



Neutral Citation Number: [2024] EWHC 3448 (IPEC)

Claim No. IP-2022-000077

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INTELLECTUAL PROPERTY ENTERPRISE COURT

The Rolls Building
7 Rolls Buildings
Fetter Lane
London EC4A 1NL

Friday, 13th December 2024

Before:

HIS HONOUR JUDGE HACON
(sitting as a Judge of the Chancery Division)

Between:

WISE PAYMENTS LIMITED
(formerly TRANSFERWISE LIMITED)

Claimants

- and -

(1) WITH WISE LIMITED
(2) SIMON PAUL HILLS
(3) JAMES MATTHEW ORTON
(4) DANIEL PHILIP RICHARDS

Defendants

- and -

(3) WISE PLC
(4) KRISTO KÄÄRMANN
(5) TAAVET HINRIKUS

MR. PHILIP ROBERTS KC and **MR. TRISTAN SHERLIKER** (instructed by **Bird & Bird LLP**) appeared for the **Claimant** and the **Third** and **Fifth Parties**.

MR. DANIEL SELMI (instructed by **Fieldfisher LLP**) appeared for the **Defendants**.

Approved Judgment

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HIS HONOUR JUDGE HACON :

1. This is an application by the defendants to amend their defence and counterclaim to plead an additional ground for revocation of one of the claimant's trade marks.
2. Daniel Selmi appears for the applicants/defendants, Philip Roberts KC and Tristan Sherliker for the claimant/respondent.
3. The claim was started in September 2022. It has not moved forward quickly since then because of two successive orders staying the action while there were negotiations to settle. A mediation took place. None of these, unfortunately, was successful.
4. On 15th January 2024, there was a case management conference before Ms. Pat Treacy, sitting as a Deputy High Court Judge. By an order of that date, Ms. Treacy added the third and fifth parties to the action. Their presence is of no relevance to today's application, so I need say no more about them. There is no need for me to distinguish between the claimant and the third to fifth parties, so I will refer to them individually and collectively as the claimant. Likewise, for simplicity, I will not distinguish between the defendants and I will refer to them collectively as the defendants.
5. The claimant alleges that the defendants have infringed two trade marks owned by the claimant and that they have passed off their goods and/or services for those of the claimant. More specifically the claimant complains of the use by the defendants of two signs, which I will refer to as the defendants' signs.
6. The defendants have counterclaimed, alleging, firstly, that the claimant has passed off its goods and services for those of the defendants, secondly, that the claimant's two trade marks relied on in the claim, and in addition two further trade marks owned by the claimant, ("the Recent Marks") are invalidly registered on the ground that they were registered in bad faith, pursuant to section 3(6) of the Trade Marks Act 1994. Thirdly, the defendants allege that, pursuant to sections 47(2)(b) and 5(4)(a) of the 1994 Act, the two Recent Marks were invalidly registered. In respect of that last allegation, the defendants are relying upon their earlier right to bring an action for passing off at the time of registration of the two Recent Marks.
7. In the claimant's Reply and Defence to Counterclaim, the claimant pleads that the defendants' alleged earlier right is not entitled to protection, being unlawful, on alternative grounds.
8. Ms. Treacy's Order of 15th January 2024 gave directions and in the usual way listed the issues for trial. I will not go through them one by one. It is sufficient to say that there are 15 issues listed, covering the many points which arise under the claimant's claim for infringement of two trade marks pursuant to alternative provisions of the 1994 Act, the claimant's claim for passing off, the defendants' allegation that those two trade marks and the two Recent Marks are invalidly registered, again on alternative grounds, and, finally, the claimant's pleaded claim that any earlier right claimed by the defendants is not entitled to protection in law.
9. Ms. Treacy ordered that the trial should last three days, which is exceptional in this court. Given the number of issues that the trial judge will have to resolve, particularly

when they are divided up into the alternative ways in which they are alleged, I can see why the judge concluded that the trial would take three days.

10. The defendants now seek to amend their counterclaim to plead that one of the two trade marks relied on by the claimant in its primary claim is liable to be revoked for non-use, pursuant to section 46(1)(a) of the 1994 Act. I will call this the Rectangle Mark, which is the name by which it was referred to by Daniel Selmi of counsel. To give the other trade mark relied on in the claimant's primary claim a label, I will call it the "Second Mark".
11. The Rectangle Mark was registered on 1st March 2019. The defendants allege that it was not put to genuine use in the five-year period starting on that date and ending on 1st March 2024. Thus, the defendants could not have pleaded the allegation of non-use until about six weeks after the CMC. However, there was no attempt to raise the allegation of non-use until seven months later, when, on 2nd October 2024, the defendants' solicitors raised the point in correspondence. The application to amend was made on 13th November 2024.
12. In the meantime, it seems that preparations for the trial have gone ahead, albeit following a timetable slower than that settled at the CMC. Disclosure has been given and evidence of fact was exchanged on 2nd December 2024. There will be no expert evidence. The trial has been fixed for 14th-16th May 2025.
13. The application to amend is under CPR 17.1(2)(b). One of the factors relevant to the exercise of the court's discretion under that rule is whether the allegation contained in the proposed amendment has a real prospect of success at trial. That is not in dispute.
14. Otherwise, I was referred to the well-established authorities on CPR 17.1(2) and it is common ground that, other matters being equal, amendments will generally be allowed so that the real dispute between the parties can be adjudicated upon. The question is whether other matters are indeed equal, particularly having in mind the rules which apply in this court.
15. CPR 63.23(1) and (2), provide:
 - (1) *At the first case management conference after those defendants who intend to file and serve a defence have done so, the court will identify the issues and decide whether to make an order in accordance with paragraph 29.1 of Practice Direction 63.*
 - (2) *Save in exceptional circumstances the court will not permit a party to submit material in addition to that ordered under paragraph (1)."*
16. In *Marflow Engineering Limited v Casellie Limited* [2818] EWHC 3169 (IPEC), I considered CPR 63.23(2) in the context of an application to amend the pleading after a CMC, and said this:

"[18] Thus, when it comes to assessing what constitutes exceptional circumstances within the meaning of rule 63.23(2)

the court will have to be satisfied as a starting point that the proposed amendment to a pleading, or other application which will lead to the filing of further material, will not significantly prejudice the opposing side. But the party making the application will have to go substantially further than that.

[19] I do not think it is necessary or desirable for me to make any prescriptive lists of what the applying party must also show. I would say though that where a party is applying to add to its pleading, it will generally have to satisfy the court of the following. First, that the amended case could not, with reasonable diligence, have been advanced at the CMC. Second, the amended case is of such a nature that it is likely to have a significant influence on the outcome of the trial. Put another way, the court will have to be satisfied that there is a real risk that a central part of what it will have to decide at trial may be decided on a false basis if the amendment is not allowed.

[20] I should perhaps add that the strength of one matter may affect the others. For instance, if the court were truly satisfied that in relation to a central aspect of the case there was a real risk that the trial would be heard on a wholly false basis, absent the amendment, it may mean that the court would view the issues of prejudice to the opposing side and the diligence of the party seeking to amend with a little more flexibility. Each case will turn on its facts."

17. With regard to whether the pleading of non-use could and should have been raised at the CMC, I was told by Mr. Selmi that the defendants had good reason before 1st March 2024 to believe that there had been no use of the rectangle mark. So the point could have been raised at the CMC, but I can see why it was not. No doubt the claimant was reluctant to raise the allegation at that stage because it could have led to a flurry of activity by the claimant in the form of use of the rectangle mark, artificial use or otherwise.
18. On the other hand, in my view, a satisfactory reason for not raising a new allegation by the time of the CMC does not exonerate a party from raising it promptly, as soon as that can reasonably be done, and indeed making an application to amend shortly thereafter. The reason given by the defendants as to why the allegation of non-use was not raised shortly after 1st March 2024, and indeed not until seven months later, on 2nd October 2024, is that it would have been inappropriate to derail without prejudice negotiations, and mediation, which happened in that period. I do not accept that as a good reason. The point could have been raised in a manner emphasising that the defendants had no intention of antagonising relations between the parties, but that, in fairness, they were obliged to raise the allegation of non-use promptly, and that is why it was being done. The parties could, thereafter, have discussed and resolved whether a formal application should be made at that stage, or better left until after resolution of negotiations in the mediation. However, this is not the most serious difficulty facing the defendants' application.

19. More significantly, if allowed the amendment to allege non-use of the Rectangle Mark may well give rise to a serious risk of overloading an already heavily-loaded three-day trial in May. The proposed amendment looks simple enough. It is shortly stated and just alleges that the Rectangle Mark has not been put to genuine use and should therefore be revoked. The Rectangle Mark is registered for the following goods and services:

"Class 9: Computer software; application software; computer hardware, apparatus and instruments relating to devices for payment, money, monetary transfers and banking; card readers; payment terminals, money dispensing and sorting devices; credit, debit, bank and monetary cards; encoded cards; smart cards; magnetic payment cards; computer software and application software relating to all of the aforesaid and the electronic transfers of funds; all the aforementioned goods in connection with financial services, monetary services, banking services, investment services, cryptocurrency services and travel insurance services.

Class 36: Financial affairs; monetary affairs; monetary affairs including those relating to the transfer of funds and providing methods for payment including providing pre-paid methods of payment and monetary credit for others; banking; financial services including foreign currency trading, exchange, payments, conversions, accounts and transfers; electronic money transfers; electronic foreign currency payment processing; electronic money services; electronic money transfer of foreign currency; financial transactions; financial transactions including effectuating the transfer of funds and banking services and facilitating transactions involving electronically stored monetary value; financial services including internet accounts and banking; financial services including on-line cash accounts, banking and providing pre-paid methods of payments and monetary credit for others; checking and savings account services for foreign currency accounts; the provision of information, consultancy and advice relating to the aforesaid."

20. The claimant has already indicated that it intends to respond by saying that its use of a similar, variant, mark constituted use of the mark in issue. That is a point the claimant is fully entitled to make. However, it is liable to lead to investigation, first, into the claimant's actual use of the variant mark, secondly, the court would have to consider whether this was genuine use, thirdly, if so, it is liable to give rise to whether use of the variant mark constituted use of the Rectangle Mark. Finally, any genuine use which did constitute use of the Rectangle Mark may have to be investigated in relation to different sections of the specifications of goods and services for which the Rectangle Mark is registered. Of course, it could be that on the facts this all becomes fairly straightforward but, on the whole, I doubt it. I think there is a very real risk that investigations of non-use will turn out to be quite extensive and that it would

overburden the court at the three-day trial in May. It seems to me that I should be very wary of exercising my discretion if that is likely to be the result.

21. I am also not convinced that allowing the amendment would satisfy the cost/benefit test that applies in this court. There is nothing to stop the defendants from starting a new action for revocation of the Rectangle Mark for non-use. In due course this court may or may not be sympathetic to an application for an expedited trial. At the conclusion of the trial in May, it may turn out that the allegation of non-use is of no practical benefit to the defendants. The Rectangle Mark may be revoked. Alternatively, it may not be infringed. Alternatively, there may be a finding that there is to be an injunction for infringement of the Second Mark so that revocation of the Rectangle Mark would not, in practice, make any difference to the ability of the defendants to trade. There may be other permutations I have not thought of, which would, in practice, make the allegation of non-use of the Rectangle Mark of no real practical benefit to the defendants.
22. On the other hand, if, after the trial in May, the issue of non-use of the Rectangle Mark could be of practical effect, the defendants would be entitled to apply to the court for a stay of any injunction and/or other relief sought, and, given all the circumstances including the findings in the judgment, the trial judge may or may not think that a stay is appropriate. Of course, I am not suggesting now one way or the other whether it would be appropriate, only that the potential benefit to the defendants of adding the allegation of non-use at this stage could turn out to be non-existent, and, even if that is not the case, it may be limited.
23. The claimant has claimed that the allegation of non-use would give rise to exorbitant costs. I am not convinced that the cost would be as high as the claimant claims, but in the round it seems to me that the cost/benefit test would not be satisfied if permission were given to raise the allegation of non-use now.
24. For all the foregoing reasons, the defendants' application is dismissed.

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