one possible indicator). Furthermore, as they stand they are substantial and complex proceedings, potentially involving a lot of money, and are likely to take several days to hear. There are substantial evidential and legal issues which have to be determined, involving a possibly significant number of witnesses. The effect on the business of Nvidia could be substantial. While the value of the groundless threats claim was limited to £10,000, the infringement claim could be worth very much more than that to Nvidia. There are issues as to the likelihood of confusion, a prior right/passing off claim and a contention that the relevant terms are descriptive indications. All these lead to the likelihood of a very substantial trial.

48. Nor do I think these proceedings are suitable for the shorter trial scheme. Putting it shortly, they are too substantial for that both in terms of evidence and, probably, disclosure. It cannot, at this stage at least, be seen that the hearing could be properly fitted into three court days, which is all that would be available under this scheme. The proceedings are too substantial for that.

49. Accordingly, the defendant’s application for transfer to IPEC or allocation to the shorter trial scheme fails.