

THE HIGH COURT

[2021] IEHC 377
[2020 No. 5266 P.]

BETWEEN

AVIARETO LIMITED

PLAINTIFF

AND

GLOBAL CLOSING ROOM LIMITED

DEFENDANT

JUDGMENT of Ms. Justice Butler delivered on the 26th day of May, 2021

Introduction

1. This is the plaintiff's application for an interlocutory injunction to restrain the defendant from using the name or sign 'Global Closing Room' in alleged breach of the plaintiff's EU trademark (Number: 017941564) in the mark 'Closing Room'.
2. The defendant characterises the dispute between the parties as being merely a naming dispute. However, trademarks are legally recognised in order to protect the interest the holder has in providing goods or services under a distinctive name that is identified with the provision by it of those goods or services and which distinguishes its goods or services from those of its commercial rivals. If the name did not matter, commercial entities would not, as both of these parties have done, seek to register trademarks in order to protect their names.
3. The plaintiff, on the other hand, contends that it is not trying to restrain the defendant from carrying on its business, which it acknowledges is perfectly lawful. The plaintiff seeks only to prevent the defendant from doing so under a name, the use of which the plaintiff contends is a breach of its trademark. This may understate the difficulty which arises from the fact that by the time this application for an injunction was issued in September, 2020, the defendant claims to have been carrying on its business under the name of Global Closing Room for some 10 months, although there are significant issues between the parties as to the extent of that business and the length of time for which it had been carried on. Regardless of the view the court may reach on these latter issues, restraining an existing business from operating under its existing name necessarily entails, at a minimum, a degree of disruption and expense and may even prevent a business from operating at all unless the name can be readily changed.
4. Although the plaintiff is the holder of a registered trademark, the defendant has challenged the validity of that trademark in its counterclaim to these proceedings. As the validity of the trademark will not be determined until the substantive trial, the court must accept its presumptive validity for the purposes of this application. In normal course, the holder of a trademark is entitled to rely on that mark and to expect a court to grant the relief necessary to enable it to do so whether on an interlocutory or a final basis. In this case, the defendant has raised a number of grounds on foot of which it claims the plaintiff is not entitled to or should not be granted interlocutory relief. Whilst I will deal with each of these in due course, for the purpose of this thumbnail sketch, the most significant is the contention that delay on the part of the plaintiff in seeking this relief operates either to preclude the court from granting an interlocutory injunction or, alternatively, should be

weighed against the plaintiff in the balance of convenience. The longer a plaintiff takes to come to court to complain about a defendant's trademark infringement, the greater the time, energy and money the defendant is likely to have invested in building up its business under the disputed mark. Consequently, there may be a greater potential for injustice in requiring the defendant to cease using the name until the substantive dispute between the parties can be determined.

Factual Background

5. The services provided by both the plaintiff and the defendant are highly specialised and, consequently, the factual background to the proceedings is complex. The plaintiff company is a joint venture between SITA SC (described as a company specialising in air transport communications and information technology) and the Irish State. Pursuant to a series of tender competitions, the plaintiff has, since 2006, been appointed as registrar and operator of an International Registry of Mobile Assets in Aircraft Equipment. The International Registry in turn was established pursuant to a Protocol to the Cape Town Convention on International Interest in Mobile Equipment, 2001 ("the Aircraft Protocol" or "the Protocol"). The Cape Town Convention provides a system of international treaties governing the financing and leasing of a range of different types of highly valuable mobile equipment of which aircraft was the first. Legal effect was given to the Convention and the Protocol in this jurisdiction by the International Interests in Mobile Equipment (Cape Town Convention) Act 2005. That act also allowed the Minister for Transport to acquire shares in any company established for the purposes of operating the International Registry. It is unnecessary to examine the procedure under the Cape Town Convention for the adoption, signature and ratification of a Protocol but, for the purposes of these proceedings, it should be noted that two other protocols are at an advance stage in the process. These are the Luxembourg Protocol covering Railway Rolling Stock and the MAC Protocol (Mining, Agricultural and Construction Equipment).
6. The ownership structure of the type of equipment falling within the protocols to the Cape Town Convention is frequently multi-layered with a number of different entities involved in the financing, leasing and securitisation of the various assets comprised within the equipment. For example, an aircraft engine may be owned separately to the plane in which it is located and both may be subjected to multiple financial transactions for which the relevant asset will be provided as security. The registration of an interest in the International Registry affords that interest priority over unregistered interests in the same equipment or interests which are registered later in time. Consequently, the sequencing of registrations resulting from major transactions is an important aspect of operating the International Registry. In light of the experience gained as registrar under the Aircraft Protocol, the plaintiff developed a digital platform through which a series of transactions in respect of an asset can be pre-positioned prior to registration so that, at the point of registration, they will be released into the registry in the correct or agreed chronological sequence which thereafter determines their order of priority. This system, which has been live since 2015, took seven years to develop at a cost of over €2 million. The plaintiff has registered the trademark 'Closing Room' in a number of jurisdictions including the European Union.

7. Although the plaintiff has made this system available to entities seeking to register their interests in aircraft equipment under the Protocol, it points out that it is not contractually obliged to provide this facility under the terms on which it has been appointed registrar. Thus, the system is described by the plaintiff as an “*add on*” which it provides as a matter of fact in conjunction with the operation of the International Registry. Users of the Registry are not obliged to use the Closing Room facility but increasingly choose to do so with up to 75% of transactions going through the Closing Room in 2020. The plaintiff contends that the registered trademark Closing Room has a commercial value. The potential commercial value to the plaintiff was detailed in replies to particulars as including the use of the mark by itself in the upcoming tender competition for the MAC Protocol, the licensing of the mark Closing Room (and the system to which it relates) for use by other registrars under the Cape Town Convention (the recently appointed registrar to the Luxembourg Protocol being cited as an example) and the use of the Closing Room facility as part of a trusted communications facility being developed by the plaintiff in conjunction with an industry group called the Aviation Working Council as well as further potential uses as the technology develops.
8. The plaintiff has used the trademark Closing Room since 2015 and has registered the mark in a number of jurisdictions. Of relevance to these proceedings is the registration of the EU trademark (number: 017941564) in respect of six classes of goods and services which include the provision of “*a website featuring on-line registration services in the field of aircraft and mobile assets and interests therein*”. The application for that mark was made on 11th August, 2018 and the trademark was registered in August, 2019.
9. The defendant is an Irish registered company which was incorporated on the 21st August, 2019. It is, however, related to a US based company called AIC Title Agency LLC (“AIC”) which operates what it describes as aircraft closing services under the trademark Aircraft Closing Room. On 12th August, 2019, the plaintiff reached a settlement with AIC in respect of the use of the trademark Aircraft Closing Room. The relevance of that settlement to these proceedings will be considered further below. On the same date and some days prior to the incorporation of the defendant, the domain name globalclosingroom.com was registered on behalf of the defendant. On the 18th September, 2019, the defendant filed an EU trademark application (Number: 018126814) in respect of Global Closing Room in respect of the same six classes as those for which Closing Room is registered. The plaintiff claims to have become aware of this application circa 21st October, 2019 and lodged opposition to the application on 25th October, 2019.
10. There is a considerable dispute between the parties as to what, apart from these formal steps, was occurring on the ground in respect of the defendant’s business during this period. The defendant contends that considerable activity was taking place with a view to establishing and promoting its business. It points to the attendance by its principals, Mr. Eric Lewin and Mr. Clay Healy (who is also described as the owner of AIC) at “*multiple conferences*” in Dublin and London at the beginning of 2020 and the use by its principals of social media to promote the company. It also relies on two articles appearing in a specialist trade publication named Business Aviation Magazine, one being an interview

with Mr. Healy in the Autumn, 2019 edition and the other being an article including an interview with Mr. Lewin in the Winter, 2019/2020 edition. The defendant contends that the plaintiff should have been aware from these articles of the defendant's intention to immediately launch its business under the mark Global Closing Room.

11. The plaintiff disputes the level of activity claimed and relies on the dearth of material exhibited to support the contention that the defendant's business was either being actively promoted or actually operational during this period. Further, an information technology expert engaged by the plaintiff, Mr. Seosamh Gowran, was asked to conduct a review of the defendant's website traffic and internet presence. In his report, dated November, 2020, Mr. Gowran, having explained his methodology, concluded that the term Global Closing Term was not generating substantial traffic through the major search engines. The level of traffic was so low that it could not be accurately estimated without access to what is termed "*the backend system of the GCRL website*" which was not available to Mr. Gowran. As regards the defendant's social media presence, Mr. Gowran reported a very limited social media presence and on only two of the leading business social media platforms, namely LinkedIn and Twitter. The defendant's Twitter account was set up in November, 2019 and had three followers at the time of Mr. Gowran's report. The account had posted fifteen posts in the preceding year and was dormant between the 17th January, 2020 and 5th October, 2020. The defendant's LinkedIn page was set up in 2019 and had 178 followers at the time of the report. Mr. Gowran noted that the volume of posting on both platforms, and hence the defendant's use of social media, had increased significantly in the six weeks before his report.
12. In a replying affidavit, Mr. Lewin, a director and shareholder of the defendant, explained that a significant proportion of the defendant's online marketing was conducted through his personal LinkedIn page which was not considered by Mr. Gowran. A total of fourteen such posts are exhibited by Mr. Lewin and although the posts themselves are undated they appear to date from approximately January, 2020, some referring to his attendance at industry events in the early part of 2020. These posts tend to show more public interaction in terms of the number of views, likes and comments than the company's official pages.
13. The extent to which the defendant was actively promoting itself is relevant for two reasons. Firstly, whether the plaintiff can be said to have delayed in issuing these proceedings and in seeking injunctive relief may depend on the extent to which the defendant was visibly using the disputed mark during the period of alleged delay. Secondly, if the defendant can be shown to have actively expended time, effort and money in promoting its business using the disputed mark without the plaintiff taking legal action, this may be relevant to the balance of convenience. I will return to these issues in due course.
14. It is undisputed that formal correspondence between the parties in respect of the use of the Global Closing Room mark did not commence until 1st May, 2020 when a UK based firm of specialist patent and trademark lawyers wrote to the defendant's solicitor alleging

a breach of the plaintiff's registered mark and setting out in detail the basis of the claim now made by the plaintiff. That letter requested the defendant to cease using the mark, to change the name of its company, to withdraw its EU trademark application and to provide certain undertakings. The defendant's solicitors replied on 14th May, 2020 and in equal detail disputed the plaintiff's claim by denying that the marks are similar, asserting that the goods and services to which the marks relate are neither similar nor identical and reserving the defendant's right to challenge the validity of the plaintiff's registered mark. The defendant also argued that the value of the plaintiff's mark and its entitlement to use it are limited by the nature of its role of registrar being a public service. The defendant's solicitor proposed that the plaintiff should withdraw its opposition to the defendant's mark and that both marks should co-exist. There followed a detailed rebuttal of these arguments by the plaintiff's UK lawyers in a letter dated 25th July, 2020.

15. Two further things of note occurred while this correspondence was ongoing. Firstly, in a step which the plaintiff regards as significant, on 23rd May, 2020, the defendant moved its IP address from New York to Oklahoma which is where the defendant's operations and data centre (and also those of AIC) are based. This was regarded as indicative of an intention on the defendant's part to ramp up its business and to begin using the mark Global Closing Room commercially. Secondly, the parties engaged in without prejudice discussions between 8th May and 21st July, 2020. That those discussions did not lead to a resolution of this dispute is evident from the fact that these proceedings were issued on 22nd July, 2020. However, the plaintiff relies on the fact that negotiations were ongoing to explain its failure to issue the proceedings prior to it becoming clear that an agreed solution would not be reached.
16. On 23rd July, 2020, the plaintiff's solicitor notified the defendant's solicitor that proceedings had been issued and advised that unless the undertakings previously requested were provided within fourteen days, the proceedings would be served, and an application made for interlocutory relief. Those undertakings were not provided and instead the defendant's solicitors replied separately to both the plaintiff's UK and Irish lawyers on 17th August, 2020. The letter to the plaintiff's Irish solicitor expressly raised the issue of delay as regards the proposed interlocutory application. Further correspondence was exchanged before proceedings were served on 22nd September, 2020 and the interlocutory application was issued on 25th September, 2020.

Legal Proceedings

17. Although the defendant complains about the speed with which the proceedings have progressed (in addition to complaints of delay in instituting them), there has, in fact, been a fairly prompt progression from the time the proceedings were served. The defendant entered an appearance on 1st October, 2020; the statement of claim was served by the plaintiff on 27th October, 2020; particulars were raised by the defendant on 25th November, 2020 and replied to by the plaintiff on 1st December, 2020. The defendant filed a defence and counterclaim on 22nd December, 2020. No reply to the counterclaim had been filed by the time the interlocutory motion was heard and the court gave directions in that regard.

18. The general nature of the plaintiff's claim is apparent from the facts outlined above. In particular, the plaintiff claims that the defendant's use of the mark Global Closing Room infringes the exclusive rights conferred on it by virtue of its EU trademark under Article 9(2)(b) and 9(2)(c) of the EU Trademark Regulation 2017/1001. It is also alleged that the plaintiff's unregistered rights had been infringed on the basis that the use of the mark in relation to aviation assets constitutes a misrepresentation to the relevant public likely to lead to confusion and to cause damage to the plaintiff's good will and reputation. The plaintiff seeks permanent injunctions to restrain the use of the mark and any similar mark containing the words "*Closing Room*" and requiring the defendant to change its registered name and trade name to a name that does not include those words. A range of ancillary relief and damages are also sought.
19. The defendant's defence denies the substance of the plaintiff's claim. Although there is no clear admission or denial of the use of the trademark Global Closing Room, the defendant does admit that its website displays the Global Closing Room brand in connection with aircraft imagery. In a somewhat contradictory plea, it is denied that the defendant uses the brand Global Closing Room - apparently on the basis that the defendant is an entity rather than a trading name or a brand. It is also pleaded that the property rights claimed by the plaintiff have arisen by virtue of its appointment as registrar under the Protocol to the Cape Town Convention and under the Regulations and Procedures for the International Registry any such rights must vest in or be assigned to any subsequently appointed registrar in order to ensure the continued effective operation of the Registry. In its counterclaim, the defendant seeks a declaration that the plaintiff's EU trademark is invalid or partially invalid by reason of not being sufficiently distinct or because the services provided by the plaintiff constitute the provision of a public service or because the mark is merely descriptive or, insofar as it extends to goods and services outside the description, it is misleading.

Issues Arising

20. The parties have helpfully agreed an issue paper identifying the central issues to be determined on this application. I do not propose to summarise the submissions of each of the parties generally, but I will outline the main arguments made on each of the issues as I examine them in turn.
21. The issues to be addressed are as follows:-
- (a) Is there a fair issue to be tried?
 - (b) Does the balance of convenience favour the grant or the refusal of an interlocutory injunction? Within this issue, the parties have identified three sub-issues, namely the weight, if any, to be attached to the plaintiff's property rights in its trademark and the adequacy of damages for each of the parties in the event that the injunction is refused or, alternatively, granted;
 - (c) The relevance of the US settlement agreement;

- (d) Whether the defendant is obliged to "*clear the path*" and whether it has failed to do so; and
 - (e) Delay.
22. In her oral submission, counsel for the defendant framed the issues somewhat differently as being four in number and addressed them in the following sequence - delay; the US settlement agreement; the lack of evidence of confusion or association; and, finally, the onus and burden of proof. Whilst the first two of these overlap with the third and fifth on the issues paper, the second two do not neatly fit into the remaining three issues nor the sub-issues identified in the issue paper. Counsel for the defendant accepted, in my view quite properly, that the proceedings do raise a serious issue to be tried. The argument made in relation to confusion seems to fit most neatly into the balance of convenience analysis as the thrust of it was to contend that, in the absence of confusion, no irreparable harm would be caused to the plaintiff (which the defendant also suggested explained the plaintiff's delay in seeking relief). The arguments made as to who bears the onus of proof and the standard of proof to be met were, to some extent, overarching ones. However, they tended to focus on the asserted requirement that the plaintiff show irreparable damage which the defendant contends the plaintiff has not shown.
23. The most significant difference between the way in which counsel for the defendant framed the issues and the issue paper is that she led with the issue of delay which is placed last in sequence on the issue paper. It is unsurprising that counsel took this approach since the defendant had flagged delay as a significant issue from the time the plaintiff's solicitor first indicated they had instructions to seek interlocutory relief. This begs the question as to whether delay should be dealt with as a threshold issue on the basis that excessive delay will bar an applicant from interlocutory relief no matter how meritorious the claim might be. This was the approach adopted by Hedigan J. in *Irish Times v. Times Newspapers* [2015] IEHC 490, albeit in factual circumstances which were far more clear-cut than those before the court in this case. Alternatively, should delay only be addressed as a disqualifying factor if the court has satisfied itself on the basis of the criteria generally applicable to applications of this nature that an interlocutory injunction should otherwise be granted?
24. While there may be cases in which the extent of the delay complained of is such that it militates against the grant of any equitable relief, I do not think that the delay in this case is sufficiently egregious nor the circumstances in which it arose sufficiently clear cut to fall into that category. On the other hand, I think the postponing any consideration of delay until the court has positively decided that all of the other factors point to the grant of an interlocutory injunction is likely to minimise the effect that delay will have on the court's final decision. This may result in a subtle, albeit unintentional, disadvantage to the party relying on the delay. Consequently, rather than categorising delay as a discrete issue, I think it is more properly characterised as an element of the balance of convenience and I propose to treat it as an additional sub-issue under that heading.

25. This approach appears to me to be consistent with that of the Supreme Court in *Merck Sharp and Dohme Corporation v. Clonmel Healthcare Ltd* [2019] IESC 65 in which the Supreme Court emphasised the inherently flexible nature of the relief and moved away from the notion of a phased legal test to a more holistic approach focusing on ascertaining where the balance of justice might lie pending trial. O'Donnell J. summarised the steps that might be followed by a court in considering the grant of an interlocutory injunction as follows:-

- "(1) First, the court should consider whether, if the plaintiff succeeded at the trial, a permanent injunction might be granted. If not, then it is extremely unlikely that an interlocutory injunction seeking the same relief upon ending the trial could be granted;*
- (2) The court should then consider if it has been established that there is a fair question to be tried, which may also involve a consideration of whether the case will probably go to trial. In many cases, the straightforward application of the American Cyanamid and Campus Oil approach will yield the correct outcome. However, the qualification of that approach should be kept in mind. Even then, if the claim is of a nature that could be tried, the court, in considering the balance of convenience or balance of justice, should do so with an awareness that cases may not go to trial, and that the presence or absence of an injunction may be a significant tactical benefit;*
- (3) If there is a fair issue to be tried (and it probably will be tried), the court should consider how best the matter should be arranged pending the trial, which involves a consideration of the balance of convenience and the balance of justice;*
- (4) The most important element in that balance is, in most cases, the question of adequacy of damages;*
- (5) In commercial cases where breach of contract is claimed, courts should be robustly sceptical of a claim that damages are not an adequate remedy;*
- (6) Nevertheless, difficulty in assessing damages may be a factor which can be taken account of and lead to the grant of an interlocutory injunction, particularly where the difficulty in calculation and assessment makes it more likely that any damages awarded will not be a precise and perfect remedy. In such cases, it may be just and convenient to grant an interlocutory injunction, even though damages are an available remedy at trial.*
- (7) While the adequacy of damages is the most important component of any assessment of the balance of convenience or balance of justice, a number of other factors may come into play and may properly be considered and weighed in the balance in considering how matters are to be held most fairly pending a trial, and recognising the possibility that there may be no trial;*

(8) *While a structured approach facilitates analysis and, if necessary, review, any application should be approached with a recognition of the essential flexibility of the remedy and the fundamental objective in seeking to minimise injustice, in circumstances where the legal rights of the parties have yet to be determined."*

26. The question of delay did not feature significantly in *Merck Sharp and Dohme*, no doubt because, as O'Donnell J. notes at para. 61 of the judgment, there was no unreasonable delay in the commencement of the proceedings and thus the *status quo* should be taken as the position which existed prior to the launch of the defendant's product. It seems that the range of factors which might come into play in assessing the balance of convenience under para. 7 of these steps is potentially unlimited and will vary depending on the particular circumstances of each case. Delay is undoubtedly one such factor and certainly a factor which is relevant to this case. Most importantly, it is not to be treated merely as a factor which precludes the grant of interlocutory relief where a plaintiff has been found to be otherwise entitled to that relief, rather it is something which must be considered when the court is deciding whether the balance of justice warrants the grant of interlocutory relief pending trial in the first place.

EU Trademark Regulation 2017/1001

27. The High Court has been designated an EU trademark court under Article 123 of Regulation 2017/1001 and, consequently, it has jurisdiction under Article 124 both in respect of the plaintiff's infringement action and the defendant's counterclaim for a declaration of invalidity. Under Article 131, the High Court has jurisdiction to grant provisional and protective measures (i.e. interlocutory relief) in respect of an EU trademark which are applicable in the territory of any Member State subject to any procedure necessary for their recognition and enforcement. The provisions of the Regulation relied on by the plaintiff in the substantive proceedings are considered in the next section of this judgment.
28. Finally, Article 127(1) of Regulation 2017/1001 provides for the presumption validity of an EU trademark as follows:-

"The EU trade mark courts shall treat the EU trade mark as valid unless its validity is put in issue by the defendant with a counterclaim for revocation or for a declaration of invalidity."

As I understand it, this means that an EU trademark court in determining a counterclaim for revocation or a declaration of invalidity does not apply any presumption of validity to the trademark in issue. It does not mean that the mere making of such a counterclaim has the effect of invalidating the trademark even for the purpose a dispute concerning provisional or protective measures in the context of the same proceedings. The plaintiff in this case relies on the presumptive validity of its registered trademark and the defendant has not disputed this presumptive validity, although it advanced a number of grounds as to why interlocutory relief (i.e. provisional or protective measures) should not be granted in this case.

Fair Question to be Tried

29. As noted above, the defendant has not disputed that the proceedings raise a serious issue to be tried. However, as certain of the arguments on the other issues refer back to the underlying proceedings, it may be of assistance to briefly outline the issues that will fall for determination at the substantive trial. The plaintiff alleges that the defendant's use of the mark Global Closing Room infringes its rights under Article 9(2)(b) and (c) of Regulation 2017/1001. The relevant portions of Article 9 provide as follows:-

"Article 9: Rights conferred by an EU trademark

1. *The registration of an EU trade mark shall confer on the proprietor exclusive rights therein.*
2. *Without prejudice to the rights of proprietors acquired before the filing date or the priority date of the EU trade mark, the proprietor of that EU trade mark shall be entitled to prevent all third parties not having his consent from using in the course of trade, in relation to goods or services, any sign where:*
 - (a) *the sign is identical with the EU trade mark and is used in relation to goods or services which are identical with those for which the EU trademark is registered;*
 - (b) *the sign is identical with, or similar to, the EU trade mark and is used in relation to goods or services which are identical with, or similar to, the goods or services for which the EU trade mark is registered, if there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark;*
 - (c) *the sign is identical with, or similar to, the EU trade mark irrespective of whether it is used in relation to goods or services which are identical with, similar to or not similar to those for which the EU trade mark is registered, where the latter has a reputation in the Union and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the EU trade mark.*
3. *The following, in particular, may be prohibited under paragraph 2:*

...

 - (d) *using the sign as a trade or company name or part of a trade or company name;*
 - (e) *using the sign on business papers and in advertising;"*

The plaintiff does not contend that both the sign and the goods or services are identical but relies on the alleged similarity of both under Article 9(2)(b). Notably, there is a requirement under Article 9(2)(b) to show that there is a likelihood of confusion on the part of the public which may include the likelihood of association between the defendant's

sign and the plaintiff's mark. However, Article 9(2)(c), also relied on by the plaintiff, applies to identical or similar marks even if they are not used in respect of identical or similar goods or services. There is no requirement under this sub-paragraph that there be a likelihood of confusion, but the registered mark must have a reputation in the EU and the use of the unregistered mark must take unfair advantage of or be detrimental to the EU mark.

30. The defendant has placed significant emphasis in its argument on the lack of any evidence of actual confusion or association by the public between the marks. The plaintiff disputes this but also maintains that such proof is unnecessary as there is no requirement at all to establish confusion to succeed in its claim under Article 9(2)(c) and the threshold required to succeed under Article 9(2)(b) is a likelihood of confusion which does not require that there be proof of actual confusion. Put simply, the plaintiff contends that it cannot be required to prove more at the interlocutory stage than it would be required to prove at the final trial. Whilst not disputing that this accurately reflects the legal requirements of Article 9(2)(b) and (c), the defendant nonetheless contends that in order for the court to grant an injunction to restrain the use of its mark at this stage, there must be evidence of actual confusion. This is because, on the defendant's argument, in the absence of such confusion, the plaintiff has not established that it will suffer irreparable harm which would be incapable of monetary compensation and, thus, the balance of convenience favours refusal. I will return to these arguments in due course.
31. The defendant's counterclaim is one properly brought in these proceedings under Article 128 of Regulation 2017/1001. There might seem to be an inherent contradiction between the defendant's contention that Closing Room lacks the necessary distinctiveness to be registered as a trademark while simultaneously seeking to register Global Closing Room as a trademark in respect of the same classes. Fortunately, this is not something I have to determine on this application. There is manifestly a fair question to be tried on both the plaintiff's claim and on the defendant's counterclaim in these proceedings.
32. For completeness, I might also note that if the plaintiff succeeds and, by necessary implication, the defendant's counterclaim fails, then this is a case in which a permanent injunction might be granted. Further, having regard to the second and third steps identified by O'Donnell J. in *Merck Sharp and Dohme*, the court is also required to consider whether the granting of an injunction at this stage will have the effect of making a trial of the substantive issues unlikely. The defendant argues that the grant of an interlocutory injunction would effectively afford the plaintiff substantive relief in circumstances where the defendant would have to rebrand in order to continue trading and there would then be little impetus for the plaintiff to pursue its litigation. The plaintiff points to the fact that the defendant's promotional literature already contains three different brands so that if it were to be restrained from using Global Closing Room, it could continue to trade under the other two. Thus, the grant of an injunction would not automatically prevent the defendant from continuing to trade and, consequently, would not deprive the proceedings of their intended purpose. It may be that the benefit of an

interlocutory injunction would disincentivise plaintiff in the active pursuit of its claim but this would not prevent the defendant from actively pursuing its counterclaim.

33. I am not convinced that the grant of an interlocutory injunction in this case would, of itself, mean that the substantive proceedings are unlikely to ever come to trial. Whilst I accept that the grant of an injunction would certainly remove the urgency from the plaintiff's perspective, the defendant would still be in a position to push the case on for hearing in order to ensure the determination of its counterclaim. Thus, whilst the grant or the refusal of an injunction will likely confer a tactical benefit on one or other side, the grant of an injunction of itself should not result in the trial not proceeding. I am also conscious that while the Supreme Court has said that the court should be aware of the likelihood of a matter not proceeding to trial, it has not gone so far as to say that the court's decision should lean in favour of whichever outcome would be more likely to result in the substantive trial taking place.

Balance of Convenience - Adequacy of damages/plaintiff

34. The judgment in *Merck Sharp and Dohme* now makes it clear that consideration of the adequacy of damages should no longer be regarded as a discrete step to be undertaken in advance of a more general consideration of the balance of convenience which would only arise if damages are not an adequate remedy. Instead, it is one of a number of factors, albeit often the most important one, which must be balanced in an attempt to achieve the fairest possible arrangement of matters between the parties pending the trial. The assessment that this entails is necessarily imperfect as it must take place before the legal rights and obligations of the parties have been finally determined and without the benefit of all of the evidence which will be adduced at trial. As no single factor may be determinative of the balance of convenience, I propose to consider all of the issues raised under this heading before offering concluded views thereon. In any event, I have found it difficult to disentangle the various issues into watertight compartments. There is a relationship between the nature of the damage claimed by the plaintiff and the fact that it is asserting property rights and there is also a relationship between the defendant's reliance on the plaintiff's delay and the damage which it claims to have suffered as a consequence.
35. This is not a case where the parties have a contractual relationship by reference to which any claim for damages can be assessed. Nor is it a case, like so many of those concerning pharmaceutical products, where markets can be readily measured and lost profits calculated. Instead, the parties offer services which, although there is a considerable overlap, are nonetheless distinct in many respects. At present the plaintiff uses its registered mark to provide a pre-registration facility in connection with the registration of interests under the Aircraft Protocol to the Cape Town Convention but it is actively developing other uses for its facility and is in the process of licencing its mark for third party use. The defendant provides its services on the open market, albeit to a limited section of the public comprising lawyers, financial institutions and large corporations involved in major commercial transactions of various kinds. The defendant claims that the provision of its services is not limited to the aviation industry, evidenced by its

involvement in recent contracts to purchase PPE (personal protective equipment) in connection with the Covid-19 pandemic. However, all of the defendant's promotional literature, the trade magazine article exhibited in the proceedings and all of the conferences its principals refer to having attended are directly connected with the aviation industry which seems to be the main focus of the defendant's activities. Likewise, the plaintiff claims that its mark is not limited to the aviation sector – and crucially that regardless of its current business, the registration of its mark is not so limited. Nonetheless in practice it too is at present almost exclusively focussed on the aviation industry. In essence, both parties provide services to facilitate major transactions in respect of aircraft. Apart from the fact that, as registrar, the plaintiff is discharging a public function (and noting that the Closing Room is an additional facility which it is not contractually obliged to provide in the discharge of that function), it seems from the evidence before the court that the main difference between the two services is that the defendant's includes a facility for secure payment in connection with the transactions to be closed whereas the plaintiff's does not.

36. There is an evident similarity between the two marks as the entire of the plaintiff's registered mark is comprised within the defendant's mark with one additional word. The defendant's case rests in large part on the assertion that that additional word is sufficient to confer on Global Closing Room the distinctiveness that Closing Room lacks for a valid trademark registration. It is not the function of the court on this application to determine whether the plaintiff's mark was sufficiently distinctive to merit registration nor whether the defendant's is sufficiently different from the plaintiff's not to comprise an infringement. Suffice it to say that for the purposes of this interlocutory application there is an evident similarity between the marks which, given that both parties are largely active in the same specialised market, may be capable of giving rise to confusion. The defendant asserts that the users of its services are sophisticated users and thus unlikely to be misled by the apparent similarity. Even accepting that the limited sector of the public likely to be using the defendant's services are likely to be sophisticated users, no evidence was adduced to support the assertion that they would not be misled and the court is not in a position to simply accept that the nature of the market makes it less rather than more likely that users of either service would mistakenly associate the two.
37. In light of these circumstances the plaintiff's claim for damages is not primarily one based on any market share but rather on damage to its reputation and goodwill in what is a relatively small market. As it has been using the mark since 2015, the goodwill and reputation relied on predate the registration of its mark. The plaintiff's reputation within the industry is attested to by Professor Sir Royston Goode QC a former commercial lawyer and now a professor of law at Oxford who has been associated with an international body known as UNIDROIT for nearly half a century. UNIDROIT was responsible for the drafting and preparation of the Cape Town Convention and the Aircraft Protocol and Professor Goode has prepared the official commentaries on the Convention and its various Protocols. An opinion of Professor Goode's on the utility, global use and functioning of the Closing Room facility was exhibited in an affidavit sworn by him. He describes the registration system under the Aircraft Protocol (for which the plaintiff has been the only

registrar) as a sophisticated, efficient and low-cost system and regards the Closing Room facility as being of crucial importance to and a major enhancement of that system. He acknowledges the major role the plaintiff has played in the technological development of the registry. Given that under Article 28 of the Cape Town Convention the registrar is strictly liable for any loss by reason of error or omission on its part, he regards it as a tribute to the efficiency of the system that no claim has been made in the fifteen years the plaintiff has acted as registrar.

38. The potential for harm to the plaintiff's reputation and goodwill is attested to by Mr. Seosamh Gowran of KPMG, an independent IT expert engaged by the plaintiff to assess and give an expert opinion on the plaintiff's website. In a report dated November 2020 Mr. Gowran identifies several technological shortcomings in the defendant's website which, in his view, amount to a security risk. In particular, he describes the core technologies as running on an outdated server which is no longer supported by its supplier and the website and its underlying infrastructure as lacking many of the standard security elements that would be expected in a modern website facilitating financial transactions. Mr. Gowran's findings are disputed in a replying affidavit of Mr. Eric Lewin, apparently on the basis of exchanges had by him with the defendant's information technology team. No member of this team is identified or has sworn an affidavit and the defendant has not provided any expert evidence to refute that of Mr. Gowran. As the plaintiff rightly points out, Mr. Lewin as a lawyer and a businessman does not have the IT expertise of Mr. Gowran. The only concrete evidence provided by Mr. Lewin on this point that is not hearsay is that the defendant holds a single domain SSL certificate from a company called Sectigo which required it undergo a due diligence process that involved Dun & Bradstreet. However, there is no explanation as to what this certification means and it is of limited assistance to the court in understanding why Mr. Lewin rejects Mr. Gowran's concerns.
39. On the basis of this evidence and that of Mr. Cowan who swore the principle affidavits on behalf of the plaintiff I am satisfied that the plaintiff does have a valuable reputation and goodwill in the mark Closing Room and that it has established legitimate concerns regarding the security for the defendant's website which, if they were to materialise, would be capable of adversely affecting the plaintiff's reputation and goodwill.

The plaintiff also claims damage by virtue of interference with its property rights in its registered trademark. Recent case law has increasingly recognised both the importance and the unquantifiable nature of potential damage to rights of this type in the context of interlocutory injunctions (see the comments of Collins J. in *Betty Martin Financial Services Ltd v. EBS DAC* [2019] IECA 327 and those of Gearty J. in *O'Flaherty's (Nassau Street) Ltd v. Setanta Centre* [2020] IEHC 272).

40. The issue featured centrally in *Merck Sharpe & Dohme* (above) where the plaintiff was the holder of a number of patents and supplementary protection certificates in respect of certain pharmaceutical products and sought to restrain infringement of those patents by the defendant, a generic producer, placing a product on the market which could be

substituted for that of the plaintiff. The defendant disputed the validity of the plaintiff's SPC which was coming towards the end of its lifespan. The High Court refused an interlocutory injunction on the basis that damages would be an adequate remedy for the plaintiff in the event that the validity of the SPC was upheld. This decision was upheld by the Court of Appeal again on the basis that damages would be an adequate remedy for the plaintiff particularly given that the SPC was in any event close to expiration. The Court of Appeal also held that damages would not be an adequate remedy for the defendant which, if it succeeded at trial, would have lost its "first mover" advantage which could not be adequately compensated. There was a strong dissenting judgment by Hogan J. who regarded the court as being under a constitutional obligation pursuant to Article 40.3.2 of the Constitution to respect and vindicate the property rights of every citizen. Consequently, he took the view that a clear infringement of an established intellectual property right must be restrained by injunction, even if the validity of that right was under challenge in the main proceedings. The fact that the patent infringer was prepared to pay damages and was a mark for damages did not mean that the right holder should be prevented from enforcing its property rights.

41. The Supreme Court allowed Merck's appeal. O'Donnell J. did not find it necessary to go quite as far as Hogan J. in placing a constitutional right in the balance, but nonetheless agreed that insufficient weight had been given by the courts below to the right involved from the holder's point of view (para. 54). The court started its analysis by acknowledging that the protection of rights asserted by parties to litigation is not necessarily or always simply a question of damages. At para. 36 O'Donnell J. puts it thus:

"Even if a very structured and sequential approach is taken, therefore, it is important to keep in mind that, while the end point of most civil cases is the award of damages, the interests that the law exists to protect often extend beyond the purely financial."

Similarly, at para. 43 he states:

"There are some cases, ... where the interest protected by the law can be said to extend further than the obligation to pay compensation to the injured party when a wrong is carried out."

42. The Supreme Court did not regard the fact that Merck was the holder of established intellectual property rights as determinative. It was a factor relevant to the balance of convenience and one which tended to favour Merck. In commenting on the difference between the two parties O'Donnell J. noted (at para. 54)

"The difference between them is that the S.P.C. holder has a right conferred by a process of law which is presumptively valid: something which, if anything ought perhaps to favour Merck."

And at para. 55:

"The fact, indeed, that Merck's right is one which arises pursuant to a lawful procedure for the grant of a patent and S.P.C. and which is valid until otherwise declared invalid by a court, is also relevant to the balance of convenience."

He addressed the issue again in some more detail in considering the balance of convenience on the facts of the case at para. 61:

"One feature of this case, to which, in my view, weight should be given, can be viewed in three different, though related, ways. That is the fact that Merck is the holder of an S.P.C. granted pursuant to an authorisation process provided for by law and which involves the consideration both of the application for 599 the patent by the Controller of Patents, and the subsequent application for the S.P.C. As a matter of law, the S.P.C. is valid and effective until declared invalid by a court of competent jurisdiction. Just as in Okunade v. Minister for Justice [2012] IESC 49, [2012] 3 IR 152 it was recognised that it was appropriate to take into account the fact that an order had been made in accordance with law, by a body established and authorised by law to do so, and which must be treated as valid unless and until determined otherwise by a court or body, it is, in my view, not unreasonable to give this greater weight in the balance than the interests of Clonmel which only arise after it is determined that the S.P.C. is invalid. Another way of valuing this factor is that it represents the status quo ante. In this case, there was no unreasonable delay in the commencement of the proceedings, and the status quo must therefore be taken to be the position which existed prior to Clonmel's launch."

(The balance of this paragraph deals with "clearing the way" which will be addressed further below).

43. Having considered the difficult issues necessarily arising when a court is trying to assess whether damages would be an adequate remedy in the event of an outcome which has yet to be determined, the Supreme Court focused on the purpose underlying the courts' equitable jurisdiction, including the jurisdiction to grant an injunction. Commencing at para. 44 of the judgment O'Donnell J. stated as follows:

"...It must follow, therefore, that damages are not a perfect remedy, and cannot be a complete answer to an application for an injunction whether permanent or interlocutory. It should be recalled that the basic role for the intervention of equity in any case, is that the common law remedy is inadequate. I consider that the correct test is that set out at p. 58 of Spry, Equitable Remedies (4th edn., Sweet & Maxwell, 1990):-

'The precise question that has been asked is whether the relegation of the plaintiff to such remedies as he has in damages or other legal remedies would leave him in as favourable position in all relevant respects as would exist if the obligation in question was performed in specie.'

45. *There is still substances in the test advanced by Lord Redesdale in Harnett v Yielding (1805) 2 Sch. & Lef. 549 at 553:-*

'Unquestionably the original foundation of these decrees was simply this: that damages at law would not give the party the compensation to which he was entitled, that is, would not put him in a situation as beneficial to him as if the agreement were specifically performed. On this ground, the court in a variety of cases, has refused to interfere where, from the nature of the case, the damages must necessarily be commensurate to the injuries sustained.'

46. *This does not mean that an equitable remedy, whether specific performance or injunction, must be granted, but simply that since in the exercise of the court's discretion, it may decide to award damages rather than relief in specie, and other discretionary considerations may mean that it is just to leave a party to his or remedy in damages. The sole question at this stage, however, is whether the remedy in damages can be said to be necessarily commensurate with any possible injury so as to preclude the possibility of the grant of an injunction".*

44. In rejecting the notion that the availability of damages automatically precluded the grant of an interlocutory injunction, the Supreme Court also rejected the contention that a line of authority cited to it (including *Smithkline Beecham Plc v. Genton BV* [2003] IEHC 623 and *Teva Pharmaceutical Industries Ltd v. Mylan Teo*. [2018] IEHC 324) established a general principle that damages would always be an adequate remedy for alleged infringement of a patent such that interlocutory injunctions would be inappropriate in the field of patents or of intellectual property more generally (see para. 52).
45. In light of this analysis, it seems to me that regard must be had and appropriate weight given to the fact that the plaintiff in these proceedings is asserting a property right and moreover a property right based on the registration of an EU trademark granted to it in compliance with prescribed legal process. Inherent in the notion of a property right is the entitlement to that property and not just to its value. In my view, the possibility of being awarded damages for an unlawful infringement of a property right by a commercial rival is not to be treated as the equivalent of compensation for legitimate interference with a property right by a public authority for reasons associated with the common good. That said, the existence of an intellectual property right of which breach is alleged is not of itself determinative of whether an interlocutory injunction should be granted in any particular case. It is but one of many factors relevant to the balance of convenience and the precise weight to be attached to it relative to other factors will vary depending on the circumstances of the case. However, it is a factor which, by its nature, will almost invariably weigh in favour of the right holder who will usually be the plaintiff seeking interlocutory relief.
46. The defendant's principal response to the plaintiff's argument on damages is to contend that the plaintiff must establish that it will suffer irreparable harm in order to be entitled to an interlocutory injunction and that, in the absence of any evidence of actual confusion between the two marks, the plaintiff has failed to do this. In this regard, the defendant

noted the nature of the market on which both parties provide their services, which it characterised as a niche market comprising sophisticated users and not one readily accessible to the general public. I accept this characterisation subject to the observation made above that no evidence has been led as to what consequences, if any, might flow from the sophistication of the users. The defendant emphasised that the court should look only at the actual market on which the plaintiff is active which is limited to the provision of its facility in conjunction with its duties as registrar and should not look at proposed activities which have not yet been undertaken. The plaintiff, in turn, asserts that “*actual confusion*” is a higher threshold than that which it would be required to meet in the causes of actions pleaded by it in the substantive proceedings. The plaintiff contends that it cannot be required to meet a higher legal threshold in order to protect its rights pending trial than it would be required to meet at trial. Further, the plaintiff relies on its entitlement to assert its trademark in respect of all of the classes for which it is registered regardless of its current activity. In circumstances where the plaintiff has a presumptively valid intellectual property right, it claims to have legitimate concerns about being associated with the defendant - even in the short term - as a single security breach on the defendant’s website (for which possibility the plaintiff has laid an evidential basis) could cause irreparable damage to the reputation of the plaintiff’s mark. Finally, the plaintiff argues that once it is accepted that there is a serious issue to be tried (as it has been in this case), then whether there is confusion between the marks ceases to be a live issue. The plaintiff also points out that confusion is irrelevant to its case under Article 9(2)(c) which is based on unfair use of a similar mark.

47. In my view, it cannot be the case that where a plaintiff establishes a serious issue to be tried in respect of the alleged infringement of an intellectual property right, it is not entitled to an interlocutory injunction to protect that right unless it also establishes that it will suffer irreparable damage if an injunction is not granted. The contention that this is so seems to follow closely from the proposition that if it is established that damages are an adequate remedy, this is an absolute bar to the grant of an interlocutory injunction. This proposition was rejected by the Supreme Court in *Merck Sharp & Dohme* which recognised that the interests to which protection might be afforded by the grant of an interlocutory injunction are not limited to the purely financial. To hold otherwise would effectively require a court to sanction the *prima facie* infringement of a presumptively valid right in almost all cases and certainly in all cases where the infringer is a mark for damages. The function of the court is to ascertain how matters between the parties should be arranged pending the trial of the action. Once a serious issue has been established, the exercise of that function by the court is not dependent on any single factor being established by either side but rather looks holistically at the interplay of all relevant factors and at the circumstances of the parties. For the same reasons I do not accept that confusion ceases to be relevant at all once it has been established or accepted that there is a serious question to be tried. The extent to which there is a likelihood of confusion between the marks if an injunction is not granted is factor to be considered as part of the overall balance.

48. Finally, the plaintiff claims that the defendant will not necessarily be a mark – at least in this jurisdiction – in respect of any award of damages against it. In this regard, the plaintiff points to the fact that the defendant has no premises nor staff within the jurisdiction, that its registered address is a solicitor's office and that its main centre of operations is in the USA. It says that having squarely raised this issue in its affidavits, the defendant has not established its credit worthiness in response. The defendant strongly refutes this. Mr. Lewin has deposed that the defendant is a "*substantial entity*" which can meet an award of damages. The defendant argues that the onus is on the plaintiff to show that it, the defendant, will not be able to pay damages and that it has not discharged the onus of proving this to be the case. It maintains that it is under no obligation to put evidence of its business before the court and has expressly declined to do so for confidentiality reasons.
49. The defendant relies on two cases on this issue. The first of these is *Tola Capital Management v. Linders* [2014] IEHC 316 in which Cregan J. accepted an argument made by a defendant resisting an interlocutory injunction that there was an onus on a plaintiff who asserted that the defendant would not be able to meet an award to quantify the likely range of damages in issue. Having accepted that damages would be an adequate remedy, the plaintiff could not then argue that the defendant would be unable to meet an award of damages, the amount of which was unknown. The second is the judgment of Twomey J. in *Ryan v. Dengrove DAC* [2020] IEHC 533 in a case where a borrower sought to restrain a receiver from selling a valuable commercial development site pending the trial of an action which would determine which of the parties was entitled to conduct the sale pursuant to a settlement agreement. Following *Tola*, the judge was critical of the absence of any evidence as to what the loss anticipated by the plaintiff might be. As regards the specific allegation of inability to pay, Twomey J. regarded the evidence (mainly newspaper articles and news websites much of which related to a parent company rather than the defendant itself) as unsatisfactory. He also attached some weight to the fact that the defendant, a financial fund, was an entity regulated by the Central Bank.
50. Unfortunately, the evidence of both parties on this issue is unsatisfactory. The plaintiff has certainly identified factors regarding the defendant company – most significantly the lack of any apparent real presence in this jurisdiction or even within the EU – which are concerning as regards the enforceability of any award but has not established that the defendant is insolvent or otherwise unable to meet an award of damages. Nor has the plaintiff put any estimate before the court as to what those damages might be, although I accept that a significant part of the damage relied on is not purely financial in nature. I do not think that it can necessarily be inferred from the fact that a plaintiff might experience difficulties in executing an award of damages because of the location of the defendant's *de facto* centre of operations outside the EU that the defendant is unable to meet an award of damages. At the same time, apart from Mr. Lewin's assertion that the defendant can pay damages, the defendant has chosen not to put any evidence before the court regarding the actual scale of its assets or business or even the length of time for which it has been conducting its business on a commercial basis as opposed to planning,

setting up or promoting that business. Therefore, the court has no real impression of the defendant as a commercial entity and, by extension, no real idea of its ability to meet an award of damages. That said, as the plaintiff has not put any estimate before the court as to the extent of the damages likely to be sustained by it, the question of the defendant's ability to pay is somewhat inchoate.

51. On balance, I am inclined to the view that damages would not be an adequate remedy for the plaintiff largely because of the nature of the rights it seeks to protect and the circumstances of the alleged infringement (more of which below) but not because the plaintiff has established an inability on the part of the defendant to meet such damages as might be awarded. The property right which the plaintiff asserts is the exclusive right to use the name Closing Room. To allow the defendant to use a mark which is strikingly similar pending the trial of the action would necessarily mean that the plaintiff's property rights would not be afforded protection until the plaintiff is successful in the substantive action. This would mean that rather than treating the plaintiff's mark as presumptively valid pending the determination of the defendant's counter-claim, it would *de facto* be treated as invalid simply by virtue of a challenge to its validity having been brought. In addition, the plaintiff has adduced evidence of the potential risk to its reputation by virtue of being associated with the defendant. Although the defendant strongly rejects this proposition, it has not adduced meaningful evidence to refute or even to engage with that of the plaintiff's expert.
52. In passing I might observe that had I accepted the defendant's argument that an injunction could not be granted unless the plaintiff had shown that it would suffer irreparable harm, I would have felt obliged to interrogate the defendant's financial circumstances and its ability to meet an award of damages more closely. In those circumstances it seems to me that the plaintiff's concerns arising from the defendant's lack of any real presence in this jurisdiction (or in the EU) would have required a more concrete response than the mere assertion that the defendant is a substantial entity capable of meeting an award of damages.

Balance of Convenience -Adequacy of Damages/defendant

53. The defendant contends that if an injunction is granted and it succeeds at trial, damages will not be an adequate remedy for the losses which will be sustained by it. Notwithstanding the defendant's criticism of the plaintiff's failure to quantify its potential losses, the defendant has placed absolutely no information before the court as to the scale of its business nor the loss it would likely sustain. The defendant's claim is premised on the fact that it is now operating an existing business under the Global Closing Room mark and that requiring it to rebrand would be expensive and a significant logistical undertaking. Mr. Lewin claims that it would be necessary to dissolve the defendant company and incorporate an entirely new entity with the associated legal, tax, banking and logistical issues that would entail. Mr. Lewin says it took seven months to complete these matters in respect of the defendant following its incorporation. Interestingly and perhaps relevant to the delay argument, Mr. Lewin's averments on this issue would suggest that these matters were not in place to enable the defendant to commence

trading until circa March, 2020, seven months after its incorporation in August 2019. Mr. Lewin claims that the grant of an injunction would result in the defendant being unable to conduct business for six months to a year. Presumably this averment is intended to include any successor company incorporated to replace the defendant – Mr Lewin uses “we” although logically any successor company would be a different and distinct legal entity.

54. The plaintiff disputes the necessity of establishing a new corporate entity and maintains that if an interlocutory injunction is granted, the defendant can continue to operate under any brand that is not an infringement of its mark. It points to the fact that the defendant’s promotional literature identifies two brands in addition to Global Closing Room, either of which could be used by it. The plaintiff also queries the potential loss of business claimed by the defendant in circumstances where there is no evidence before the court of the level of business, if any, being conducted by the defendant.
55. I think the defendant’s claim that it would be required to dissolve and establish a new corporate entity if it is restrained on an interlocutory basis from using the name Global Closing Room is overstated. The defendant’s counsel has characterised the issue between the parties as a “*naming dispute*” and, at this stage, the only relief sought by the plaintiff relates to the use of the name Global Closing Room and not to the existence of the defendant as a corporate entity (relief in that regard is sought in the substantive proceedings but not on an interlocutory basis). Consequently, the grant of an injunction would require a rebranding exercise on the part of the defendant if it is to continue in business pending the trial of the action but would not require the defendant to cease trading nor the establishment of a replacement company. No estimate has been put before the court as to the costs of that rebranding exercise which, of course, is not anticipated in Mr. Lewin’s affidavit as distinct from the more fundamental exercise of creating a new corporate entity. Equally there is no indication of how long a re-branding exercise might take. The criticism made by the plaintiff as to the lack of evidence as to the quantum of damage that might be sustained by the defendant is as valid as the same criticism made by the defendant against the plaintiff. No issue has been taken by the defendant regarding the plaintiff’s ability to meet an award of damages in the event that the defendant is successful at trial. Consequently, whilst allowing for the inconvenience that a rebranding exercise would entail (and, indeed, a second such exercise if the defendant were to succeed and to wish to revert to the use of Global Closing Room), damages would, by and large, be an adequate remedy for the defendant.

Clearing the Path

56. A number of arguments have been made by the plaintiff to the effect that if the defendant wished to launch a business using a trademark similar to the plaintiff’s, it should have challenged the validity of the plaintiff’s mark in advance of doing so. This is known colloquially as clearing the path and has developed as a legal concept in the field of patent law. It is applied most often in patent cases concerning pharmaceutical products which have to go through a long authorisation process and meet a number of regulatory requirements before they can be lawfully placed on the market. In those circumstances,

the existence of a relevant patent will invariably be known to the developer of a generic product as will the likelihood of the patent holder acting to protect its rights.

Consequently, in what the courts see as “*commercial common sense*”, a defendant who intends placing a rival product on the market should take the steps necessary to achieve either the revocation of the patent or a declaration of non-infringement before, rather than after, the launch of its product. A defendant who fails to do this cannot, thereafter, complain of the expense that it has already incurred when the patent holder seeks to injunct him (per Jacob J. in *SmithKline Beecham Plc v. Apotex Europe Ltd* [2002] EWHC 2556 (Pat) (Unreported 28th November, 2002) endorsing his own earlier judgment in *Smithkline Beecham v Generics UK Ltd* [2001] EWHC 563 (Pat)).

57. These authorities were implicitly approved of in *SmithKline Beecham Plc v. Genthon BV* [2003] IEHC 623 but the concept was not actually applied by Kelly J. in circumstances where he held it to be relevant only to the question of the balance of convenience rather than whether irreparable loss was sustained by the plaintiff. In accordance with the pre-*Merck Sharp and Dohme* jurisprudence, Kelly J. regarded the adequacy of damages and the balance of convenience as two completely discrete issues which should not be conflated. As the application for an injunction was refused on the basis that damages would be an adequate remedy for the plaintiff, he did not proceed to consider the balance of convenience nor the role that clearing the path might play in it. Subsequent case law in this jurisdiction and, most particularly, the judgment of Barniville J. in *Teva Pharmaceutical Industries Ltd v. Mylan Teoranta* [2018] IEHC 324 have both endorsed the applicability of the concept and applied it to the circumstances of the case. For example, in *Teva v. Mylan* Barniville J. found that there had been a failure on the part of the defendant which was relevant to the balance of convenience and, in the particular circumstances, that it counter-balanced and effectively cancelled out complaints of delay which had been made against the plaintiff.
58. The defendant argues strongly that there is no case (and none has been opened to the court) applying the concept of clearing the path in trademark litigation as opposed to patent litigation. Consequently, the defendant argues that the concept is of no relevance to this case and, indeed, that the court would be making new law if it chose to apply it. I accept that the particular context in which clearing the path has been applied to patent cases and especially cases concerning pharmaceutical products does not arise in this case. The producer of a generic pharmaceutical product based on the same active ingredients as an original product will invariably know of the existence of any patent protecting the original product. The products are, by definition, similar and, indeed the generic product will have been designed so that it can be substituted for the original as a cheaper product. Consequently, the relevance of the existence or the expiration of a patent will inevitably be an issue. There is no long regulatory lead-in to the establishment of a business such as the defendant’s in which the examination of rival trademarks would necessarily arise, although of course it would be commercially prudent to check for potential similarity to registered trademarks. Even accepting that there is an overlap between the services provided by each of the parties, I do not think that it can be said that the defendant’s business is designed as a substitute for or to provide a cheaper

version of the plaintiff's product. Therefore, I do not think that the concept of clearing the path, at least in its strictest sense, applies to this case.

59. However, that is not necessarily the end of the matter. The rationale underlying the concept of clearing the path is that of commercial common sense. Where a person sets up a business knowing that it is likely to interfere with the intellectual property rights of another, the weight to be attached to complaints made of expense already incurred when the inevitable litigation ensues will necessarily be reduced. In this case, the dispute between the parties does not arise as a result of ignorance or oversight on the defendant's part: the defendant knew of the existence of the plaintiff's trademark. The defendant company was set up by the owner of AIC, which had previously been involved in a trademark dispute and settlement with the plaintiff in the USA. Consequently, not only did the defendant know of the existence of the plaintiff's trademark, it knew that the plaintiff would likely act to protect that trademark.
60. It is not entirely clear from the case law opened on this application the extent to which the requirement to clear the path, even in patent cases, is as firmly established in this jurisdiction as it is in the neighbouring jurisdiction. Even in the UK, it is accepted that there is no legal duty owed to anyone to clear the path "*rather the courts have established that a failure to clear the way can be taken into account on an application by the incumbent for an interlocutory injunction to restrain the rival's sales pending resolution of the patent dispute*" (per Birss J. in *Teva UK Ltd v. Chiesi Farmaceutici SpA* [2020] EWHC 1311 (Pat)) acknowledging that "*in many cases it is a strong or even decisive factor*". The rationale underlying that doctrine in the UK is nonetheless of some relevance here.
61. I do not think that there is a positive obligation on the defendant to have cleared the path such that, having failed to do so, injunctive relief will inevitably be granted to the plaintiff until the trademark dispute is resolved. However, the extent to which the potential damage relied on to resist the grant of an injunction could have been avoided through the application of commercial common sense is a factor to which the court can, and in my view should, have regard in considering the balance of convenience. In this case, the defendant knew of the existence of the plaintiff's trademark and knew from its connection with AIC in the USA that the plaintiff would take steps to protect its trademark. Launching its business under a brand that incorporates the entire of the plaintiff's trademark (together with an additional word) was a high-risk strategy for the defendant to adopt. Further it reflects a deliberate choice made by the defendant. Unlike the generic producer of pharmaceuticals whose products will of necessity contain substances which are or have been previously the subject of another's patent, the defendant did not have to launch its business under a brand with such obvious similarities to the plaintiff's trademark. Having chosen to do so in circumstances where, commercially, it should have anticipated the plaintiff's likely reaction, the costs of reversing that decision or the losses which might arise if required to do so, even on a temporary basis, must have been within the defendant's contemplation when it decided to take that risk. Thus, whilst there was no particular obligation on the defendant to have sought the revocation of the plaintiff's

trademark before launching its business, unlike the position of a generic producer, the mere launching of the defendant's business did not have to result in a clash over intellectual property rights. The dispute currently before the court could have been avoided by the prudent selection of another brand name – at least until it had been established that the plaintiff's trademark was invalid. As pointed out by Mr. Cowan on behalf of the plaintiff, any harm that may be asserted by the defendant is outweighed by the fact that it was incurred as a result of a deliberate decision to take the risk of infringing the Closing Room trademark.

US Settlement Agreement

62. The issue paper identifies the relevance, if any, of a settlement agreement reached in the US between the plaintiff and AIC in August, 2019 as a matter to be determined by the court. The position of the parties regarding this settlement has evolved during the course of this application. The defendant's position has shifted markedly from an initial assertion (in Mr. Lewin's first affidavit) that the settlement agreement is irrelevant to a reliance in its written legal submissions on it as being important. The relevance of the settlement depends on two factors, namely the extent to which the defendant can be identified with the AIC, the US based company which is a party to the settlement agreement and the extent to which the agreement reached with the AIC can be said to establish the co-existence of the plaintiff's trademark with a similar mark (Aircraft Closing Room) such that the plaintiff cannot complain of a likelihood of confusion with Global Closing Room.
63. The relationship between AIC and the defendant was relied on by both parties for reasons which were in each case largely the converse of the others'. The plaintiff asserts that its actions in the USA to protect its mark ought to have alerted the defendant to the probability that it would take action in respect of any infringement in Europe. The defendant says the existence of the settlement agreement is relevant to its delay argument as it shows a lack of prejudice to the plaintiff from the existence of a similar mark and provided a basis for assuming the plaintiff would accept that the two marks in issue in this case could co-exist.
64. AIC and the defendant are legally distinct corporate entities but with overlapping ownership. In an article written by Mr. Clay Healy and Mr. Lewin quoted from in Mr. Cowan's second affidavit (but not exhibited), Mr. Healy describes himself as the "managing member" of AIC and a co-owner with Mr. Lewin of the defendant. An interview with Mr. Healy published in the Autumn 2019 edition of Business Aviation Magazine describes him as the owner of AIC. The close relationship between the two companies is apparent from that interview as Mr. Healy describes the defendant as having been set up to handle all global transactions outside the USA that would be handled by AIC within the USA. According to Mr. Healy, people involved in aircraft deals in Europe will have access to AIC's Aircraft Closing Room through Global Closing Room which will use AIC's technology on a software-as-a-service (SAS) basis. This is said to be a "*direct response*" to European aircraft brokers who said, "*that they would really like to see AIC setting up an office in Europe*". He says that there would be an advantage to the users (of Global Closing Room) in that they will be dealing with a firm which is used to handling 4,000 to

5,000 closings a year. This is clearly a reference to AIC which is mentioned twice in the interview as handling that number of transactions in the previous year and not to the defendant which had only been in existence for a month or two at the time of the interview. Consequently, it seems that the relationship between the two companies goes beyond a partial common ownership. The defendant appears to have been established by the owner of AIC to carry out the same business as AIC outside of the USA on behalf of AIC's non-US customers, using AIC's "*proprietary Aircraft Closing Room*" (to quote Mr. Healy) and relying on AIC's extensive experience of handling transactions. Notwithstanding its distinct corporate existence, it is difficult not to see the defendant as AIC's office in Europe. Certainly, the common owner of both has presented it as such.

65. The settlement agreement is first referred to by Mr. Cowan in the affidavit grounding the plaintiff's application for an interlocutory injunction. It is relied on by him as establishing the defendant's awareness of the plaintiff's trademark and the plaintiff's activities under that trademark and, consequently, to assert an intention on the part of the defendant to take unfair advantage of or to undermine the distinctive character of Closing Room. In reply, Mr. Lewin on behalf of the defendant contends that the US settlement is irrelevant as the defendant had not been a party to it. However, he also relies on the terms of the settlement which provide for the co-existence of the plaintiff's mark and AIC's mark, Aircraft Closing Room, on the US market. Further, according to Mr. Lewin, the terms of the agreement show that the plaintiff does not have an exclusive right to its mark as reference is made to the ability of the International Registry and of the International Civil Aviation Organisation to use the mark. For these reasons, the existence of the settlement agreement is said to be relevant to both the defendant's delay argument and to its argument in the substantive proceedings as to the validity of the plaintiff's mark. Clause 6 of the settlement agreement refers *inter alia* to the use of the plaintiff's mark pursuant to a trademark assignment or licensing agreement and the recitals to the agreement refer to the plaintiff as owning rights in and to the Closing Room mark. I do not regard clause 6 as clearly establishing the right of parties other than the plaintiff to use the plaintiff's mark other than with the consent of or under licence from the plaintiff. The defendant's legal argument on this point may ultimately be correct but for the purposes of this interlocutory application, the court cannot presume that the plaintiff does not own the exclusive rights inherent in a registered trademark.
66. Notwithstanding that in his second affidavit Mr. Cowan confirmed Mr. Lewins' view that the US settlement was not relevant, he proceeds to deal with it in some detail in order to refute the suggestion that the settlement confirms the potential for co-existence of the Closing Room and Global Closing Room marks. In particular, Mr. Cowan states that commercial considerations arising from the fact that AIC had applied to register its US mark some four months before the plaintiff made a similar application (notwithstanding the plaintiff's use of its mark since 2015) led to a commercial decision being taken as regards settlement. The last mention of the US settlement is in Mr. Lewin's second affidavit when he now takes issue with Mr. Cowan saying that the settlement is not relevant. He contends that the co-existence of the Aircraft Closing Room and Closing Room marks authorised by the agreement undermines the plaintiff's claim of exclusivity.

Finally, in its written legal submissions, the defendant devotes an entire section to the US settlement describing it as "*important*" as regards the two arguments outlined in the affidavits, namely co-existence and a lack of confusion.

67. The defendant's counsel identified the settlement agreement as one of four main issues in her oral submissions. Relying on the annual report from the International Registry, she pointed out that the USA is in fact the major market on which the plaintiff operates and that AIC is one of the largest users of the plaintiff's services. The fact that the plaintiff and AIC had agreed to co-exist on their largest market was said to add force to the defendant's arguments as to the lack of potential for confusion. Counsel then took the court through the terms of the settlement agreement which apply "*anywhere in the world*" and not just in the USA. Those terms do not provide for the co-existence of the Closing Room and Aircraft Closing Room marks *simpliciter*. Under clause 2, AIC agrees to refrain from using the term "*Closing Room*" and always to use the term "*Aircraft*" preceding the term "*Closing Room*" on its website and in any marketing or promotional materials. This clause recognises the right of AIC to use Aircraft Closing Room in connection with the AIC services anywhere in the world. Further, clause 10 records the parties' agreement that there is no conflict or actual or likely confusion between the marks when used in conjunction with AIC's and the plaintiff's services respectively. Earlier in the agreement, the parties' respective services are defined. The plaintiff's services, in summary, include the provision of an on-line portal for the registration and pre-registration and recording of interests in aircraft and mobile assets; the provision of access to online meeting rooms for pre-positioning and pre-registration of aircraft and mobile assets that enable the uploading of and managing access to documents and information and the provision of an online portal for filing liens to protect financial interests (classes 035, 038 and 042). AIC's services are identified as maintaining escrow accounts to facilitate the closing of aircraft transactions and title searching (classes 036 and 045). The court was informed that there is apparently some overlap in respect of class 045 but that the parties provide different services within that class. There is a significant difference between a settlement agreement allowing for the use of similar marks in respect of different classes of service and an acknowledgement that such use would not create confusion and the situation before the court which involves the registration and/ or use of similar marks in respect of identical classes of service.
68. There is a matter of concern to the court which was touched on by counsel for the plaintiff in her reply, although in fairness it did not form a major part of the plaintiff's argument prior to that. From the outset, the defendant was anxious to refute any suggestion of sleight of hand arising from the introduction of the US settlement agreement and emphasised the fact that the defendant was not a party to that settlement. However, insofar as the defendant relies on the link with AIC to make arguments regarding either the plaintiff's state of knowledge or the extent to which the plaintiff is prepared to co-exist with a similar mark, it does raise concerns regarding clause 2 of the settlement agreement. This is the clause under which AIC agreed not to use the term Closing Room without being preceded by the word Aircraft anywhere in the world. It is not a matter for this court to make any finding on these issues in the context of this interlocutory

application. Nonetheless, given the very close link between the defendant and AIC to the extent that the owner of AIC characterises the defendant as AIC's office in Europe, and given the contents of clause 2, it is difficult to see how the defendant's application to register the trademark Global Closing Room could fix the plaintiff with knowledge that the defendant was actually commercially exploiting that mark.

Delay

69. The defendant argues that the plaintiff has delayed unreasonably in the making of this application for an interlocutory injunction and that the delay is of such a length it should be dispositive of this application. In fact, the defendant's claim is somewhat broader and includes a failure on the part of the plaintiff to send clear correspondence to it taking issue with its use of the Global Closing Room brand prior to May 2020. Although the parties broadly agree that there are two periods of delay in issue, they define those periods differently. The defendant in its oral submission says that the total delay exceeds a year and identifies the first period as running from its incorporation in August, 2019 to 1st May, 2020 when the initial correspondence was received from the plaintiff's UK trademark agents. The plaintiff starts the period two months later at the point when it became aware of (and objected to) the defendant's trademark application. As there is no evidence before the court suggesting that the plaintiff should have been aware of the incorporation of the defendant nor of any action taken by the defendant prior to its trademark application, I think the correct starting point must be October 2019. The second period is defined by the defendant as running from the initial correspondence on 1st May, 2020 to service of the proceedings on 22nd September and issuing of this motion on 29th September, 2020. The defendant also complains of the slow progress of the proceedings since then. The plaintiff claims that the parties were in active negotiation between May and July, 2020 and that it issued its proceedings on 22nd July, 2020 once it was apparent that these negotiations had broken down. It denies any delay in the prosecution of the proceedings. Both parties agree that delay is a relevant factor but again, approach the issue from materially different perspectives. The defendant says that delay taints the application which should be refused on that ground alone; the plaintiff was obliged to act promptly and could not simply wait for events to unfold. The plaintiff accepts that delay is a relevant factor but argues that in the circumstances of the case, it is not a factor which justifies the refusal of an injunction.
70. There is a significant factual dispute between the parties as to whether the defendant was actively conducting a business under the Global Closing Room mark between October, 2019 and May, 2020 and, if so, the extent to which the plaintiff had either actual or constructive knowledge of this. Interwoven into this dispute is an argument as to who bears the onus of proof of these issues and whether the evidence before the court is sufficient to meet the standard of proof required. Whilst the court should generally refrain from making conclusive factual findings on an application for an interlocutory injunction, the court must attempt to resolve this factual dispute regarding delay as this issue will not normally be re-considered in the substantive proceedings. However, I am conscious that this must be done on the basis of disputed affidavit evidence and without the benefit of cross-examination which makes the exercise one fraught with difficulty.

71. It is a basic principle that a person seeking equitable relief should do so promptly and without delay. In the context of interlocutory injunctions, this obligation has been characterised as a requirement to move with “*reasonable expedition*” (per Clarke J. in *Dowling v. Minister for Finance* [2013] 4 IR 576 at p. 599). It is apparent from Clarke J.’s comments that there may be a number of factors relevant to the circumstances of an individual case which will frame the court’s scrutiny of the expedition or lack thereof with which a party has moved for interlocutory relief. Delay is not an absolute concept and what is “reasonable” will vary from case to case. The impact of any given period of delay in the particular circumstances will be relevant to the extent which that delay makes it inequitable for the court to grant the relief sought. In *Dowling*, the fact that an interlocutory injunction had been applied for and the time necessary for the court to determine the application (and the appeal) had the effect of preventing the Minister from concluding the challenged contract with a third party on the date originally scheduled for closing. Thus, circumstances of extreme urgency were created because the plaintiffs had delayed in bringing their application until shortly before the contract was due to be signed. According to Clarke J., the need for scrutiny arose because of the impact unwarranted delay might have on the court’s ability to give adequate consideration to the issues and on the defendants having a reasonable opportunity to be heard.
72. The defendant has pointed to Barniville J.’s decision in *Teva v Mylan* (above) as illustrating the level of scrutiny the court should apply to the plaintiff’s delay. Particular reliance is placed on paragraph 183 of that judgment where Barniville J. accepted that it was open to a defendant to rely on a plaintiff’s delay where the plaintiff could have found out sooner the facts which would have provided the basis for its cause of action through the exercise of reasonable diligence but failed to do so. I have no difficulty in accepting that proposition, but I have found its application difficult in circumstances where the evidence before the court of the defendant’s actual activities is both limited and vague. Consequently, it is difficult to ascertain exactly when the defendant is saying the plaintiff should have made enquiries and what it would have been able to ascertain if it had done so. At one level it seems to be as straightforward as the defendant saying that if the plaintiff had written to it at the point when it filed opposition to its EU trademark application in October 2019, the defendant would have responded advising of its intention to pursue a business using the name Global Closing Room. Of course, it would equally have been open to the defendant to write to the plaintiff at that point to formally advise it that it intended to start using the mark notwithstanding the plaintiff’s objection, but it did not do so.
73. In the event, neither party communicated with the other regarding its intentions or its concerns until May, 2020. The defendant contends that the plaintiff had a combination of actual and constructive knowledge of its intentions and activities which should have prompted it to act more quickly. Again, I have had some difficulty in ascertaining from the evidence when exactly it was or should have been apparent that the defendant was running a business under the Global Closing Room mark. Certainly, the defendant made an application for an EU trademark in September, 2019 of which the plaintiff became aware and in respect of which it had lodged an objection by 25th October, 2019. The

defendant argues that an objection to a trademark application does not, of itself, flag that injunctive relief will be sought. This is correct but so too is the plaintiff's response to the effect that a trademark application, of itself, does not indicate the mark is being or will be used in advance of its registration. Further, the plaintiff's objection to the defendant's application certainly signalled to the defendant that the plaintiff was not acquiescing in the use by it of the Global Closing Room mark.

74. The defendant relies on the interview with Mr. Healy in the Autumn, 2019 edition of Business Aviation News to argue that the plaintiff had constructive knowledge of the defendant's intention to launch its business by October, 2019. Mr. Cowan acknowledges that this article had been brought to his attention by 30th October. While the article records Mr. Healy as saying that Global Closing Room would be "*up and running*" by the time a particular conference was due to be held in October, 2019, a subsequent article in the same publication's Winter 2019/2020 edition (i.e. presumably three months later) records Mr. Lewin describing Global Closing Room as "*ready to go*". This suggests that the defendant's business was not actually operative at the time of Mr Lewin's interview and so had not been up and running in October, 2019 as anticipated by Mr. Healy. Certainly, there is no evidence before the court of actual business during this period.
75. There is really no evidence before the court of actual commercial activity as opposed to the promotion of an intended business by the defendant in 2019. This is consistent with Mr. Lewin's estimation, in a different context, of the need for a six to twelve-month lead in period if, as a result of this application, a new company had to be set up in order to rebrand the defendant's business with a period of seven months being required to put the necessary banking, revenue and financial arrangements in place before any new entity could begin to trade. If the same timeline were to be applied to the defendant from its incorporation on 21st August, 2019, one would not expect it to be actively trading until the end of February or beginning of March, 2020. Mr Lewin's first affidavit in October 2020 deposes to the fact that the Global Closing Room platform is being used by entities in various sectors and that the defendant has entered into contracts with third parties for the use of its service on a Software-as-a-Service basis but he does not give any indication when these commercial activities commenced save the vague statement that the defendant has operated its business "*for some time now*". It is difficult for the court to impute knowledge of the defendant's business activities to the plaintiff when there is so little concrete evidence before the court of those activities.
76. The defendant also ascribes constructive knowledge to the plaintiff deriving from the settlement agreement reached with AIC in August, 2019 to which the plaintiff was a party coupled with the fact that the plaintiff should have known of the relationship between the defendant and AIC from the interview with Mr. Healy in October, 2019. For the reasons explained in the previous section, I am reluctant to ascribe to the plaintiff constructive knowledge of actual or intended conduct on the defendant's part based on the defendant's relationship with AIC in circumstances where the plaintiff and AIC had reached an agreement which would have precluded AIC from taking the steps which were taken by the defendant. It is unclear to me why the plaintiff should expect that a company so

closely associated with AIC would do something that AIC had contracted with the plaintiff not to do and specifically why the connection with AIC should have led the plaintiff to that conclusion.

77. There is also relatively little evidence of activity by the defendant in early 2020. Mr. Lewin has deposed to the attendance by himself and Mr. Healy at aviation conferences in Dublin and London in early 2020 and this is supported by social media posts made by Mr. Lewin in that period. It is not disputed that these are reasonably significant events within the aviation industry. Even allowing for the fact that Mr Healy's attendance at those events could be attributed to his ownership of another company in the sector, AIC, I accept that by early 2020 there was active marketing of the defendant and evidence of an imminent intention to launch a business under the Global Closing Room brand, although the evidence remains unclear as to precisely how the defendant was promoted at these events. At the same time, as Mr. Gowran's report indicates, there was little or no internet traffic to and from the defendant's website and little or no social media activity on the part of the defendant itself until the Summer of 2020.
78. It is difficult for the court to form a view as to the extent of the company's activities from Mr. Lewin's social media posts alone. The defendant has not placed any other information before the court regarding its business – save to assert that it is carrying on business and that it has been involved in various contracts including a contract for the provision of PPE connected with the COVID-19 pandemic. Whilst the defendant is entitled to have regard to considerations of commercial confidentiality in deciding what material it will or will not place before the court for the purposes of meeting an application for an interlocutory injunction, if it fails to put material before the court from which it can be concluded not just that it was actively trading but that it was doing so in a manner which should have been apparent to the plaintiff, the court cannot fix the plaintiff with knowledge of that activity.
79. The plaintiff argues that the defendant had no visible presence until the Spring of 2020 and that it would have been premature for it to have sought injunctive relief solely on the basis of the defendant's application for a trademark and the published interviews with Mr. Healy and Mr. Lewin. I am inclined to agree. I acknowledge that the market of relevance to both companies is a highly specialised one and not one in respect of which the court might expect to see standard advertising or even evidence of straightforward commercial activity. Nonetheless, I do not find there to be sufficient evidence before the court to establish that the plaintiff was or should have been aware of or should have become concerned about the defendant's activities before the Spring of 2020.
80. The second period of delay is more complex. Certainly, the plaintiff was actually aware of the defendant's activities at some time prior to the letter of 1st May, 2020. That letter preceded the movement of the defendant's IP address to Oklahoma on 23rd May, 2020, but the change in the IP address seems to have been part of an overall intensification of activity, including social media activity, by the defendant. It is not unfair to characterise the plaintiff's progression of matters from 1st May until the issuing of this motion as being

fairly sedate. The plaintiff's explanation for this is twofold. Firstly, the parties were in active negotiation between May and July, 2020 as a result of which the plaintiff held off instituting proceedings although, as the defendant points out, the parties had not agreed that this would stop time running against the plaintiff. Secondly, the plaintiff needed the approval of the ICOA (who had appointed it as Registrar to the International Registry) before issuing proceedings. The plaintiff also refers to the outbreak of the COVID-19 pandemic which, although it did not stop the provision of legal advice and services, certainly caused an upheaval in this jurisdiction and in others from March, 2020 when various countries went into lockdown and people, including lawyers, were asked to work from home. While these arrangements have now become standard, the court accepts that some disruption would have been caused to parties seeking legal advice and intending to embark upon legal action in the initial phase of the lockdown.

81. The defendant does not dispute that there was some engagement and discussions between the parties between May and July 2020. Mr. Lewin strongly denies that these were active discussions or prevented time running against the plaintiff. In any event, Mr. Lewin points to the fact that the discussions had ceased by 21st July, 2020 and the proceedings, although issued, were not served for a further two months. It seems that after negotiations had broken down the plaintiff sent further solicitor's correspondence to the effect that the proceedings which had been issued would be served unless certain proposals were agreed to. As the proposals were not agreed to the proceedings and then this motion was served in September 2020.
82. As noted, the plaintiff's conduct of matters between May and September, 2020 was undoubtedly sedate. This may be explained in part, albeit a small part, by the disruption initially caused by the lockdown required as a public health measure to deal with the COVID-19 pandemic and to a greater extent by the plaintiff taking a unilateral decision to hold off issuing proceedings while negotiations were underway with the defendant. However, there is a period of two months between July and September, 2020 when those constraints no longer applied and yet the plaintiff still did not move with any particular expedition.
83. The court must consider whether the period of delay between May and September 2020 is such as to disentitle the plaintiff to the relief it now seeks by way of interlocutory injunction. On balance, I do not think that it does. Delay is relevant to equitable relief largely because it may be inequitable in the sense of being unfair to the other party to grant such relief after an extended delay. The refusal of relief on the grounds of delay is not intended to punish the party which has been guilty of that delay but rather to protect the innocent party. At its height, an extended delay may indicate acquiescence on the part of a plaintiff with the action being taken by a defendant. In other cases, delay on the part of a plaintiff may have caused the defendant to incur expense on the assumption that its actions were not being challenged which would not have been incurred had the plaintiff moved more quickly. Rights may have accrued by virtue of delay which would not be a factor in the litigation of the delaying party had moved quickly.

84. Neither of these factors apply in this case. The plaintiff lodged an opposition to the defendant's trademark application which clearly indicated that it was not acquiescing in a co-existence of the two marks. The correspondence from the UK solicitors made it clear that objection was being taken to the defendant's use of the Global Closing Room mark. Whilst the plaintiff has not moved particularly quickly, nothing about its conduct could have been read by the defendant as acquiescence in its use of the Global Closing Room mark.
85. The court has considered closely whether the plaintiff's delay during this period has caused the defendant to incur expense which it would not otherwise have incurred. Obviously, the defendant has invested in the setting up and promotion of its business. The court was not told the extent of this investment. Equally, the defendant complains about the cost of re-branding but has not placed any evidence before the court of the cost of doing so. The decision to launch a business under the brand Global Closing Room knowing that the plaintiff was disputing its entitlement to use that brand was one taken deliberately by the defendant. Any costs involved in unravelling that decision, whether temporarily or permanently, cannot be laid solely at the door of the plaintiff. It is difficult to extract the extent to which the plaintiff's delay can be said to have caused the defendant to incur additional expense from the anterior commitment by the defendant to invest in a business under a name the use of which it should have anticipated would be disputed by the plaintiff. I acknowledge that it is likely some additional expense has been incurred by the defendant because of the plaintiff's delay. However, in the absence of any evidence as to the sums involved and bearing in mind that the defendant deliberately took a commercial risk in using the name Global Closing Room before any issue of delay arose, the court cannot conclude that this delay is such as would make it unfair to allow the plaintiff to assert its rights in the mark on an interlocutory basis.
86. Finally, there is clearly a dispute between the parties as to their rights and entitlements in their respective marks. However, the rights claimed by the defendant are not ones which have accrued as a result of the delay complained of. Rather they are premised on the alleged invalidity of the plaintiff's mark and the defendant's claimed right to register and use its mark. Therefore, I do not think that delay, of which there has been some on the part of the plaintiff, disentitles the plaintiff to the relief they are seeking in this application.

Balance of Justice Reviewed

87. In looking in a holistic way at the balance of justice, it may be useful to revert to the issues paper agreed by the parties before the trial began and which is summarised at paragraph 20 of this judgment. I propose to respond briefly to each of the issues raised as the more detailed analysis is to be found in the preceding paragraphs. I will then weigh or balance the relevant factors in order to determine how matters might best be arranged as between the parties pending the trial of the action.
88. Is there a fair issue to be tried? Yes, this was not in fact in dispute. Both the plaintiff's claim and the defendant's counter-claim raise serious issues.

89. Does the balance of convenience favour the grant or the refusal of an interlocutory injunction? Within this issue, the parties have identified three sub-issues, namely the weight, if any, to be attached to the plaintiff's property rights in its trademark and the adequacy of damages for each of the parties in the event that the injunction is refused or, alternatively, granted. I will address the grant or refusal of an interlocutory injunction at the end of this section. I am of the view that serious weight has to be attached to the fact that the plaintiff's proceedings are brought to enforce a property right and moreover that the right is one which has been granted to the plaintiff as a matter of EU law and following a process laid down in legislation in which the public can oppose the grant of the right. The fact that the plaintiff is asserting a property right is relevant to the issue of the adequacy of damages since the court should not lightly regard an award of damages as an adequate remedy for the plaintiff for the deliberate infringement of such a right. The plaintiff also relies on potential reputational damage for which it has laid an evidential basis. On balance and for these two reasons, notwithstanding that the plaintiff has not adduced evidence of actual confusion I conclude that damages would not be an adequate remedy for the plaintiff.
90. The damage likely to be suffered by the defendant as a result of the grant of an injunction if the proceedings do not succeed is largely financial and relates to the investment already made in its business and the losses that will arise as a result of the disruption that would be caused by requiring it to re-brand. No evidence has been adduced as to the figures involved. The defendant also relies on the reputation it has built up during the period it has been in operation. In my view damages would be an adequate, albeit imperfect, remedy for the defendant. While the financial losses it might sustain will be compensable, the more intangible value it has in the name under which it has been trading is less easily measured in purely financial terms. However, because the defendant deliberately took a commercial risk in establishing its business under a name which it should have anticipated the plaintiff would regard as an infringement of its trademark I do not see this as undermining the adequacy of damages as a remedy for the defendant to an extent that would warrant refusal of relief on this ground alone.
91. The relevance of the US settlement agreement: Both parties have claimed the US settlement agreement to be both relevant and irrelevant. As it is not an agreement between the parties to these proceedings it is not of direct relevance to where the balance of justice might lie as between them. For the purposes of this application I am treating the link between the defendant and AIC as establishing no more than that the defendant should have been aware the plaintiff would take action to protect its mark if it set up its business under a similar name. I do not accept that the US settlement provided the defendant with a reasonable basis for believing that the plaintiff would accept the co-existence of the two marks in issue here. The terms of the settlement are quite specific as regards the use of the Aircraft Closing Room mark for the AIC services and those services are far more narrowly defined than the range of classes for which the defendant has applied to register and now appears to be using the Global Closing Room mark.

92. Whether the defendant is obliged to "*clear the path*" and whether it has failed to do so: The defendant was not obliged to clear the path in the sense of securing the revocation of or establishing the invalidity of the plaintiff's registered trademark prior to commencing use of Global Closing Room. Clearly it has not done either of these things. However, the principles of commercial common sense apply and mean that as the defendant knowingly commenced a business under a mark bearing a striking similarity to the plaintiff's it should have anticipated and must bear responsibility for the consequences for it of the action the plaintiff has taken to protect its mark.
93. Delay: The plaintiff in this case has been guilty of delay. I am not inclined to ascribe to the plaintiff constructive knowledge of the defendant's activities from the point of its application to register its mark in circumstances where the evidence before the court does not establish exactly when the defendant commenced trading nor when, objectively, the plaintiff ought to have become aware of the fact that it had done so. However, the plaintiff was clearly aware of the defendant's use of its mark by early Spring 2020 and before the initial correspondence on 1st May. Therefore, the delay of which the plaintiff has been guilty runs from some point shortly prior to that letter. For the reasons discussed above I do not think, on balance, that the delay between May and September 2020 of itself disentitles the plaintiff to the relief sought.
94. In summary, there are three main factors of relevance to the balance of justice in this case namely the adequacy of damages (bearing in mind that the plaintiff is suing to protect a property right), the fact that the defendant deliberately took a commercial risk in launching its business under a name similar to the plaintiff's registered mark and the plaintiff's delay. The first two of these weigh in favour of the granting of interlocutory relief to the plaintiff. The court is particularly struck by the fact that the refusal of such relief would mean that a plaintiff would not be able to rely on or enforce its presumptively valid registered trademark against a defendant who can meet an award of damages pending the determination of the defendant's challenge to that mark. The third factor, delay, weighs against the grant of interlocutory relief. However, for the reasons discussed above I do not think that the delay has been of such a length of itself to warrant refusal of relief nor, more importantly, has it caused the defendant to alter its position or incur expense that would not have occurred had the plaintiff acted more quickly. The plaintiff's delay has provided the defendant with something of a litigation advantage for the purposes of this application, but it has not caused the defendant any actual harm. The expense already incurred by the defendant and the losses and expense that can be anticipated by the making of an order in the plaintiff's favour arise because of the defendant's decision to launch its business under a brand very similar to the plaintiff's mark.. To a very large extent the negative weight of the delay is off-set by the deliberate decision of the defendant to take the commercial risk of using a name similar to the plaintiff's registered mark. That decision was taken before and independently of any delay on the part of the plaintiff. Therefore, I do not think that the delay in this case makes it inequitable to grant interlocutory relief.

95. Consequently, I will grant the plaintiff an interlocutory injunction restraining the infringement of the plaintiff's registered trademark and the use by the defendant of the name or sign Global Closing Room pending the trial of the action. The parties may make written submissions on the form of the order and the costs of this application within 14 days of this judgment in accordance with the guidance issued by the Chief Justice and the President of this Court on the delivery of electronic judgments on 24th March 2020.