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Interim Interdicts with Pan-UK Territorial Scope: *William Grant & Sons v Lidl*

In a recent decision regarding registered trade mark infringement, the Inner House has confirmed that an interim interdict granted by the Scottish courts can, in appropriate circumstances, extend in its territorial scope across the whole of the UK.*

A. BACKGROUND

The pursuers, William Grant & Sons Irish Brands Limited (“Grants”), are producers of the successful Hendrick’s gin. Hendrick’s is sold in a dark brown/black, opaque, Victorian apothecary-style bottle. Grants are owners of a UK registered trade mark (the “Hendrick’s trade mark”) for the Hendrick’s bottle and label, registered in class 33 for “alcoholic beverages”. The registered representation of the Hendrick’s trade mark shows the Hendrick’s bottle as a line drawing, with a diamond-shaped label shown in colour.

The defenders, Lidl Stiftung & Co KG, Lidl UK GmbH and Lidl Great Britain Limited (together “Lidl”), are operators of a discount supermarket chain. They had sold gin under the name Hampstead London Dry Gin for some years. In around January 2021, Lidl altered the design of the Hampstead gin bottle to a dark brown/black, opaque, Victorian apothecary-style bottle. The redesigned Hampstead gin bottle also featured a diamond-shaped label. The redesigned Hampstead gin was available in Lidl stores across Scotland, England and Wales.

Grants raised proceedings at the Court of Session for passing off and registered trade mark infringement, and moved for interim interdict before the calling of the Summons. No caveats were in place and the matter came before the IP judge, Lord Clark. After granting a continuation, Lord Clark heard arguments from both sides and, for the reasons set out in his opinion of 25 May 2021,[†] granted interim interdict prohibiting Lidl from infringing the Hendrick’s trade mark by marketing Hampstead gin in the redesigned bottle in Scotland.

* *William Grant & Sons Irish Brands Limited v Lidl Stiftung & Co KG, Lidl UK GmbH and Lidl Great Britain Limited* [2021] CSIH 38.

[†] *William Grant & Sons Irish Brands Limited v Lidl Stiftung & Co KG, Lidl UK GmbH and Lidl Great Britain Limited* [2021] CSOH 55.

The defenders appealed against the grant of interim interdict. The pursuers cross-appealed, contesting the limitation of the territorial scope of the interim interdict to Scotland and arguing that it should cover the whole of the UK.

B. THE DECISION OF THE INNER HOUSE

At first instance, the IP judge had accepted that the redesigned Hampstead gin bottle and label were similar to the Hendrick's trade mark but rejected arguments that consumers would be confused between the two products, concluding that there was no *prima facie* case of passing off or "likelihood of confusion" trade mark infringement under s10(2) Trade Marks Act 1994.[‡] However, he had accepted that Grants had a *prima facie* case under section 10(3) of the Act. This requires that the registered mark have a "reputation" in the UK and that there be use of an identical or similar sign which, without due cause, takes unfair advantage of or is detrimental to the distinctive character or repute of the registered mark. The IP judge was of the view that there was a *prima facie* case of taking "unfair advantage" and that the balance of convenience lay in Grants' favour.[§]

On appeal, the defenders challenged those findings. Lidl argued that the bottle shown in the trade mark representation was either white or clear, but not dark-coloured. On that basis, Lidl submitted that there was no evidence that the Hendrick's trade mark had actually been used, let alone that it had acquired a reputation for the purposes of section 10(3).^{**} This argument received short shrift, the Inner House holding succinctly that the Hendrick's trade mark "depicts a bottle of a particular shape and bearing a coloured label" and that it "does not show a white bottle, nor does it expressly limit itself to a clear bottle".^{††} It was not necessary to consider alternative arguments, not relied upon before the IP judge, based on another of Grants' registered trade marks for the Hendrick's get-up.^{‡‡}

[‡] *Grants* (OH) paras 34-50.

[§] *Ibid* paras 51-66.

^{**} *Grants* (IH) paras 14-16.

^{††} *Ibid* para 28.

^{‡‡} *Ibid* para 29.

On section 10(3), the Inner House cited the leading European Court of Justice ruling on unfair advantage, *L'Oréal v Bellure*,^{§§} noting that this required examination of whether Lidl's redesign was an attempt "to ride on the coat-tails" of the pursuers' trade mark,

in order to benefit from its power of attraction, its reputation and its prestige, and to exploit, without paying any financial compensation and without being required to make efforts of its own in that regard, the marketing effort expended by the proprietor.^{***}

Even though the Hendrick's trade mark specified no colour, extensive actual use of a particular colour by a right-holder could result in that colour being associated in the mind of a significant portion of the public with the trade mark, such that the defenders' use of the same colour could take unfair advantage of the mark.^{†††} The IP judge had correctly applied the law, and there was a sufficient basis to conclude that there was *prima facie* section 10(3) infringement.^{†††} Quoting the IP judge, the Inner House observed that it was "difficult to view the re-design, including the change in colour of the bottle, as accidental or co-incidental".^{§§§} Although Lidl had indicated that they had stopped selling the redesigned Hampstead gin in Scotland, there remained a reasonable apprehension that the product might be reintroduced if there was no interdict in place.^{****} On balance of convenience, although "far from being one in which ultimate success is guaranteed", Grants' case was not weak.^{††††} There was no fault to be found with the judge's conclusion on balance of convenience.^{††††}

The Inner House then turned to the pursuers' cross-appeal on the territorial scope of the interim interdict. On this, their Lordships' conclusion differed from the IP judge.

Noting that the 1994 Act creates a UK-wide registered trade mark regime,^{§§§§} the Inner House considered the parallel jurisdictions of the courts in Scotland and in England and Wales in

^{§§} Case C-487/07 *L'Oréal SA v Bellure NV* [2009] ETMR 55.

^{***} *Grants* (IH) para 26, citing *L'Oréal SA v Bellure NV* at para 30.

^{†††} *Grants* (IH) para 28, citing Case C-252/12 *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2013] ETMR 46.

^{†††} *Grants* (IH) para 28.

^{§§§} *Ibid* para 28.

^{****} *Ibid* para 29.

^{††††} *Ibid* para 30.

^{††††} *Ibid* para 30.

^{§§§§} *Ibid* para 31.

relation to registered trade mark infringement. The question of which courts had jurisdiction was governed by the Civil Jurisdiction and Judgments Act 1982, superseding Scots common law rules.^{****} Either set of courts could have jurisdiction over a defender because of their domicile or because that jurisdiction was where the act of infringement (i.e. the delictual “harmful event”) took place.^{††††} The Scottish courts would have jurisdiction to interdict infringement even if the defender was domiciled outside Scotland, if Scotland was where the infringement occurred. The Scottish courts would also have jurisdiction over an infringement wherever it occurred, if the defender was domiciled in Scotland.^{††††}

In this case, as well as there being acts of infringement in Scotland, the defenders—or, at least, the third defenders—were domiciled in Scotland (as they also were in England and Wales). Lidl argued that, to prevent sales in England and Wales, Grants should raise proceedings there. However, in the view of the Inner House, “[t]here is no need, where there is jurisdiction in both countries, to raise separate actions in each one” and to do so “would be an inefficient use of judicial and court time”.^{§§§§} The Inner House distinguished two previous first instance Court of Session intellectual property decisions in which the territorial scope of interim interdict had been restricted to Scotland. First, in *Speechworks v Speechworks International*,^{*****} this had been because, on the balance of convenience, the pursuers’ business interests had been limited to Scotland.^{†††††} Secondly, in *UVG Ambulances Ltd v Auto Conversions Ltd*,^{†††††} jurisdiction had been based only on the *lex loci delicti* and not domicile.^{§§§§§} Noting that the rules of jurisdiction under the 1982 Act were no different in England and Wales, and citing comments from the Supreme Court, the Inner House observed that, where there was *in personam* jurisdiction, it was common in England to grant injunctions against activities furth of England, including in Scotland.^{*****} In the view of the Inner House, “[t]he same approach is appropriate in

^{****} Ibid paras 31, 32.

^{††††} Ibid para 31; Civil Jurisdiction and Judgments Act 1982, s 16(1), Sched 4, paras 1, 3(c).

^{††††} *Grants* (IH) para 31.

^{§§§§} Ibid para 33.

^{*****} *Speechworks Limited v Speechworks International Incorporated* [2000] ETMR 982.

^{†††††} *Grants* (IH) para 34.

^{†††††} *UVG Ambulances Ltd v Auto Conversions Ltd (Wilker Auto Conversions)* [2000] ECDR 479.

^{§§§§§} *Grants* (IH) para 34.

^{*****} Ibid paras 32, 34, citing *Lucasfilm v Ainsworth* [2012] 1 AC 208 at para 109 per Lord Walker.

Scotland”.⁺⁺⁺⁺⁺ Their Lordships therefore allowed the pursuers’ cross-appeal and recalled that part of the interim interdict that limited its scope to Scotland.⁺⁺⁺⁺⁺

C. COMMENT

From a trade mark law perspective, the principal interest of this decision is the ready endorsement by the Inner House of the IP judge’s conclusion that there was a *prima facie* case of section 10(3) trade mark infringement. “Unfair advantage” infringement is a contentious aspect of the registered trade mark regime, and this case may yet provide further interesting insights into how such claims should be decided, if it proceeds to full determination on the merits.

In the meantime, it is the Inner House’s conclusion on the pan-UK territorial scope of the interim interdict that is of particular interest to a wider audience. After disposing of certain arguments based on passing off cases dealing with exports from Scotland, which the IP judge concluded were irrelevant (and which were not taken up again on appeal), discussion of this issue at first instance had ultimately been brief. Reaching his conclusion explicitly on the basis of the averments, submissions and authorities put before him, the IP judge had commented that “[t]here may well be other considerations and authorities” that were relevant.⁺⁺⁺⁺⁺ Lord Nimmo Smith in *Speechworks* had also previously noted that he might have concluded that an interim interdict extending furth of Scotland was competent, had he heard fuller submissions.⁺⁺⁺⁺⁺ The issue clearly invited further consideration, and the decision of the Inner House in *Grants* is a welcome development.

The critical factor for the Inner House in allowing the interim interdict to extend to the whole of the UK was the existence of *in personam* jurisdiction based on the defenders’ domicile. The centrality of *in personam* jurisdiction to the analysis—and the contrast with cases in which jurisdiction is based only on the *lex loci delicti*—had not been considered at first instance, or in the previous cases distinguished by the Inner House.⁺⁺⁺⁺⁺ In practice, the requirement for *in*

⁺⁺⁺⁺⁺ *Grants* (IH) para 34.

⁺⁺⁺⁺⁺ *Ibid* para 35.

⁺⁺⁺⁺⁺ *Grants* (OH) para 71.

⁺⁺⁺⁺⁺ *Speechworks* (n 21) para 27.

⁺⁺⁺⁺⁺ *Grants* (OH) paras 67, 70 (proceeding on the basis that jurisdiction was based on wrongs being committed in Scotland); *Speechworks* (n 21) para 1 (noting that the defenders’ place of business in that case was in England).

personam jurisdiction may not be particularly demanding. Where a defender is a corporate entity, for example, all that may be required is a “place of business” in Scotland.*****

In terms of the Inner House’s reasoning, a driving consideration appears to have been the availability of extra-territorial injunctions from the English courts in cases based on *in personam* jurisdiction. Although the Supreme Court decision cited by the Inner House, *Lucasfilm*, itself dealt with issues other than territorial scope of injunctions, the Inner House was evidently strongly influenced by Lord Walker’s observation in that case that extra-territorial injunctions are “commonly granted” against defendants subject to *in personam* jurisdiction in England and Wales.***** The Inner House was clearly also keen to avoid situations in which right-holders might be compelled to raise parallel proceedings in both Scotland and in England and Wales in order to tackle infringements spanning both jurisdictions. Indeed, although not commented upon by the Inner House, the attractiveness of Scotland as a forum for litigating intellectual property disputes was, to some degree, at risk had the upshot been that pan-UK orders were available from the English courts but not in Scotland. In cases involving a choice of forum (which will arise in a great many trade mark infringement disputes), right-holders might well have decided to turn to the English courts for a “one-stop shop” solution.

There is one slightly opaque aspect of the Inner House’s reasoning. The Inner House noted, at the very end of its judgment, that it “agree[d] with the reasoning” in *University Court of The University of St Andrews v Student Gowns Ltd*,***** but without explaining in what respect.***** This earlier case had dealt with issues of jurisdiction and *forum non conveniens*, rather than interim interdict. It seems most likely that the Inner House was endorsing comments in *University of St Andrews* by Lord Doherty, who had counselled against attaching undue significance to certain passing observations made in the earlier English case of *Vetco Gray UK Limited* on where, between Scotland and England and Wales, interdict or injunction against infringement could have been granted.*****

Perhaps more importantly, what the Inner House also did not explicitly articulate is the extent to which this present ruling should be regarded as confined only to registered trade marks

***** See in particular Civil Jurisdiction and Judgments Act 1982, ss 42(1), 42(4)(c).

***** See n 25 above.

***** [2019] CSOH 86.

***** *Grants* (IH) para 34.

***** *Vetco Gray UK Limited, Vetco Gray Inc v FMC Technologies Inc* [2007] EWHC 540 (Pat); *University of St Andrews* (n 33) paras 45-46.

or other intellectual property infringement cases, or extends more broadly in its application. Registered trade marks, patents, copyright and design rights are intangible property rights, created by UK statute, that subsist throughout the UK. The opening sentence of the relevant part of the Inner House's judgment noted this particular feature of the case, and the Inner House (unsurprisingly) discussed the allocation of jurisdiction under the 1982 Act in terms of trade mark infringement proceedings.^{§§§§§§§§} However, the key reasoning of the Inner House on the issue of territorial scope is expressed in terms which can be read as applicable to all forms of dispute, across legal fields, in which the 1982 Act applies and there is *in personam* jurisdiction over the defender in Scotland. It will remain to be seen how practice develops from here in terms of granting pan-UK interim interdicts in other, non-intellectual property, cases.

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^{§§§§§§§§} *Grants* (IH) para 31.