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IP-2015-000120

Case No: IP-2015-000120

**IN THE HIGH COURT OF JUSTICE**  
**CHANCERY DIVISION**  
**INTELLECTUAL PROPERTY ENTERPRISE COURT**

Royal Courts of Justice, Rolls Building  
Fetter Lane, London EC4A 1NL

Date: 23/03/2016

Before :

**HIS HONOUR JUDGE HACON**

Between :

(1) OOO ABBOTT  
(2) GODFREY VICTOR CHASMER  
- and -

**Claimants**

(1) ECONOWALL UK LIMITED  
(2) PROJECT CONSULTING &  
CONSTRUCTION LIMITED  
(3) SMITH BREWER LIMITED  
(4) RETAIL DISPLAY CONNECTIONS  
LIMITED

**Defendants**

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**Brian Turner of Gordons Partnership LLP for the Claimants**  
**Victoria Jones (instructed by Hill & Abbott Solicitors) for the Defendants**

Hearing date: 14 March 2016  
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**Approved Judgment**

I direct that pursuant to CPR PD 39A para 6.1 no official shorthand note shall be taken of this Judgment and that copies of this version as handed down may be treated as authentic.

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HIS HONOUR JUDGE HACON

## Judge Hacon :

### Introduction

1. On 13 April 2013 Birss J gave judgment in an action in the Patents County Court brought by the claimants in the present proceedings (collectively “Abbott”) against two defendants (“the PCC Defendants”). He found that the PCC Defendants had infringed Abbott’s European Patent (UK) No. 1,816,931 (“the Patent”).
2. The invention claimed in the Patent concerns a snap-in insert made from resilient metal which is used in display panels for shops. These inserts permit the connection of shelves to a wooden panel with slats. Merchandise is then displayed on the shelves.
3. Both the PCC Defendants sold snap-in inserts made from aluminium. Sales of the inserts were found to infringe the Patent and the Patent was held to be valid.
4. On 3 July 2015 Abbott issued the claim form in the present proceedings. The case against the defendants as subsequently pleaded is in summary as follows. The first and second defendants (“Econowall” and “Project Consulting” respectively) have purchased inserts from the PCC Defendants and sold them to customers. Neither Econowall nor Project Consulting deny that the sales would infringe the Patent, but they say that such sales were made pursuant to a licence agreement Econowall and Project Consulting entered into with Abbott (“the Licence Agreement”).
5. Abbott alleges that the fourth defendant (“Retail Display”) has made and sold infringing inserts, including sales to Project Consulting, outside the terms of the Licence Agreement. Abbott’s claims against Econowall, Project Consulting and Retail Display turn on whether the acts complained of were licensed.
6. Retail Display’s customers are said to have included the third defendant (“Smithbrewer”). Smithbrewer says that no such claim is pleaded, or adequately pleaded, and I return to this below.
7. There is in addition a separate allegation against Econowall and Project Consulting concerning minimum royalty payments said to be due to Abbott under the Licence Agreement.
8. Both sides have made a number of interim applications.

### The applications

#### *Defendants’ application*

9. The claim form was not served until after the expiry of the period permitted for its service under CPR 7.5(1) as extended by agreement between the parties. Also the statement of truth in the claim form was not signed. The defendants seek:

- (i) A declaration that the Court does not have jurisdiction to hear Abbott's claim, alternatively an order striking out the claim pursuant to CPR 3.4(2)(c) because the claim form was served out of time;
- (ii) alternatively, an order that striking out the claim pursuant to CPR 22.2(2) because the claim form was not signed;
- (iii) if no order is made under either (i) or (ii), an order that the claim against Smithbrewer be struck out pursuant to CPR 3.4(2) because the particulars of claim disclose no reasonable grounds for bringing any claim against Smithbrewer;
- (iv) in the alternative to (i)-(iii), an order that the proceedings are stayed pursuant to s.9 of the Arbitration Act 1996 and CPR 3.1(2)(f) or the inherent jurisdiction of the court, so that the dispute may be heard by an arbitrator.

### *Abbott's application*

10. Abbott's application arose in response to the defendants' complaint regarding late service of the claim form. Abbott seek
  - (i) an order pursuant to CPR 6.15(1) and (2) that service of a photocopy of the (unsigned) copy claim form on 6 July 2015, just after issue, was good service;
  - (ii) in the alternative to (i), an order pursuant to CPR 3.9 that Abbott be granted relief from any sanction that would otherwise be imposed for failure to serve the claim form in good time;
  - (iii) an order pursuant to CPR 3.1(2)(a) retrospectively extending the time for service of the particulars of claim to 25 November 2015 (the date on which the claim form and particulars of claim were finally served).

### **The chronology relating to service of the claim form and particulars of claim**

11. The key events relating to the timing of service of the claim form and particulars of claim were these:

27 February 2015	Letters before action sent to the defendants.
3 July 2015	The claim form is issued. (Final date for service pursuant to CPR 7.5(1) therefore 3 November 2015, subject to the parties agreement to the contrary).
6 July 2015	The defendants' solicitors receive a letter dated 3 July 2015 from Abbott's solicitors. It included this: <i>"We enclose a photocopy of the claim form we have today issued against your clients ("the Defendants"). Our next step in the action will be to serve the Defendants each with a sealed copy of the claim form, together with the particulars of claim and Infringement etc. Our intention, having regard to the incidence of holidays, is to</i>

*commence drafting of the particulars of claim and Infringement in the middle of this month.”*

The letter inquired whether Birss J’s findings of infringement and validity of the Patent were challenged by the defendants. It went on:

*“We will assume, unless otherwise advised, that you do not have instructions to accept service on behalf of any of the Defendants.”*  
(original underlining)

9 July 2015 The defendants’ solicitors reply, stating that they act on behalf of all four defendants and giving a detailed denial of the allegations raised in the claim form.

6 October 2015 Following several exchanges, Abbott’s solicitors write to the defendants’ solicitors:

*“As you know, our deadline for service of the claim form and particulars of claim is now less than one month away, and we must commence preparations to meet it at the latest by next Monday 12 October if we do not hear from you by then.*

*If on the other hand we should hear from you by then, and you ask us to consider responding in some way other than by commencement of such preparations, then you should please also extend our time for service of the claim form and particulars of claim by one calendar month.”*

9 October 2015 A letter from the defendants’ solicitors further rejecting Abbott’s claims, includes this (nothing turning on the mistaken use of the singular):

*“If your client does require time to consider his position, then our client may be prepared to grant your client an extension of time for service of the claim form and particulars of claim. We shall await hearing from you in this respect with a suitable consent order for approval.”*

13 October 2015 The claimants’ solicitors write:  
*“We refer to the final paragraph of our letter of 6 October 2015 [regarding an extension of time, quoted above]. Please tell us, by return, whether or not your clients will extend our time for service of the claim form by one calendar month, so that the deadline under CPR 7.5 will be midnight on 3 December 2015.”* (original underlining)

15 October 2015 The defendants’ solicitors write:  
*“We do not consider that your clients require a particularly long period of time to assess their position. However, on the basis that your clients will give very serious consideration to disposing of these proceedings and/or disclosing documentation to our clients, our clients are prepared to agree an extension, on the basis that there is a costs saving to be had.*

*We cannot see that your client will require more than a month from now to be able to consider the documentation that our clients have provided to you and the position with your client generally. If your [client] requires more than a month, we should be pleased to know why, at which point our clients will consider increasing the period of the extension up to the date that your client has requested.”*

12. Pausing there, the extension proposed by the defendants in the second quoted paragraph of the letter of 15 October was until 15 November 2015, the key words in that paragraph being “a month *from now*”. Mr Turner, the partner acting for the defendants who also appeared for them at the hearing, gave written evidence that when he read that paragraph in October 2015 he overlooked the words “from now” and so he took the letter to be an agreement to the one month extension of time for service of the claim form and particulars of claim he had requested, i.e. until 3 December 2015. I return to the chronology.
13. 21 October 2015 Mark Taylor of the defendants’ solicitors sent Mr Turner an email chasing a response to his firm’s letter of 15 October. On the same day Mr Turner replied:  
*“Thank you for agreeing to the requested extension of one month. I cannot see that your letter referred to otherwise a response at this stage.”*
14. Pausing again, it seems to me that a reasonably careful reading of Mr Turner’s email and his thanks for the agreement to “the *requested* extension of one month” would have indicated to Mr Taylor that Mr Turner thought that his original request – an extension until 3 December 2015 – had been agreed. In his witness statement dated 17 December 2015 Mr Taylor said this about it:

“[27] At the time of receiving the email, given the wording used by Mr Turner, I did have an element of doubt as to what the Claimants’ position was but given that he stated that he could not see that my letter required a response at this stage I assumed that he was effectively agreeing to the one month extension which I had proposed in my letter of 15<sup>th</sup> October 2015, namely an extension of one month from 15<sup>th</sup> October 2015, as I had not offered or agreed to any other extension. In my view, the wording of the letter of 15<sup>th</sup> October 2015 is clear and in light of this and Mr Turner’s express indication that he had not considered a response necessary, it seemed more likely than not that he had accepted the proposed extension of one month from 15<sup>th</sup> October 2015. In any event, after having chased the Claimants already for a response and made my clients’ position clear, I did not consider that there was any requirement for me to do anything further. Further, at this time the Claimants could still have served the claim form within deadline imposed by CPR 7.5, namely 3<sup>rd</sup> November 2015 and/or they could have made an application under CPR 7.6 to extend the deadline for service of the claim form.

[28] I did discuss the aforementioned uncertainty with my clients, who by this stage had gone to the expense and inconvenience of providing all of the relevant invoices in this matter in order to prove that there were no infringing dealings with the Patented insert and who had also grown tired of the repeated threats to draft the particulars of claim and formally serve the claim form. It was decided that no further action would be taken.”

15. I now complete the chronology relevant to this issue:

- 15 November 2015 The deadline for serving the claim form and particulars of claim proposed in the defendants’ solicitors’ letter of 15 October 2015.
- 18 November 2015 The defendants’ solicitors write:  
“*The deadline to serve your clients’ claim has now expired. ... We have therefore advised our clients to issue an application to strike out your clients’ claim ...*”
- 25 November 2015 The (still unsigned) claim form and the particulars of claim are served on the defendants.

### **The defendants’ application in relation to service out of time**

16. There was no significant dispute about this aspect of the defendants’ application. Mr Turner agreed that if his clients’ application did not succeed, then the consequence of his clients’ having failed to meet the deadline for service of the claim form would be either that the court has no jurisdiction to try Abbott’s claim or alternatively the court should not exercise its jurisdiction to try the claim, see *Hoddinott v Persimmon Homes (Wessex) Ltd* [2007] EWCA Civ 1203; [2008] 1 WLR 806, per Dyson LJ at [22]-[23]. The real argument was about Abbott’s application, although by way of overall submissions in support of the defendants’ application Ms Jones, who appeared for the defendants, addressed me first.

### **Abbott’s application**

#### *The defendants’ submissions*

17. Ms Jones drew my attention to CPR 7.6(3), the rule by which Abbott would apply for an extension of time for serving the claim form when the period for service has expired. Abbott made no such application and Ms Jones submitted that this was significant: it was doomed to failure. She argued that Abbott’s various applications were nothing more than alternative means to get around CPR 7.6(3) and must therefore fail.

18. CPR 7.6(3) provides:

- (3) *If the claimant applies for an order to extend the time for compliance after the end of the period specified by rule 7.5 or by an order made under this rule, the court may make such an order only if –*
- (a) *the court has failed to serve the claim form; or*

- (b) *the claimant has taken all reasonable steps to comply with rule 7.5 but has been unable to do so; and*
- (c) *in either case, the claimant has acted promptly in making the application.*

19. Ms Jones referred to *Vinos v Marks & Spencer plc* [2001] C.P. Rep. 12. In that case the claim form was served 9 days after the expiry of the period prescribed in CPR 7.5. The claimant applied for an extension of time to serve the claim form. The Court of Appeal held that the requirements of CPR 7.6(3) had not been satisfied. Both the court's general power to extend time periods under CPR 3.1(2)(a) and the general power under CPR 3.10 could not be relied on to overcome the strict conditions set out in CPR 7.6(3).

### CPR 3.9

20. Ms Jones argued that the same applied in relation to CPR 3.9(1). It provides:

*3.9 (1) On an application for relief from any sanction imposed for a failure to comply with any rule, practice direction or court order, the court will consider all the circumstances of the case, so as to enable it to deal justly with the application, including the need –*

- (a) *for litigation to be conducted efficiently and a proportionate cost; and*
- (b) *to enforce compliance with rules, practice directions and orders.*

21. I was referred by Ms Jones to *Kaur v Ctp Coil Limited* [2001] C.P. Rep. 34, in which the interaction between rule 3.9 and rule 7.6(3) (as well as rules 3.10 and 3.1) was discussed by the Court of Appeal. In that case, because of a mistake by the claimants' solicitor the claim forms were served 4 days out of time. Waller LJ, with whom Simon Brown LJ and Gage J agreed, referred to what the Court of Appeal had held in *Vinos* and said this:

"[19] It will be noted that there was no reference in that judgment to 3.9. But the reasoning of the court is compelling and, if the situation were that 7.6 applies to the situation which exists in this case, then, as it seems to me, the same reasoning there adopted by the court for saying that no relief could be claimed under 3.10 would be as applicable to 3.9. It may be that 3.9 was not referred to on the basis that it really had no application, since it applied only to situations in which a court had imposed a sanction. It is unnecessary to reach a final conclusion on that, but that certainly seems a possible interpretation of 3.9. But in any event if the situation were, as accepted, that 7.6 applied, it is clear in my view that the reasoning of the two-man court in that case would apply as much to 3.9 as it did to 3.10."

22. Ms Jones submitted that following *Kaur* it was not open to Abbott to seek relief from sanctions under CPR 3.9 since these are circumstances in which CPR 7.6(3) applies. If, contrary to that submission, rule 3.9 were engaged, then the three-stage approach to the relief from sanctions set out in *Denton v T.H White Ltd* [2014] EWCA Civ 906; [2014] 1 WLR 3926 worked in the defendants' favour:



- (1) the default by Abbott was serious, as is made plain by rule 7.6(3);
  - (2) the reason for the default was an oversight by Abbott's solicitor which does little to help Abbott; and
  - (3) when it came to considering all the circumstances of the case so as to deal justly with the application, rule 7.6(3) had to be taken fully into account, which should result in no relief.
23. I should add that the defendants' application to strike out the claim because the claim form had not been signed was not really pursued by Ms Jones as a separate application. Her point was that this was a further breach of the rules by Abbott and if the court were to conclude that the question whether to refuse Abbott relief from sanctions and strike out the claim hangs in the balance, this further breach would be enough to tip the scales in favour of granting the defendants' application.

#### CPR 6.15

24. CPR 6.15(1) and (2) are as follows:

*6.15 (1) Where it appears to the court that there is a good reason to authorise service by a method or at a place not otherwise permitted by this Part, the court may make an order permitting service by an alternative method or at an alternative place.*

*(2) On an application under this rule, the court may order that steps already taken to bring the claim form to the attention of the defendant by an alternative method or at an alternative place is good service.*

25. In *Bethell Construction Limited v Deloitte and Touche* [2011] EWCA Civ 1321 the claimants claimed that the defendants' audit of their group accounts had been negligent. By early 2007 the limitation period was close to expiry. On 9 March 2007 the claimants' solicitors wrote a letter to the defendants enclosing a copy of the claim form issued shortly before, expressly stated not to be by way of service. The parties agreed to hold off litigation with a series of agreements for extension of time to serve the claim form. By the last of these the defendants agreed extensions of time to serve the claim form and particulars of claim to 2 August 2007 or 14 days after written notice from either side terminating this arrangement, whichever was the later. In fact the agreed stay of proceedings subject to 14 days written notice continued well into 2010. On 14 October 2010 the claimants' solicitors sent a letter enclosing the particulars of claim. On 22 October 2010 the defendants' solicitors queried whether the letter of 14 October had been intended to constitute notice of termination of the determination of the stay of proceedings and added that, if not, their letter of 22 October was to be treated as 14 days' notice of termination of the stay. The stay thus expired on 5 November 2010. No claim form was served by that deadline. On 16 November 2010 the defendants' solicitors wrote to the claimants' solicitors pointing out that the agreed extended period for service of the claim form had now expired and that the claim was now irrevocably time barred under the Limitation Act.

The claimants applied to remedy their position by a number of alternative means. One of them was for an order under CPR 6.15 that the service of the copy claim form on 9 March 2009 together with the letter from the claimants' solicitors dated 14 October 2010 enclosing the particulars of claim should be deemed to have constituted good service of the claim form.

26. The Chancellor (with whom Hooper and Rafferty LJJ agreed) considered the argument relating to rule 6.15 and began by referring to what the judge had said about it at first instance (the judge had considered it along with others on waiver and estoppel):

“[24] This was rejected by the judge. He held (paragraphs 40 and 41):

'40. I do not accept those submissions. I do so principally because it seems to me that it would subvert the whole basis of the agreement reached between the parties as to the extension of time for service of the claim form and particulars of claim. It seems to me that it is in the interest of the overriding objective for parties to be able to reach agreement for an extension of time for service of the claim form if this enables them to achieve a resolution of litigation without over-extensive resort to the courts, with a consequent expenditure of legal costs and use of court time. However, for the parties to proceed in this way, it is also important that the court is seen to be upholding the basis upon which they have agreed that they will proceed. Mr Dagnall's approach, it seems to me, would operate to subvert the parties' contractual autonomy, and it would fail to give effect to the important principle of freedom of contract...

41. Adopting the language employed by Lord Justice Neuberger in the case of *Kuenyehia and others v International Hospitals Group Ltd.* [2006] EWCA Civ 21 at paragraph 36, this was not a case of “a minor departure from a permitted method of service or an ineffective attempt to serve by a permitted method within the time limit”. This was not a case of mis-service but one of non-service. The claim form had been delivered in 2007 expressly “not by way of service”. The defendants agreed to that; and the parties agreed that either party could determine what was effectively the standstill agreement by giving 14 days' notice for service of the claim form. That is what the defendants' solicitors did by their letter of 22nd October. The Heatons letter of 14th October had said absolutely nothing about service of the claim form. It seems to me that the parties should be held to what they had agreed; and, after all, it was the claimants' solicitors who had originally proposed it back in 2007. For those reasons, to hold that there was good service would be to subvert the express agreement between the parties, and fail to give effect to the important principle of freedom of contract and the contractual autonomy of the parties. It would be a wholly inappropriate exercise of the court's discretion to effectively allow the claimants to rewrite the agreement between the parties. It does not seem to

me here that there is any good reason to authorise service contrary to what the parties had agreed.”

Counsel for Bethells submits that there are two issues (a) whether there is good reason shown sufficient engage the rule, and if so (b) whether the judicial discretion which then arises should be exercised in favour of making the order Bethells seek. He submits that the judge was wrong on both points.

[25] I accept that that is the correct approach to the rule in that they are cumulative conditions. I also accept, as counsel submitted, that ‘the good reason’ needed is something less than the exceptional circumstances required by CPR Rule 6.16. For my part I do not accept that either condition was satisfied. In the events which happened and in the light of my conclusions so far Deloittes is entitled to rely on the Limitation Act as a bar to all further proceedings. Given that, as I would hold, they have not waived the requirement for service of the claim form and are not estopped from requiring it I cannot see any reason, whether good or not, why the court should exercise any discretion it might have so as to deny Deloittes their accrued right.

[26] The judge relied on the sanctity of the extension of time agreement. In addition I can see nothing in the correspondence of 2010 to justify penalising Deloittes. Even accepting, as the judge found, that they had set a trap, the cause of Bethells’ problem was that Mr Austin fell into it. I do not understand why or how the mistake of one party can justify denying so substantial a lawful consequence to the other. I would reject this ground too.”

27. Ms Jones submitted that the present case was closely analogous to *Bethell*. As in that case Abbott had sent a copy claim form in circumstances in which it was clear to both sides that this was not intended to be service of the claim form. A mistake by Abbott’s claimants’ solicitor was not sufficient reason to engage CPR 6.15 such as retrospectively to deem this good service.

#### *Abbott’s submissions*

#### CPR 6.15

28. Mr Turner pointed out that in *Bethell* there was no suggestion by the Court of Appeal that application of rule 6.15 where time for service of the claim form has expired must be considered through the lens of rule 7.6(3). Therefore I must consider Abbott’s application under rule 6.15 on its own merits, without those merits being coloured by the requirements of rule 7.6(3).
29. He also submitted that the conclusion reached in *Bethell* was of little assistance. The facts were significantly different from those of this case. A proper consideration of the present facts showed that there had been what was akin to a unilateral mistake on Mr Turner’s part. The defendants’ solicitors knew of his mistake, failed to speak up about it and therefore Abbott should be relieved of the consequences of its mistake. By contrast, in

*Bethell* both sides had understood the arrangement between them and the stay of proceedings had been properly brought to an end according to that arrangement.

30. The question under CPR 6.15 was whether there was good reason to order that the steps taken by Abbott, namely the service of a copy of the claim form, should retrospectively be deemed to be good service. Mr Turner argued that if there was good reason, the same reason or reasons would apply in the context of CPR 3.9. When pressed a little on this, Mr Turner said that if anything the hurdle under rule 3.9 was the higher, so the proper way forward was to apply the three-stage test under that rule and if it was thereby appropriate to grant Abbott relief from sanctions it would follow that Abbott's service of the copy claim form in July 2015 was good service of the claim form.

### CPR 3.9

31. Mr Turner submitted that a correct application of the present facts to the three-stage test in *Denton v White* was thus as follows.
- (1) With regard to the seriousness and significance of Abbott's failure to comply with r.7.5, it was clear that it had been of no practical significance and was therefore not serious. The defendants' solicitors' letter of 15 October 2015 showed that the defendants were not unduly concerned about a further extension of time for service of the claim form to 3 December 2015. There was no suggestion that it would have made any difference to the defendants. It is also common ground that the claim is not statute barred so a relief from sanctions would not deprive the claimants of an important advantage.
  - (2) The failure had occurred because Mr Turner had mis-read the defendants' solicitors' letter of 15 October 2015. However the fault was not just his. Good practice required specifying dates, as had been done in the claimants' solicitors' letter of 13 October 2015 (seeking an extension of "one calendar month" to "3<sup>rd</sup> December 2015") rather than just saying "a month from now", which invited confusion.
  - (3) Taking the foregoing into account, in all the circumstances Abbott should be given relief from sanctions.
32. As to Abbott's failure to sign the claim form, Mr Turner pointed out that the statement of truth in a claim form required the signatory to confirm that the facts stated in the "particulars of claim" are true. In this instance, as often happens, there were no facts set out in the particulars of claim section of the claim form. So there was nothing to confirm. The facts relied on were instead set out in the separate particulars of claim document, the contents of which were duly and properly confirmed by the signature of the second claimant.

*Further authorities*

33. Mr Turner referred me to two other cases. The first was *Heron Bros Ltd v Central Bedfordshire Council* [2015] EWHC 604 (TCC). This was a case governed by the Public Contracts Regulations 2006. Regulation 47F(1) requires the claim form to be served within seven days of issue. Before issue on 31 October 2014 the claimant's agent sent the defendant unsealed copies of the claim form and particulars of claim. The covering letter said that this was by way of early warning and notification. On the same day copies were sent to the court for sealing. On 3 November 2014 the court sealed and issued the claim form. A copy of the letter of 31 October 2014 with enclosures was sent again to the defendant by email. On 10 November 2014 the court posted the issued claim form and the particulars of claim to the claimant for service. They were received on 14 November and deemed served on the defendant on 18 November 2014. This was 8 days out of time. Edwards-Stuart J ruled that in the circumstances of that case it was fair, proportionate and in accordance with the overriding objective of the CPR to cure the irregularity by extending the time for service by 21 days.
34. The second case, *Cant v Hertz Corporation* [2015] EWHC 2617 (Ch), was a judgment of this court. The claimant issued and sealed his claim form, then he decided to delete two of the eight defendants, an amendment made in manuscript, and served the amended claim form without having it re-sealed. By the time it was re-sealed and re-served, the period for service under CPR 7.5(1) had expired. It seems that I was not taken in any detail to the law on good service in these circumstances but on the assumption that there had not been good service of the amended claim form before it was re-sealed I allowed the claimant relief from sanctions under CPR 3.9.
35. *Heron* and *Cant* turn on their own facts, in the case of *Heron* in particular because it was concerned with the application of the Public Contracts Regulations 2006. I do not find much relevant guidance in either case.

### *Discussion*

#### The reason for the claim form being served out of time

36. Before considering the rules, I should go through the events which led to Abbott's claim form being served out of time.
37. First and most obviously, Mr Turner mis-read the letter from the defendants' solicitors dated 15 October 2015. Particularly bearing in mind the final substantive paragraph of that letter, I take the view that a reasonable reader taking appropriate care would have understood that the defendants were offering to extend time for service of the claim form to 15 November 2015 and no further. But I accept that in this instance Mr Turner made an honest mistake.
38. Likewise a reasonable reader of Mr Turner's response by email at 18:09 on 21 October 2015 would have understood that Mr Turner had wrongly interpreted the offer and had taken it to have been an acceptance of his suggestion to extend time until midnight on 3 December 2015. Mr Taylor says that at the time of receiving Mr Turner's email (at [27]):

“I did have an element of doubt as to what the Claimant’s position was...but at this stage I assumed that he was effectively agreeing to the one month extension which I had proposed in my letter of 15<sup>th</sup> October 2015, ...”

In the paragraph following this one (quoted above) Mr Taylor states that he discussed the uncertainty of what Mr Turner had agreed to with his clients. Apparently a decision was made to take no steps to clear up any misunderstanding. Even if Mr Taylor’s first reaction was have an element of doubt, by the time he discussed the matter with his clients the possibility (or even probability) that Mr Turner had wrongly interpreted the offered extension of time must have been firmly in the forefront of Mr Taylor’s mind. He discussed what to do about it with his clients. The conclusion reached was to do nothing.

39. It seems to me that Mr Taylor must have examined the correspondence with some care in order to explain to his clients the reason for the uncertainty of Abbott’s position regarding the extension of time. He must also have thought there was a significant possibility that Mr Turner had misunderstood the defendants’ offer or he would not have raised the matter in the first place. In my view the likelihood is that at the meeting with his clients the decision was taken to do nothing to clarify the understanding between the parties as to when the extension of time for service of the claim form was due to expire, with the anticipated chance that the defendants could profit from Mr Turner’s mistake.
40. Was there anything wrong in conducting litigation in this way? I think I am obliged to reach a view on this because it has an impact on Abbott’s application. To begin with, parties to litigation are plainly not obliged to inform the opposing side of its mistakes – in the sense of steps taken or positions adopted which appear not to be in that other side’s best interest. Each side must look after itself. However this is subject to parties never losing sight of the overriding objective. It seems to me that this requires parties to take reasonable steps to ensure, so far as is reasonably possible, that there is clear common understanding between them as to the identity of the issues in the litigation and also as to related matters, including procedural arrangements. The reason is that any breakdown in such understanding is likely to lead to wasted expense and also to hamper expedition in the progress of the case, often because it gives rise to an application to the court to sort matters out. This in turn requires allocation of the court’s resources which could otherwise be avoided.
41. Therefore, in my view, where a litigant becomes aware of a real possibility that a genuine misunderstanding has arisen between the parties regarding a significant matter, the litigant should take reasonable steps to clear it up. Dispelling such misunderstandings is likely to ensure that the litigation will be conducted more efficiently and I see no real likelihood of any consequent unfairness to either side.
42. Turning to the present facts, in my opinion the defendants’ conduct did not fully comply with the overriding objective. By the time of the conference with their solicitors they and their solicitors believed that there was, at the least, a significant possibility that Abbott thought the parties had agreed to an extension of time to serve the claim form which expired at midnight on 3 December 2015. I take the view that the decision to do nothing

was not good enough. The defendants should have informed Abbott that so far as the defendants were concerned the agreement reached was that the extension expired on 15 November 2015, giving brief reasons. Thereafter the defendants would have been free of the suggestion that they were playing inappropriate technical games (see paragraph 45 below).

### CPR 6.15

43. I turn to rule 6.15. Both sides' argument centred around *Bethell*. However I should first refer to *Abela v Baadarani* [2013] UKSC 44; [2013] 1 WLR 2043. I believe that there are four principles in the application of rule 6.15 which I can summarise from *Abela* and which are relevant to this case. They are drawn from the judgment of Lord Clarke of Stone-cum-Ebony, with whom the rest of their Lordships agreed.
44. The first is that when considering an application under rule 6.15 the court should simply ask itself whether, in all the circumstances of the particular case, there is a good reason to make the order sought. Decisions in previous cases are of limited guidance since they depend on their own facts, see [35].
45. Secondly, the mere fact that the defendant learned of the existence and content of the claim form cannot, without more, constitute a good reason to make an order under rule 6.15(2). On the other hand, the wording of the rule shows that this is a critical factor. Service has a number of purposes but the most important is to ensure that the contents of the document served, here the claim form, is communicated to the defendant. Service is not about playing technical games, see [36]-[38].
46. Thirdly, relevant factors include whether service had proved impractical, whether any attempt to pursue it further would lead to unacceptable delay and expense and whether the defendant was unwilling to co-operate by disclosing his address, see [39].
47. Fourthly, 'good reason' within the meaning of CPR 6.15 is something less than the exceptional circumstances required by CPR 6.16, see [33].
48. As to *Bethell* I agree with Ms Jones that there are some similarities between that case and this one. To the extent that it was suggested, I do not agree that the requirements of rule 7.6(3) are to be imported into rule 6.15 where the facts concern a failure to serve a claim form in time. The Court of Appeal made no mention of rule 7.6(3) in *Bethell*. I think this was because the Court believed, without any need to say so, that it had no bearing. The Court by inference held that where the claimant had failed to serve the claim form in time solely because there was a minor departure from a permitted method of service or an ineffective attempt to serve by a permitted method within the time limit, good service can be deemed pursuant to rule 6.15 without the additional burden of the conditions associated with rule 7.6(3), see paragraph 24 in which the Chancellor quoted the judge at first instance and his reference to *Kuenyehia v International Hospitals Group Ltd* [2006] EWCA Civ 21, apparently with approval.

49. I will attempt to summarise the reasons given by the Court of Appeal for reaching the conclusion it did – that the claimants had not satisfied CPR 6.15 – and do so as follows:
- (1) The defendants were on the facts entitled to rely on the Limitation Act as a bar to further proceedings, an advantage of which they would be deprived if the court were to deem that there had been good service of the claim form.
  - (2) The defendant had neither waived the requirement for service of the claim form, nor were they estopped from requiring it.
  - (3) The sanctity of an agreement reached between the parties as to the extension of time for service of the claim form should not be disturbed.
  - (4) Nothing in the correspondence between the parties justified penalising the defendants. In particular, to the extent that the defendants had “set a trap” for the claimants, the claimants’ solicitor fell into it. The claimants’ mistake (or that of their solicitor) did not justify denying so substantial a lawful consequence to the other. (I take this to be a reference to the limitation point).

In consequence there was neither good reason sufficient to engage CPR 6.15 nor, had there been, sufficient reason to exercise the judicial discretion in favour of the claimants.

50. None of these reasons apply in the present case. First, no point arises under the Limitation Act. Secondly, waiver and estoppel do not arise. Thirdly, the parties did not agree the date time of expiry of the period for service of the claim form. Mr Turner on Abbott’s behalf suggested an extension until 3 December 2015. Mr Taylor on the defendants’ behalf countered with an offer to extend the time until 15 November 2015. Mr Turner’s email would have conveyed to a reasonable reader that his clients thought that an extension until 3 December 2015 had been agreed. There was no meeting of minds.
51. As to the fourth reason for the finding in *Bethell*, there is no ground for believing that the defendants’ conduct fell short of what was to be expected under the overriding objective. The defendants’ solicitors became unsure about what the claimants’ solicitor was saying. But they wrote (in the letter dated 22 October 2010) expressing their uncertainty and stating that they were giving 14 days formal notice of termination of the extended period for service of the claim form (see *Bethell* at first instance, [2010] EWHC 3664 (Ch), at [32]). The judge at first instance took the view that the letter was drafted in a very careful and calculated way, in particular avoiding any reference to the need for service of the claim form within 14 days. He described this as a “trap” for the claimants’ solicitors (at [32]). Yet the defendants pointed out in very clear terms that the extension agreed earlier would expire in 14 days. It could be said that their failure to go on and spell out in full that the claim form should be served within those 14 days could only in the very broadest sense be characterised as a trap. The important point, though, is that there was no breach of the overriding objective.
52. By contrast, as I have discussed above, I take the view that in the present case the defendants did not comply with the overriding objective. It follows that granting Abbott’s



application under rule 6.15 is more likely to encourage observance of the overriding objective than dismissing it. This is something I should take into account.

53. To those features of the present case I would add the particularly important matter (see *Abela* cited above) that the defendants will have learned of the existence and content of the claim form when they received the copy claim form in July 2010.
54. Taking into account all circumstances of this case I have come to the view that collectively they qualify as a good reason to authorise service retrospectively and I will order that good service is deemed to have been achieved by delivery to the defendants of the copy unsigned claim form on 6 July 2015.

### CPR 3.9

55. In relation to rule 3.9 I am bound by the judgment of the Court of Appeal in *Kaur*. Rule 3.9 can provide no relief from sanctions in circumstances where rule 7.6(3) applies. Mr Turner accepted that Abbott had not satisfied the conditions in rule 7.6(3). Had I not found that good service of the claim form is to be deemed under rule 6.15 I would have struck out Abbott's claim.

### **Abbott's application under CPR 3.1(2)(a)**

56. Abbott's application to extend time for service of the particulars of claim retrospectively until 25 November 2015 was given no attention, I imagine because both sides took the view that if there was good service of the claim form an extension of time to serve the particulars of claim should follow. That seems to me to be right and I will make the order sought.

### **The defendants' application to strike out Abbott's claim against Smithbrewer**

57. The only allegation against Smithbrewer in the Particulars of Claim comes in paragraph 15:

"15. The natural and probable explanation for the Fourth Defendant's stocks of Patented insert is that they are infringing stocks acquired independently of the Licensees, for supply (in infringement of the Patent) not only to the Licensees but to other parties, including the Third Defendant. In support of this explanation the Claimants rely on the following: that in July 2012, October 2012 and May 2013, Mr Chasmer, posing as a customer, enquired of the Fourth Defendant whether it was able to supply a snap-in profile aluminium insert, and on each occasion was told that it was."

There is a footnote attached to "the Third Defendant" at the end of the first sentence. It reads:

“which has, in Mr Smith and Mr Brewer, the same Directors and shareholders as the Fourth Defendant; it also provides shopfitting services to retailers and regularly places orders for aluminium extrusions with the Fourth Defendant.”

58. Abbott’s case against Smithbrewer thus rests on the fact that it shares directors and shareholders with Retail Display and that it places orders for aluminium extrusions with Retail Display. Pending the outcome of the present applications no Defence has been served. I will assume that the facts relied on are correct. They form a slender basis for joining Smithbrewer as a defendant.

59. Despite little progress in the pleadings, the parties agreed to voluntary disclosure. Mr Turner pointed to the defendants’ disclosure list dated 9 October 2015. In it the individual signing on behalf of the defendants, who appears to have been Mr Brewer, has declared that certain documents which would otherwise be disclosable under CPR 31(6)(b) or (c) have not been disclosed as to do so would be disproportionate to the issues of the case. The documents in question are identified by Mr Brewer as follows:

“The purpose of voluntary disclosure, supported by a disclosure statement, at this stage is to provide full and frank disclosure to the Claimants of all evidence in existence of patented items that have been supplied to the First and Second Defendant by the Third and Fourth Defendants, as evidence that there is no case to answer and before further costs are wasted in respect of this matter.”

60. Mr Turner suggested that the defendants were being cute and had deliberately avoided any disclosure of documents evidencing supplies from Retail Display to Smithbrewer.

61. Ms Jones pointed out that the same suggestion had been raised in a letter dated 13 October 2015 from Abbott’s solicitors to the defendants’ solicitors. In a letter of the same date in response the defendants’ solicitors said this:

“The Third and Fourth Defendants have supplied all invoices relating to the sale of your clients’ patent product. The only supplier of this product was the Fourth Defendant and the only customer of this product was the Second Defendant.”

62. Abbott have offered no reason to doubt that very clear assertion. I will assume it is true and on that basis there are no arguable pleaded grounds on which Abbott can allege that Smithbrewer has infringed the Patent. I will strike out the allegation against Smithbrewer.

### **The defendants’ application to stay proceedings in favour of arbitration**

63. Unlike the usual form of patent dispute, in this one there is no challenge to the validity of the Patent and it is common ground that the defendants’ products complained of question fall within the claims of the Patent. Argument turns on whether the products were licensed or not. The licence in question (“the Patent Licence”) is dated 10 April 2008 and is between the first claimant and Econowall. By an agreement dated 16 August 2013 Project Consulting agreed with the first claimant that it would be bound by the terms of the Patent Licence as if Project Consulting had been a party to it since 10 April 2008.

64. The Patent Licence contains the following unnumbered and consecutive terms which appear along with several others under the heading “*11. General*”:

*“The Agreement shall be governed by and construed and interpreted in accordance with the laws of England and the parties hereby submit to the exclusive jurisdiction of the English courts.*

*The parties agree to be subject to arbitration should there be a disagreement between them”*

65. These terms are not easily reconciled. Mr Turner submitted there was significance in the use of the word ‘disagreement’, as opposed to ‘dispute’ in the arbitration clause but I do not see that this leads anywhere. Ms Jones referred to *Sulamérica Cia Nacional de Seguros SA v Enesa Engenharia SA* [2012] EWCA Civ 638; [2013] 1 WLR 102. This concerned two policies of insurance against various risks arising in connection with the construction of a hydroelectric generating plant in Brazil. An application for an anti-suit injunction was brought in the English High Court to restrain the pursuit of proceedings in Brazil. The policies contained substantially the same terms. Condition 7 stipulated that any dispute arising under, out of or in connection with the policy would be subject to the exclusive jurisdiction of the courts of Brazil. Condition 11 required the parties to seek mediation in the event of a dispute and if within 90 days of initiating mediation the dispute had not been resolved, either party was entitled to refer the dispute to arbitration. Condition 12 set out the procedure for arbitration.
66. Ms Jones drew my attention to paragraphs 43 and 44 of the judgment of Moore-Bick LJ (with whom Lord Neuberger and Hallett LJ agreed). But I think those paragraphs should be seen in the context of the entire section of the judgment in which they were written:

**“Reconciliation of condition 7 with conditions 11 and 12**

[42] In paras 47–51 of his judgment Cooke J considered how the exclusive jurisdiction provision in condition 7 could be reconciled with the mediation and arbitration provisions in conditions 11 and 12. As I read his judgment, he did so in order to deal with the insured’s argument that, unless the arbitration were limited to disputes relating to quantum, the exclusive jurisdiction clause in condition 7 would be deprived of substantially all effect.

[43] In para 47 he said:

‘Whereas condition 11 of the policy appears permissive in allowing a party to refer a dispute to arbitration in the circumstances referred to, condition 12 provides that such disputes “shall” be referred to arbitration. Whilst the insurers argued that the contract gives rise to a permissive right to refer to arbitration, and that the only mandatory element requires that, if that permissive right is exercised, the arbitration must take place under ARIAS rules, for the purposes of this argument, I treat the arbitration clause as being mandatory.’

[44] Having considered various authorities, including, in particular, *Ace Capital Ltd v CMS Energy Corpn* [2009] Lloyd's Rep IR 414, he expressed his conclusion as follows, at para 49:

'In the present case, on the construction that I have held, all disputes or differences can be and must be referred to arbitration under the terms of condition 12, but if that is so, what is left of the exclusive jurisdiction of the courts of Brazil under condition 7? The answer is very little in practice—much the same as found by Christopher Clarke J in para 82 of the *Ace Capital Ltd v CMS Energy Corpn* decision. It enables the parties to found jurisdiction in a court in Brazil to declare the arbitrable nature of the dispute, to compel arbitration, to declare the validity of the award, to enforce the award, or to confirm the jurisdiction of the Brazilian courts on the merits in the event that the parties agree to dispense with arbitration. It specifically operates to prevent the parties proceeding in another court on the merits. Use of the condition 7 rights for these purposes does not detract from the arbitration clause but gives them meaning. Furthermore, enforcement in Brazil against Brazilian parties is self-evidently a realistic possibility.'

[45] On the hearing of the appeal the insured renewed their application for permission to appeal against what they said was a decision by the judge that the arbitration agreement in this case is mandatory, rather than merely permissive. Longmore LJ refused permission on the grounds that this was not an independent ground of appeal that would enable the insured to succeed if they failed on all of the other grounds.

[46] In my view permission to appeal should be refused. In the first place, as Mr Wolfson accepted, the argument that the insured seek to pursue does not provide an independent ground for setting aside the judge's order and it is the order made by the court below, rather than the judge's reasoning which led to it, that is the proper subject of an appeal. Quite apart from that, however, I do not think that the judge was purporting to make a decision one way or the other about the nature of the arbitration agreement. Having recorded that the insurers had argued that condition 12 gave rise to a permissive right to refer disputes to arbitration, he chose nonetheless for the purposes of the argument to treat it as if the provision for arbitration were mandatory, but that is all. In those circumstances I think that ground 4 is misconceived."

67. Ms Jones submitted that the two clauses in issue in the Licence Agreement should be reconciled in the manner adopted by Cooke J and approved by the Court of Appeal in *Sulamérica*: all disputes arising from the Licence Agreement, including this one, are to be referred to arbitration, whereas matters Cooke J referred to, such as enforcement of the award, are to be resolved in the English courts.

68. I do not think that this is an accurate reading of what was decided in *Sulamérica*. As Moore-Bick LJ explained, Cooke J made no decision one way or the other about the correct construction of the arbitration agreement. I fully accept (and possibly this is all that Ms Jones meant) that it might be appropriate in a particular case to construe an agreement along the lines adopted – for the purposes of argument – by Cooke J in *Sulamérica* and that in such an instance this could provide a route to reconciling apparently inconsistent terms. But each case must depend on the words in issue and their construction in the context of the agreement as a whole.
69. In *Ace Capital Ltd v CMS Energy Corp.* [2008] EWHC 1843 (Comm); [2008] 2 C.L.C. 318 Christopher Clarke J. reviewed two cases which contained both an exclusive English jurisdiction clause and a mandatory arbitration clause (and one with a non-exclusive English jurisdiction clause). He said this (footnote omitted):
- “[70] These cases all illustrate the principle that the contract must be read as a whole and every effort should be made to give effect to all of its clauses. The meaning of one clause may be affected by the content of other clauses in the agreement. A clause should not be rejected unless manifestly inconsistent with or repugnant to the rest of the agreement. It is only if this cannot successfully be done that the Court will treat a clause that has been specifically agreed as prevailing over an incorporated standard term: see also *Chitty* vol. 1 12–078; *Pagnan SpA v Tradax Ocean Transportation SA* [1987] 2 Ll Rep 342 ; *Indian Oil Corp v Vanol Inc* [1991] 2 Ll Rep 634.”
70. A difficulty in the present case is that both of the terms in question appear to be incorporated standard terms.
71. Under the ‘General’ umbrella of section 11 of the Licence Agreement there is this term:
- “If any clause or any part of any clause in this Agreement is declared invalid or unenforceable by the judgment or decree, by consent or otherwise of a court of competent jurisdiction from whose decisions no appeal is or can be taken all other clauses or parts of clauses in this Agreement shall remain in full force and effect and shall not be affected thereby for the term of this Agreement.”*
72. The reference to “a court of competent jurisdiction” appears to mean exactly that, as opposed to an arbitrator. The clause contemplates the possibility that an English court may, following contested litigation before it, rule that a clause of the Licence Agreement is invalid or unenforceable. This is consistent with the term giving exclusive jurisdiction to English courts but not with the arbitration clause according to the interpretation proposed by Ms Jones.
73. I have come to the conclusion that viewed objectively, the parties’ likely intention was that the English courts should have jurisdiction over disputes arising from the Licence Agreement and that the arbitration clause is permissive: the parties may jointly elect to

refer any dispute to an arbitrator but no party can insist upon it, at least not once an English court has been seised. I construe the Licence Agreement in that sense.

74. Although it is not relevant to the construction of the Licence Agreement, I note that this interpretation carries the advantage of keeping all aspects of the present dispute before one tribunal. The parties were agreed that Abbott's claim against Retail Display, not a party to the Licence Agreement, must in any event continue before this court. Having everything decided by one tribunal is more likely to minimise costs.

### **Conclusion**

75. I therefore rule as follows:

- (1) The service of the copy claim form on the defendants on 6 July 2015 shall be deemed good service of the claim form.
- (2) Abbot have retrospective permission to serve the particulars of claim by 25 November 2015.
- (3) The claim against Smithbrewer is struck out.
- (4) The defendants' application to stay the proceedings in favour of arbitration is dismissed.