

THE HIGH COURT

[2023] IEHC 270

[2023/984 P]

BETWEEN

HAREMI LIMITED

PLAINTIFF

AND

SAFET DURAN

and BRIGHT BLADE LIMITED

and INDEPENDENT CLOTHING LIMITED

DEFENDANTS

JUDGMENT of Mr. Justice Brian O'Moore delivered on the 19th day of May 2023

1. On the 6th of March 2023 the Plaintiff ('Haremi') commenced plenary proceedings claiming, among other things, that its registered trade marks were being infringed. On the same day, Haremi issued a motion seeking interlocutory injunctive reliefs against all three Defendants. Following a successful application for short service, the motion was made returnable for the 10th of March 2023. On that date, the initial second Defendant was replaced with the current second Defendant ('Bright Blade'). All three Defendants then, through Counsel, gave undertakings which were acceptable to Haremi and the motion was adjourned to the 14th of March 2023 for the sole purpose of dealing with the costs of the

application for interlocutory relief. I will shortly set out in some detail the undertakings given.

2. As it happens, the proceedings subsequently settled in their entirety with the exception of one issue. That outstanding matter was the question of who should bear the costs of the interlocutory motion. This is my judgment on the one remaining aspect of the dispute between the parties.

3. Haremi is a company which, according to one of its directors, “operates an online clothing business under the brand name 4th ARO selling a premium range of unisex leisure and sportswear to members of the public.” Haremi’s current business model is that its clothing is only sold through its website. Its forecasted sales for 2023 are 14 million euro, and the 4th ARQ Instagram account has about 144,000 followers. Haremi has registered as an EU Trade Mark the word mark 4th ARQ in Class 25, in respect of clothing, headgear and footwear.

4. In his affidavit grounding the interlocutory application, Paul Quinn (the director of Haremi to whom I have already referred) set out why the proceedings were brought. He averred that 4th ARQ clothing was reported to Haremi as being on sale at a boutique in Gorey, County Wexford. The boutique was called Bella Moda, and was operated by the first Defendant (‘Mr. Duran’).

5. Some weeks later, Haremi became aware that 4th ARQ clothing was being sold in a shop in Tallaght, County Dublin. This shop was called 'Elle', and was ultimately established to be operated by Bright Blade.

6. Of course, given that 4th ARQ clothing was to be sold exclusively online, through the website operated by Haremi, neither shop should have been selling these goods.

7. After Mr. Quinn had the chance to inspect the clothing sold by Bella Moda and by Elle, he concluded that the items had been supplied to those outlets by the third Defendant ('ICL'). This view, which was shared by his fellow director Rosie Connolly Quinn, was ultimately proved correct. As Mr. Quinn set out in his grounding affidavit, ICL had supplied Haremi with product from the first launch of the 4th ARQ brand in 2020 until August 2021, when another (cheaper) supplier was appointed. In August 2022, ICL was commissioned by Haremi to supply menswear stock needed for the Christmas market. The stock supplied (in November 2022) to Haremi by ICL was, in the opinion of Haremi but not of ICL, not satisfactory. This was the first time that Haremi had complained about stock supplied by ICL, but on this occasion the clothing was rejected and returned to ICL. Haremi would not pay for the rejected goods, and later rejected a proposal that it would accept the stock but only pay 90% of the original agreed price. It was these garments which, Mr. Quinn and Ms. Connolly Quinn believed, now being sold in the boutiques in Gorey and Tallaght.

8. Before the proceedings began, Haremi's solicitors had written to Mr. Duran, to ICL, and to the original second Defendant ('Mr. Bari'). Mr. Duran was written to on the 13th of

February 2023, setting out Haremi's registered mark, noting the sale of clothes in breach of Haremi's entitlements, and making the following demands:

"We must advise however that innocent infringement, is no defence to trade mark infringement, and while our client must be at this time reserve its position in respect of the issuance of proceedings, the purpose of this letter is to call upon you to do the following:

1. Immediately
 - a. cease and desist the sake (and the offering for sale) of any goods which contain the Trade Mark;
 - b. cease and desist any and all other use of the Trade Mark;
2. Within 7 days of the date hereof:
 - a. Provide us with the name and address of the entity that supplied you with the Infringing Goods;
 - b. Confirm the name of the entity who applied the custom clothing tags that have been applied to the Infringing Goods;
 - c. Confirm whether you were aware that the Infringing Goods were not genuine 4th ARQ goods;
3. Within 7 days of the date hereof, provide a written undertaking that you will.
 - a. Not now, or at any time in future, sell or offer for sale any goods that contain the Trade Mark or any mark that might be considered similar to Trade Mark.
 - b. Not now, or at any time in future, directly or indirectly use the Trade Mark in any way.

- c. Within 14 days, deliver up to our client the Infringing Goods, all clothing tags and any other materials within your power, procurement or possession that contain the Trade Mark.
- d. Within 14 day, provides us with copies of all invoices for the purchase of the Infringing Goods issued by your supplier, along with details of all sales made by you of the Infringing Goods.
- e. Agree to account to our client for all profits made by you in respect of the Infringing Goods upon demand.

For ease, we have enclosed herewith a draft Undertaking for signing.

Should you fail to adhere to the above, and/or should we fail to receive the requested Undertaking within 7 days of the date hereof, we have instructions to immediately issue proceedings seeking injunctive relief, damages, an account of profits, delivery up (or destruction) of the Infringing Goods and/or other materials, legal costs and interest.

In the event proceedings are necessary, this letter will be used to fix you with the costs of same.”

The letter to Mr. Bari was in similar terms, and was dated the 24th of February 2023.

Finally, a letter in somewhat different terms, but also seeking undertakings and assurances, was sent to ICL on the 24th of February 2023.

9. The responses to these letters are important. Mr. Duran’s response was an email, stating that;

“ Please take note that all of your clients items have been removed and disposed. We were unaware these items were registered goods and have taken prompt action to remove these.”

10. The response from ICL appeared to be a letter from its solicitors sent directly to Mr. Quinn and Ms. Connolly Quinn complaining about Haremi’s failure to pay for the goods supplied to it in November 2022, and requiring payment within 7 days. The letter, sent by email on the morning of the 27th of February 2023, was dated the 24th of February. However, this letter appears to have been prepared and sent without consideration of the letter from Haremi’s solicitors dated and sent on the 24th of February.

11. Haremi’s solicitors responded on the 2nd of March 2023, addressing the question of the rejected goods and looking for an opportunity for an expert to inspect the goods. However, the letter concluded by referring to the question of trade mark infringement in these terms;

“Finally, please be advised that given the urgency of the matters referred to in our letter of 24 February 2023, while the said letter is abundantly clear but so that there can be no confusion whatsoever, should your client fail, refuse and/or neglect to provide the confirmations and/or written undertakings as sought in our letter within 7 days of that letter, proceedings will immediately issue without further recourse to your client.”

12. Significantly, this letter was sent to ICL’s solicitors, who were therefore directly made aware of the trade mark dispute, of its urgency, and of the threat of imminent proceedings.

13. No further response was received from any Defendant.
14. The undertakings given on the 10th of March were recorded in my Order as follows;
- “And the First Named Defendant Bright Blade Limited and the Third Named Defendant undertaking by said Counsel that they will immediately cease and will not advertise offer for sale or otherwise deal with goods bearing the Plaintiff’s EU Trade Mark “4th ARQ” or brand logo and/or otherwise use the Plaintiff’s EU Trade Mark “4th ARQ” or brand logo without the Plaintiff’s consent pending the determination of the within proceedings but excluding

- (a) Use of the goods solely for the purpose of defending the within proceedings and
- (b) Use of the goods by the Third Named Defendant solely for the purpose of prosecuting any court proceedings it may wish to bring against the Plaintiff

And the First Named Defendant Bright Blade Limited and the Third Named Defendant undertaking by said Counsel to preserve each and every item in their possession power and/or procurement containing the Plaintiff’s EU Trade Mark “4th ARQ” or brand logo pending the determination of the within proceedings

And the First Named Defendant and Bright Blade Limited by said Counsel undertaking to disclose to the Plaintiff by 5 p.m. this day the names and address each and every person or entity who supplied with any items bearing the Plaintiff’s EU Trade Mark “4th ARQ”

And the Court noting that the First Named Defendant and Bright Blade Limited will confirm by 5 p.m. this day that they have not supplied any items bearing the

Plaintiff's EU Trade Mark "4th ARQ" to any party outside of their sale to consumers

And the Third Named Defendant by said Counsel undertaking to disclose to the

Plaintiff by 5 p.m. this day the names and address of each and every person or entity

to whom it has supplied items bearing the Plaintiff's EU Trade Mark "4th ARQ"

15. The only evidence from any of the Defendants on the question of costs is an affidavit of Fawad Bari; the affidavit is made on behalf of all of the current Defendants, and is confined to the costs issue. Mr. Bari is a sales manager in ICL. He takes issue with much of the account given by Mr. Quinn in respect of the events giving rise to the rejection of the items of clothing in late 2022. Strikingly, it is accepted by the Defendants that the rejected clothing (or some of it) was supplied by ICL to Bella Moda and to Elle. Mr. Duran, who operates Bella Moda, is a delivery driver for ICL. Bright Blade, which operates Elle, is a subsidiary of ICL. These parties, associated with ICL, therefore found themselves selling 4th ARQ branded products in their boutiques. This happened, on Mr. Bari's account, because Mr. Duran and the manager of Elle took the relevant items from an area in the ICL warehouse where sale items, out of season clothing, and old samples (most of which was unbranded) were ordinarily kept. Of course, the 4th ARQ clothes (which had labels and style numbers on labels and tags attached to them) were not unbranded, and were not sales items, out of season clothing or old samples. Neither the Elle manager nor Mr. Duran, according to Mr. Bari's testimony, realised that the clothes were "trademarked or there was an ongoing dispute".

16. While Mr. Bari acknowledges an innocent mistake", he goes on to say that none of this would have happened had Haremi "honoured their order". This argument is to run

together two entirely different disputes, and in no way justifies the fact that the first two Defendants sold trade marked goods supplied (however inadvertently) by the third Defendant in breach of Haremi's legal rights.

17. Mr. Bari's evidence includes a certain amount of argument; these will be considered in the context of the submissions made by Counsel for the Defendants.

18. Mr. Bari does, however, give some further testimony about the correspondence. He says that he assumed that the request (in the letter of the 2nd of March 2023) that a quality control expert examine the rejected goods (and that no proceedings should issue in respect of those goods until such an examination had occurred) "applied to both matters". Such an assumption would have been completely illogical, given the plain words employed by Haremi's solicitors in their letter.

19. Equally illogical is the averment that Mr. Bari was "in disbelief" when the motion papers were served. There may well have been disbelief on Mr. Bari's part and I am prepared to accept that this was the case. However, such surprise was completely unwarranted given that it was quite plain from the numerous pieces of correspondence that Haremi was making very strident demands in respect of the trade mark infringement, which it was treating extremely seriously. There was no reason for surprise when the proceedings began, accompanied by the inevitable application for an interlocutory injunction. It is notable, that in this portion of his affidavit (at paragraph 45) Mr. Bari says that he "contacted our solicitors immediately to try to resolve [the motion]." ICL's solicitors were aware of the trade mark dispute on the 2nd of March at the latest. They may well have been consulted as early as the

first letter on behalf of Haremi dated the 13th of February; Mr. Bari is silent on this., and gives no information to the Court on this important point. In any event, waiting until the motion papers were served before contacting the solicitors to resolve matters does not show any real level of urgency in dealing with a repeated threat of serious legal proceedings. If, as is entirely likely, solicitors were consulted at an earlier stage, responsibility for their failure to engage in any meaningful way with the correspondence from Haremi's solicitors can only be laid at the door of the Defendants.

20. Mr. Bari's averment that had Ms. Connolly Quinn, Mr. Quinn "or even their solicitor" telephoned him and explained their concerns everything would have been sorted out rings very hollow in light of the lack of adequate responses to the correspondence actually issued. The letters sent on behalf of Haremi laboriously set out the Plaintiff's concerns. Nowhere in Mr. Bari's 17 page affidavit does he explain, for example, why ICL never replied to any of the letters sent to it. Equally notably, while arguing that Bright Blade should have no exposure to costs as it was not written to before the case began, Mr. Bari does not say whether or not the letter of the 24th of February 2023 (and sent to Mohsan Bari c/o Elle Boutique at Tallaght Shopping Centre) was brought to the attention of Fawad Bari, of anyone in Bright Blade, or anyone in Bright Blade's owner ICL.

21. The submissions made by Ms. Smith SC for Haremi were straightforward. Haremi's trade mark was infringed, it communicated through its solicitors to complain about this infringement, no adequate response was received, proceedings were issued, and it was only then that appropriate undertakings were given. The only pre action response (from Mr. Duran) was inadequate in that he did not give appropriate undertakings as to future behaviour

nor did he inform Haremi's solicitors of the identity of the supplier of the goods to Bella Moda. Of course, if Mr. Duran had given this information Haremi would have immediately known that ICL had supplied infringing product to its part time delivery man for sale in his store.

22. Mr. Flynn BL, for the Defendants, made a number of thorough and inventive submissions.

23. I have considered carefully all of the arguments either contained in the submissions made on behalf of the Defendants or in Mr. Bari's evidence. The more significant appear to be these;

(a) It is argued that Haremi set out a range of requirements in the correspondence before action which were not appropriate to potential interim or interlocutory relief. This is certainly true. Some of the undertakings sought by Haremi's solicitors related to matters which could only have been ordered at the trial of the action, and not at an earlier stage in the proceedings. An account of profits, for example, is a most unusual relief to be either sought or granted on an interlocutory motion. However, the mere fact that such undertakings were sought in order to avoid proceedings entirely is not unusual and does not affect how the costs of the motion should be awarded.

(b) A related argument is that at no time did Haremi's solicitors spell out exactly what any of the Defendants had to do to avoid an application for an interlocutory injunction, as opposed to what they had to do to avoid proceedings generally. There is some force in this. It would certainly have been preferable had Haremi's solicitors

made clear in more precise terms what the Defendants could do to avoid interlocutory injunctive relief being sought. As against that, it should have been plain to each of the Defendants that the immediate priorities for the trade mark proprietor would be to ensure that infringement (not disputed by the Defendants) ceased and that appropriate information about those dealing in the infringing goods (notably the identity of the person supplying infringing product into the market, and to whom the goods were supplied) was obtained. This is particularly the case when ICL had available to it experienced solicitors, and where the other two Defendants could also obtain the benefit of such advice; Bright Blade was, after all, a subsidiary of ICL and Mr. Duran (according to his Counsel) was relying on ICL to “deal with” the correspondence from Haremi’s lawyers.

(c) A further related argument is that Haremi never threatened an interlocutory injunction against any of the Defendants. This is somewhat unreal. The correspondence made it clear that injunctions would be sought. The fact that the word “interlocutory” was not used should not have lead any sensible businessman to believe that proceedings might be issued, but that they would then meander along to trial without interlocutory relief being sought as soon as the writ was out. Certainly, no solicitors of the calibre of those acting on behalf of the Defendants would have been surprised by the fact that a motion seeking interlocutory injunctive relief was issued simultaneously with the proceedings. The whole tenor of the correspondence sent on behalf of Haremi was insistent and demanding, consistent with any proceedings (if they issued) being prosecuted unsparingly.

(d) It is submitted that the primary relief, namely the removal from sale of the infringing goods, had already been practically achieved and if Haremi had policed the situation it would have seen that there was no need for the motion. This ignores the

fact that the undertakings that there would be no further infringement were not forthcoming (or even addressed) by any of the Defendants. At least as importantly, none of the Defendants had revealed who had supplied the infringing products into the market, or had given any indication about the extent to which such products had been placed for purchase by potential Haremi customers. Counsel was unable to explain why a decision was made from the 13th of February 2023 onwards not to give this information to Haremi; plainly, one reason might have been that ICL did not want to implicate itself, and ICL's delivery man and subsidiary did not want to implicate ICL. This level of reticence is difficult to reconcile with the innocent, unknowing error described by Mr. Bari.

(e) It is suggested that no letter before action was received by Bright Blade. Ordinarily, this would be close to a decisive factor on a costs application. However, a letter was sent to the store operated by Bright Blade. Mr. Bari has not sworn that the letter was not passed on to Bright Blade or any connected person or company. He gives no evidence about how his namesake, Mohsan Bari, treated the letter (presuming that he received it). Fawad Bari does not give any information about whether Mohsan Bari worked at Elle, or whether he once did and has now left. The search exhibited to Mr. Quinn's affidavit showing that Mohsan Bari was the registered owner of the Business Name 'Elle' for premises at the Square Town Centre is not addressed by Fawad Bari. The "manager of the Second Defendant's shop" who played a pivotal role in acquiring the infringing clothes for Elle is not identified (see paragraph 32 of Mr. Bari's affidavit). In all those circumstances, it is possible to come to a finding that Bright Blade was aware of the correspondence from Haremi's solicitors. In any event, there is no doubt that as of the 24th of February 2023 ICL knew that infringing product was being sold out of Elle, a store operated by its

subsidiary and I find that from that point on (at the latest) Bright Blade is to be treated as being aware of Haremi's concerns and demands.

(f) An argument was made that only seven days were given to address the issues raised in the correspondence. That period was quite sufficient to engage with Haremi's solicitors. Even if the matter were not finally resolved within that period, a week was adequate time to make enquiries and to assure Haremi that there was no need for proceedings, let alone an interlocutory injunction. In fact, far more than seven days passed between the first letter and the issuing of the Plenary Summons. In addition, on Mr. Bari's account a couple of phone calls would have revealed exactly what had happened. If ICL, the manager of Elle, and the part time delivery man had talked to each other the unfortunate events leading to the trade mark infringement would have become clear

(g) The letters before action sought undertakings which were far more extensive than the reliefs sought in the motion. This is unexceptional, and does not provide any reason in itself not to award Haremi the disputed costs.

(h) Seeking the surrender of the infringing goods was not appropriate, as the goods had not been paid for by Haremi. This submission, while understandable, is not persuasive. ICL's entitlement to be paid for the clothes ordered by Haremi is unaffected by the delivery up of the disputed products. ICL either has delivered on its contractual obligations or it has not.

(i) There are only 25 items at issue, and it would be disproportionate to award Haremi its costs. In a way, this submission encapsulated the problem. After the issuing of the proceedings and the bringing of the motion, the Defendants acted responsibly and promptly. They gave appropriate undertakings on the return date,

albeit after some negotiations. However, the Defendants singularly failed to deal in any adequate or timely way with the repeated letters coming from Haremi's solicitors. The Defendants, for whatever reason, left it too late.

24. Ms. Smith made a particular submission in reply which should be noted. She made the strong point that the insistence by the Defendants that Haremi provide specificity of an extreme sort in its correspondence was inconsistent with how the Defendants had behaved. Far from displaying precision in setting out their position, the Defendants had either not replied at all to Haremi or had responded in utterly terse fashion.

25. Neither Counsel referred me to any authorities. There was no need to do so.

26. I find that it was, as Ms. Smith argued, necessary for Haremi to issue these proceedings and to seek interlocutory relief. It was only when this happened that wide ranging and significant undertakings were provided by the Defendants. As Mr. Flynn submitted, the undertakings to which the Defendants agreed followed the reliefs sought in the motion; this in itself would suggest that it was the urgent need to meet the motion that caused the Defendants to give the undertakings which met Haremi's requirements. The winner on the motion was undoubtedly Haremi, which succeeded in obtaining the reliefs which it had sought. Haremi is therefore entitled to the costs of the motion.

27. These costs include the hearing before me on the 30th of March 2023, and the subsequent brief hearing at which I was informed that correspondence upon which Haremi relied was (on consent) to be made available to me. As it happens, these extra materials play

no part in my decision. However, as the parties went to some effort to make me aware of these letters I should for the sake of completeness give my view on them. In brief, the correspondence shows that formal invoices were raised by ICL in respect of the infringing product sold to Bella Moda and to Elle. This does not sit easily with the description in Mr. Bari's affidavit of the circumstances in which these goods were acquired by the two boutiques. At the very least, one would have expected that Mr. Bari would have exhibited the invoices. As already noted, Mr. Bari stated in his evidence that the garments were selected from a cache of clothes which consisted of sale items, out of season clothing and old samples. The impression left by Mr. Bari was that these clothes were being taken off ICL's hands rather than sold to the shops. A full description of the commercial transactions, including the invoices, would have avoided the creation of this misleading understanding. It is regrettable that this was not done.