



Neutral Citation Number: [2024] EWHC 1549 (Pat)

Case No: HP-2018-000017

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INTELLECTUAL PROPERTY LIST (ChD)
PATENTS COURT
COMMUNITY DESIGN COURT

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

Date: 13 June 2024

Before :

MR JUSTICE ZACAROLI

Between:

(1) PRAESIDIAD HOLDING BVBA (previously **Claimants**
BETAFENCE HOLDING BVBA)
(2) GUARDIAR EUROPE BVBA

- and -

ZAUN LIMITED **Defendant**

Benet Brandreth KC and Tristan Sherliker (instructed by Bird & Bird LLP) for the
Claimants
Georgina Messenger (instructed by AA Thornton IP LLP) for the Defendant

Hearing date: 7 May 2024

JUDGMENT

Mr Justice Zacaroli:

Introduction

1. The first claimant, formerly known as Betafence Holding BVBA, (“Betafence”) is a designer and manufacturer of high security fencing and perimeter systems. It is the owner of Registered Community Design 000127204-00001 (the “RCD”) which protects the design of its “Bekasecure” fence posts.
2. In March 2018, Betafence, concerned that the defendant (“Zaun”) was infringing the RCD, warned Zaun of its intention to commence proceedings for infringement. Zaun’s response was to seek a declaration of invalidity (the “Invalidity Action”) in respect of the RCD at the EU Intellectual Property Office (“EUIPO”).
3. The claimants commenced their infringement action in the UK on 24 July 2018 (the “Infringement Action”). By Article 91(1) of the Community Designs Regulation (EC 6/2002), this court, as a Community design court, was required to stay the Infringement Action.
4. By order of Deputy Master Hansen dated 23 October 2018, by consent the Infringement Action was stayed pending final determination of the Invalidity Action. At that time, the terms on which the UK would depart from the EU had not been established. The consent order contained a liberty to apply to lift the stay in the event that the departure from the EU impacted on the position with the regard to the RCD, the Invalidity Action or the Infringement Action.
5. The agreement on the withdrawal of the UK from the EU (the “Withdrawal Agreement”) was agreed on 17 October 2019, but did not come into force until 1 February 2020. IP Completion Day (the end of the Brexit implementation period) was 31 December 2020.
6. The Invalidity Action proceeded in the EUIPO. Zaun contended that the RCD lacked novelty and/or individual character over a number of prior designs and/or was solely dictated by its technical function. The EUIPO Invalidity Division handed down a decision on 19 July 2019, rejecting each of Zaun’s arguments and finding that the RCD was valid. Zaun’s appeal – on the ground of solely technical function – succeeded before the Board of Appeal of the EUIPO on 2 March 2021. That decision was then overturned by the General Court of the EU on 19 October 2022. Permission to appeal to the CJEU was refused on 17 April 2023. On 12 June 2023, the Board of Appeal of the EUIPO then issued a confirmatory decision, upholding the validity of the RCD, and finally disposing of all of the invalidity challenges.
7. The stay of the Infringement Action then fell away, and Betafence served an amended particulars of claim on 7 July 2023. On 7 August 2023, Zaun served a defence and counterclaim, seeking a declaration of invalidity in respect of the RCD (and in respect of the equivalent re-registered UK Design (the “Re-registered Design”) which, as described below, automatically came into existence following IP Completion Day).
8. The grounds on which Zaun contends – in its counterclaim in the Infringement Action – that the RCD and Re-registered Design are invalid differ slightly from the grounds it relied on before the EUIPO. It is common ground, however, that if the doctrine of *res*

judicata applies at all, then Zaun is precluded from pursuing its claims of invalidity in the Infringement Action.

9. Had the UK not left the EU, Zaun would have been precluded from pursuing its counterclaim by reason (at least) of Article 86(5) of the Community Designs Regulation (“Article 86(5)”) (see below at [18.]).
10. On 18 September 2023, Betafence applied to strike out Zaun’s counterclaim. It contends that this is an impermissible attempt to re-run in the UK an invalidity challenge that Zaun has already made, unsuccessfully, in the EUIPO.

The issues in outline

11. Betafence contends that Zaun is precluded from challenging the validity of the RCD and Re-registered Design, either because Article 86(5) still applies (as a result of the provisions of the Withdrawal Agreement, which have direct effect in English law), or pursuant to the English law principles of *res judicata*.
12. Zaun, on the other hand, contends that Article 86(5) has been expressly – or at least implicitly – disapplied by amendments made to the Registered Designs Act 1949 (“RDA 1949”), in respect of proceedings that were pending at IP Completion Day. There is accordingly no statutory *res judicata* that would preclude the counterclaim in the infringement action.
13. Moreover, Zaun contends that the English law principles of *res judicata* and abuse of process do not apply because: (1) the EUIPO is not a court of competent jurisdiction; or, if that is wrong, (2) the amendments made to the RDA 1949 should be interpreted as disappling the doctrines of *res judicata* and/or *Henderson v Henderson* abuse of process. It further contends that there is no question of a decision of the EUIPO giving rise to any estoppel or abuse of process in relation to the Re-registered Design, because it is a newly-created UK right.

The statutory framework

14. The Withdrawal Agreement was implemented in the UK by the European Union (Withdrawal Agreement) Act 2020 (the “2020 Withdrawal Act”), which itself amended the European Union (Withdrawal) Act 2018 (the “2018 Withdrawal Act”).
15. By s.7A(2) of the 2018 Withdrawal Act all rights, powers, liabilities, obligations and restrictions from time to time created or arising under the Withdrawal Agreement are to be recognised and available in domestic law, and enforced, allowed and followed accordingly. By s.7A(3), every enactment – including an enactment contained in the 2018 Withdrawal Act, “is to be read and has effect subject to subsection (2)”.
16. One of the provisions of the Withdrawal Agreement to which effect is given by the 2020 Withdrawal Act is Article 67. This provides that in respect of legal proceedings instituted before the end of the transition period (i.e. before the end of 31 December 2020) a number of provisions of EU law shall apply, including “the provisions regarding jurisdiction of ... [the Community Designs Regulation].”
17. Title IX of the Community Designs Regulation is headed “Jurisdiction and Procedure in Legal Actions Relating to Community Designs”. Title IX includes Article 86

(headed “Judgments of invalidity”) and Article 91 (headed “Specific rules on related actions”).

18. Article 86 provides as follows:

“1. Where in a proceeding before a Community design court the Community design has been put in issue by way of a counterclaim for a declaration of invalidity:

(a) if any of the grounds mentioned in Article 25 are found to prejudice the maintenance of the Community design, the court shall declare the Community design invalid;

(b) if none of the grounds mentioned in Article 25 is found to prejudice the maintenance of the Community design, the court shall reject the counterclaim.

2. The Community design court with which a counterclaim for a declaration of invalidity of a registered Community design has been filed shall inform the Office of the date on which the counterclaim was filed. The latter shall record this fact in the register.

3. The Community design court hearing a counterclaim for a declaration of invalidity of a registered Community design may, on application by the right holder of the registered Community design and after hearing the other parties, stay the proceedings and request the defendant to submit an application for a declaration of invalidity to the Office within a time limit which the court shall determine. If the application is not made within the time limit, the proceedings shall continue; the counterclaim shall be deemed withdrawn. Article 91(3) shall apply.

4. Where a Community design court has given a judgment which has become final on a counterclaim for a declaration of invalidity of a registered Community design, a copy of the judgment shall be sent to the Office. Any party may request information about such transmission. The Office shall mention the judgment in the register in accordance with the provisions of the implementing regulation.

5. No counterclaim for a declaration of invalidity of a registered Community design may be made if an application relating to the same subject matter and cause of action, and involving the same parties, has already been determined by the Office in a decision which has become final.”

19. Article 91 provides as follows:

“1. A Community design court hearing an action referred to in Article 81, other than an action for a declaration of non- infringement, shall, unless there are special grounds for continuing the hearing, of its own motion after hearing the parties, or at the request of one of the parties

and after hearing the other parties, stay the proceedings where the validity of the Community design is already in issue before another Community design court on account of a counterclaim or, in the case of a registered Community design, where an application for a declaration of invalidity has already been filed at the Office.

2. The Office, when hearing an application for a declaration of invalidity of a registered Community design, shall, unless there are special grounds for continuing the hearing, of its own motion after hearing the parties, or at the request of one of the parties and after hearing the other parties, stay the proceedings where the validity of the registered Community design is already in issue on account of a counterclaim before a Community design court. However, if one of the parties to the proceedings before the Community design court so requests, the court may, after hearing the other parties to these proceedings, stay the proceedings. The Office shall in this instance continue the proceedings pending before it.

3. Where the Community design court stays the proceedings it may order provisional measures, including protective measures, for the duration of the stay.”

20. Prior to Brexit, the UK High Court was designated as a Community Design Court (under the Community Designs (Designation of Community Design Courts) Regulations 2005). These were revoked, as from IP Completion Day, by Reg. 11 of the Designs and International Trade Marks (Amendment etc) (EU Exit) Regulations 2019 (the “2019 Regulations”). The 2019 Regulations were then amended by the Intellectual Property (Amendment etc.) Regulations 2020 (the “2020 Regulations”).
21. Reg. 5 of the 2019 Regulations, as subsequently amended by the 2020 Regulations, set out amendments to the RDA 1949 to make provision “for certain registered Community designs to be treated as registered under the 1949 Act from exit day...” The relevant amendments to the RDA 1949 consist principally of the following parts of a new Schedule 1A:

(1) Para 1(1) provides that:

“A design which, immediately before IP completion day, is entered in the RCD register and has been published in the Community Designs Bulletin as mentioned in Article 73(1) (an “existing registered Community design”) is to be treated on and after IP completion day as if an application for its registration had been made, and it had been registered, under this Act”;

(2) It is this new design which, by para 1(2), is referred to as a re-registered design.

(3) By paragraph 1(4)(a) the date of registration of a re-registered design is the date on which the existing registered Community design, from which the Re-registered Design derives, is treated as registered under the Community Designs Regulation.

- (4) Para 9 deals with the case where, at IP Completion Date, there were pending proceedings before a UK Court:

“9. (1) This paragraph applies where on IP completion day an existing registered Community design is the subject of proceedings which are pending (“pending proceedings”) before a court in the United Kingdom designated for the purposes of Article 80 (“a Community design court”).

(2) Subject to sub-paragraphs (3) and (4), the provisions contained or referred to in Title IX of the Community Design Regulation (*with the exception of Articles 86(2), (4), (5) and 91*) shall continue to apply to the pending proceedings as if the United Kingdom were still a Member State with effect from IP completion day. [*emphasis added*]

(3) Where the pending proceedings involve a claim for infringement or for threatened infringement of an existing registered Community design, without prejudice to any other relief by way of damages, accounts or otherwise available to the proprietor of the existing registered Community design, the Community design court may grant an injunction to prohibit unauthorised use of the re-registered design which derives from the existing registered Community design.

(4) Where the pending proceedings involve a counterclaim for a declaration of invalidity in relation to an existing registered Community design, the Community design court may declare the registration of the re-registered design which derives from the existing registered Community design to be invalid (wholly or in part).

(5) Where the registration of a re-registered design is declared invalid to any extent, the registration shall to that extent be treated as having been invalid from the date of registration or from such other date as the court may direct.

(6) For the purposes of this paragraph proceedings are treated as pending on IP completion day if they were instituted but not finally determined before IP completion day.”

- (5) Para 9A deals with the case where, at IP Completion Date, there were pending proceedings under Article 25 of the Community Designs Regulation seeking a declaration of invalidity:

“9A.(1) This paragraph applies where, on IP completion day, an existing registered Community design is the subject of proceedings under Article 25 (Grounds for invalidity) which have been instituted but not finally determined before IP completion day (“invalidation proceedings”).

(2) Subject to sub-paragraph (4) where—

(a) the existing registered Community design is declared invalid (whether wholly or partly) pursuant to a decision which is finally determined, and

(b) the registrar has either—

(i) received notice of the situation referred to in paragraph (a) (“an invalidation notice”), or

(ii) otherwise become aware of the situation referred to in paragraph (a),

the registration of the re-registered design which derives from the existing registered Community design must be declared invalid to the same extent as the existing registered Community design.

(3) Where (by virtue of sub-paragraph (2)) the registration of a re-registered design is declared invalid, the registrar must—

(a) where there is a partial declaration of invalidity, amend the entry in the register of designs;

(b) otherwise, remove the re-registered design from the register.

(4) The registration of a re-registered design must not be declared invalid under sub-paragraph (2) where the grounds on which the existing registered Community design was declared invalid (whether wholly or partly) would not apply or would not have been satisfied in relation to the re-registered Community design if—

(a) the re-registered design had been the subject of an entry on the register as at the date the invalidation proceedings were instituted, and

(b) an application for a declaration of invalidity of the re-registered design based on those grounds had been made on that date under section 11ZA.

(5) Where the registration of a re-registered design is declared invalid to any extent pursuant to this paragraph—

(a) it shall to that extent be treated as having been invalid from the date on which the rights of the proprietor of the existing registered Community design from which it derives are deemed to have ceased under the Community Design Regulation;

(b) subject to any claim for compensation for damage caused by negligence or lack of good faith on the part of the proprietor or a claim for restitution based upon the unjust enrichment of the proprietor, the invalidity of the registration of the re-registered design does not affect—

(i) a decision arising from infringement proceedings which has been finally determined and which has been enforced prior to the date of the declaration of invalidity made pursuant to sub-paragraph (2) (“the invalidity declaration date”);

(ii) any contract entered into prior to the invalidity declaration date to the extent that it has been performed prior to that date, subject to the right of a party to the contract to claim the repayment of any consideration paid under the contract where, having regard to the circumstances, it is fair and equitable for such repayment to be made.

(6) Where a declaration is made under sub-paragraph (2), section 11ZE(2) does not apply.

(7) An invalidation notice may be sent by any person.

(8) For the purposes of this paragraph—

(a) proceedings are instituted if an application or counterclaim for a declaration of invalidity—

(i) has been filed (and not subsequently withdrawn) with the European Union Intellectual Property Office or a court designated for the purposes of Article 80, and

(ii) meets the requirements for being accorded a filing date under the Community Design Regulation and Commission Regulation (EC) No 2245/2002 of 21 October 2002;

(b) a decision is finally determined when—

(i) it has been determined; and

(ii) there is no further possibility of the determination being varied or set aside (disregarding any power to grant permission to appeal out of time).

(9) An appeal lies from a declaration of invalidity under sub-paragraph (2).”

Res judicata and abuse of process

22. The parties were agreed as to the English law principles of *res judicata* and abuse of process. Lord Sumption, in *Virgin Atlantic Airways Ltd v Zodiac Seats UK Ltd* [2013] UKSC 46, referred to *res judicata* as a portmanteau term which is used to describe a number of different legal principles with different juridical origins. These are:

(1) “Cause of action estoppel”, the principle that once a cause of action has been held to exist or not to exist, that outcome may not be challenged by either party in subsequent proceedings;

- (2) The principle that where the claimant succeeded in the first action and does not challenge the outcome, he may not bring a second action on the same cause of action;
- (3) The doctrine of merger which treats a cause of action as extinguished once judgment has been given upon it, and the claimant's sole right as being a right upon the judgment;
- (4) "Issue estoppel", the principle that even where the cause of action is not the same in the later action as it was in the earlier one, some issue which is necessarily common to both was decided on the earlier occasion and is binding on the parties;
- (5) The principle derived from *Henderson v Henderson* (1843) 3 Hare 100, 115, which precludes a party from raising in subsequent proceedings matters which were not, but could and should have been raised in the earlier ones.
- (6) The more general procedural rule against abusive proceedings, which may be regarded as the policy underlying all of the above principles with the possible exception of the doctrine of merger.

Impact of the Brexit legislation

23. Zaun accepts that, if the RCD had been found to be valid in a final decision in the Invalidity Action made prior to IP Completion Date and the Infringement Action had been disposed of by then, Zaun would have been precluded from making a counterclaim for invalidity of the RCD. The UK's subsequent departure from the EU would have made no difference.
24. That is because of Article 86(5). For the reasons developed below, I consider that would also have been the case because of the common law principles of *res judicata*.
25. Zaun also accepts that the UK court is entitled to continue to hear the Infringement Action as if it were a Community design court (because they were pending at IP Completion Date). It also accepts that the provisions of the Community Designs Regulation continue to apply – generally – to those pending proceedings.
26. It contends, however, in relation to the RCD, that there is no longer any estoppel on the basis of *res judicata* or abuse of process arising out of the final decision reached in the Invalidity Action. That is because Article 86(5) has been disapplied (as a result of paragraph 9(2) of Schedule 1A to the RDA 1949), and this has had the further consequence of implicitly disaplying any otherwise applicable common law principle of *res judicata*.
27. In relation to the Re-registered Design, Zaun contends that since it is a newly-created UK right, it has not been, and could not be, considered by the EUIPO. Accordingly, the decision of the EUIPO cannot give rise to any *res judicata* or abuse of process in respect of the Re-registered Design.

Article 86(5) of the Community Designs Regulation and paragraph 9(2) of Schedule 1A to the RDA 1949

28. It is common ground that the Infringement Action is legal proceedings instituted before the end of the transition period, within Article 67 of the Withdrawal Agreement. Pursuant to that Article, therefore (to which effect is given by s.7A of the 2018 Withdrawal Act) provisions regarding jurisdiction in the Community Designs Regulation continue to apply.
29. Betafence contends that Article 86(5) of the Community Designs Regulation is a provision regarding jurisdiction, and so continues to apply so as preclude Zaun from bringing its counterclaim seeking a declaration of invalidity.
30. Mr Brandreth KC, who appeared for Betafence, submitted that Article 86(5) is a provision regarding jurisdiction because it appears in Title IX of the Community Designs Regulation (headed “Jurisdiction and Procedure in Legal Actions relating to Community Designs”) or, alternatively, because it in fact relates to jurisdiction.
31. Ms Messenger, who appeared for Zaun, submitted that Article 67 of the Withdrawal Agreement applied only to those parts of Title IX of the Community Designs Directive which relate to jurisdiction (pointing to the fact that Title IX refers both to jurisdiction *and* procedure) and that Article 86(5) does not itself relate to jurisdiction.
32. I prefer Mr Brandreth’s submissions on this point. I consider that the provisions within Title IX are those which “regard” jurisdiction, whether they substantively assign jurisdiction to one or other court, or contain matters of procedure relating to jurisdiction. In any event, if that is wrong, Article 86(5) is a provision regarding jurisdiction. Although it is directed at the parties to an action, it has the substantive effect of depriving a court, before whom a counterclaim for invalidity is brought in the circumstances covered by Article 86(5), of jurisdiction to determine that claim.
33. Ms Messenger nevertheless contends that, notwithstanding s.7A of the 2018 Withdrawal Act, Article 86(5) has been *disapplied* by paragraph 9(2) of Schedule 1A to the RDA 1949.
34. Nothing in paragraph 9(2) expressly disapplies Article 86(5). At most, by omitting Article 86(5) from the provisions of Title IX of the Community Design Regulation which are expressly stated to continue to apply, it has implicitly disapplied the Article.
35. It must be read, however, together with, and subject to, Article 67 of the Withdrawal Agreement and s.7A of the 2018 Withdrawal Act. As noted above, s.7A(2) requires the Withdrawal Agreement to be given direct effect in the UK, and s.7A(3) requires every enactment, including an enactment contained in the 2018 Withdrawal Act, to be read and have effect subject to s.7A(2).
36. The 2019 Regulations and the 2020 Regulations, being the statutory instruments that effected the amendment to the RDA 1949, were made pursuant to the power conferred by s.8B of the 2018 Withdrawal Act as amended by the 2020 Withdrawal Act. This provides as follows:

“(1) A Minister of the Crown may by regulations make such provision as the Minister considers appropriate—

(a) to implement Part 3 of the withdrawal agreement (separation provisions),

(b) to supplement the effect of section 7A in relation to that Part, or

(c) otherwise for the purposes of dealing with matters arising out of, or related to, that Part (including matters arising by virtue of section 7A and that Part).

...

(3) Regulations under this section may make any provision that could be made by an Act of Parliament.

(4) Regulations under this section may (among other things) restate, for the purposes of making the law clearer or more accessible, anything that forms part of domestic law by virtue of—

(a) section 7A above and Part 3 of the withdrawal agreement...”

37. Part 3 of the Withdrawal Agreement includes Article 67. Thus, the 2018 and 2019 Regulations were made under a power to implement, among other things, Article 67. For the reasons set out above, for the purposes of the Infringement Action (as it was commenced before IP Completion Day), Article 67 applies Article 86(5) of the Community Designs Regulation. If paragraph 9A(2) of Schedule 1A to the RDA 1949 is interpreted as *disapplying* Article 86(5) it would therefore be in direct conflict with the power under which it was enacted.
38. A similar point arose in *Crafts Group LLC v MS Indeutsch International* [2023] EWHC 1455 (IPEC), in connection with the parallel EU and UK legislation relating to trade marks. Article 67(1) of the Withdrawal Agreement also applies, in respect of pending proceedings, the provisions regarding jurisdiction of Regulation (EU) 2017/1001 (the “Trade Mark Regulation”). Chapter 10 of the Trade Mark Regulation contains, at Article 128, provisions similar to Article 86 of the Community Designs Regulation, and Article 132 provides (c.f. Article 91 of the Community Designs Regulation) for a stay of proceedings where the issue of validity is already in issue before another EU trade mark court or where an application for revocation or a declaration of invalidity has already been filed at the EUIPO.
39. Secondary legislation, in the form of the Trade Marks (Amendment etc.) (EU Exit) Regulations 2019 added a Schedule 2A to the Trade Marks Act 1994, which contains, at paragraph 20(2), a provision which mirrors paragraph 9A(2) of Schedule 1A to the RDA 1949. This applied – in the case of pending proceedings – the provisions contained in Chapter 10 of the Trade Mark Regulation “with the exception of Articles 128(2), (4), (6) and (7) and 132”.
40. The apparent inconsistency, between (1) the application of Article 132 by virtue of Article 67(1) of the Withdrawal Agreement and (2) the exception relating to Article 132 in paragraph 20(2) of Schedule 2A to the Trade Marks Act 1994, was considered by HHJ Hacon in the *Crafts Group* case.

41. It was there argued that the direct effect of Article 67(1) could not be limited by statutory instrument (i.e. by the Trade Marks (Amendment etc.) (EU Exit) Regulations 2019 which added Schedule 2A to the Trade Marks Act 1994), and that where they were inconsistent, the direct effect of Article 67(1) must prevail. Referring to the enabling power in s.8B of the 2018 Withdrawal Act, it was argued that although a Minister could implement or supplement the direct effect of the Withdrawal Agreement, deal with matters arising out of it or even restate aspects of that direct effect, no Minister has the power to make regulations which limit the direct effect.
42. HHJ Hacon, at §54, agreed with the submission that “s.8B of the European Union (Withdrawal) Act 2018 indicates an intent on the part of Parliament that the direct effect of the Withdrawal Agreement in English law cannot be limited by regulations made by a Minister of State. It seems to me that this applies even if the regulations in question have the effect of supplementing primary legislation.”
43. He went on to conclude, however, at §55, that the apparently inconsistent provisions could be reconciled:
- “The two provisions overlap. The overlap does not of itself create a difficulty. Article 67(1)(b) provides for the continuing effect of art.132 as retained EU law in respect of proceedings instituted before the end of IP completion day; paragraph 20 of Schedule 2A does not. The net result is that art.132 has continuing effect.”
44. It seems to me that HHJ Hacon’s conclusion applies equally in this case: Article 67(1) provides for the continuing effect of Article 86(5) in relation to the Infringement Action. Paragraph 9(2) of Schedule 1A to the 1949 Act does not do so, but it does not in terms purport to terminate or otherwise derogate from the direct effect of Article 67(1). Accordingly, Article 86(5) of the Community Designs Regulation continues to apply by virtue of the direct effect of Article 67(1).
45. This conclusion is supported by the principles of interpretation of secondary legislation, including that they should, where possible, be interpreted in a way that avoids the conclusion that they are ultra vires: see, for example, Bennion, Bailey and Norbury on Statutory Interpretation, at §3.17.
46. In the case of the 2019 Regulations and the 2020 Regulations, they were the subject of the affirmative resolution procedure (i.e. although made by the Minister, they were approved by a resolution of both houses of Parliament). The special nature of such secondary legislation was explained by the Supreme Court in *R (on the application of the Public Law Project) v Lord Chancellor* [2016] UKSC 39, [2016] AC 151, per Lord Neuberger, at §21-26:
- “21 Subordinate legislation consists of legislation made by members of the Executive (often, as in this case, by Government ministers), almost always pursuant to an authority given by Parliament in primary legislation. The draft order in the present case would be a statutory instrument, which is a type of subordinate legislation which must be laid in draft before Parliament. Some statutory instruments are subject to the negative resolution procedure i.e. they will become law unless, within a specified period, they are debated and voted down. Other

statutory instruments, such as the draft order in this case, are subject to the affirmative resolution procedure, i.e. they can only become law if they are formally approved by Parliament: see subsections (6) and (7) (a) of section 41.

22 Although they can be said to have been approved by Parliament, draft statutory instruments, even those subject to the affirmative resolution procedure, are not subject to the same legislative scrutiny as bills; and, unlike bills, they cannot be amended by Parliament. Accordingly, it is well established that, unlike statutes, the lawfulness of statutory instruments (like other subordinate legislation) can be challenged in court. As Lord Diplock said in *F Hoffmann-La Roche & Co v Secretary of State for Trade and Industry* [1975] AC 295, 365: “even though [subordinate legislation] is contained in an order made by statutory instrument approved by resolutions of both Houses of Parliament, ... I entertain no doubt that the courts have jurisdiction to declare it to be invalid if they are satisfied that in making it the Minister who did so acted outwith the legislative powers conferred upon him by the ... Act of Parliament under which the order [was] purported to be made...”

23 Subordinate legislation will be held by a court to be invalid if it has an effect, or is made for a purpose, which is ultra vires, that is, outside the scope of the statutory power pursuant to which it was purportedly made. In declaring subordinate legislation to be invalid in such a case, the court is upholding the supremacy of Parliament over the Executive. That is because the court is preventing a member of the Executive from making an order which is outside the scope of the power which Parliament has given him or her by means of the statute concerned. Accordingly, when, as in this case, it is contended that actual or intended subordinate legislation is ultra vires, it is necessary for a court to determine the scope of the statutorily conferred power to make that legislation.

24 Normally, statutory provisions which provide for subordinate legislation are concerned with subsidiary issues such as procedural rules, practice directions, and forms of notice; hence statutory instruments are frequently referred to as Regulations. However, such statutory provisions sometimes permit more substantive issues to be covered by subordinate legislation, and, as is the case with section 9(2) (b) of LASPO, they sometimes permit subordinate legislation which actually amends the statute concerned (or even another statute), by addition, deletion or variation.

25 As explained in *Craies on Legislation*, 10th ed (2012), ed Daniel Greenberg, para 1.3.9: “The term ‘Henry VIII power’ is commonly used to describe a delegated power under which subordinate legislation is enabled to amend primary legislation.” When a court is considering the validity of a statutory instrument made under a Henry VIII power, its role in upholding Parliamentary supremacy is particularly striking,

as the statutory instrument will be purporting to vary primary legislation passed into law by Parliament.

26 The interpretation of the statutory provision conferring a power to make secondary legislation is, of course, to be effected in accordance with normal principles of statutory construction. However, in the case of an “amendment that is permitted under a Henry VIII power”, to quote again from Craies, para 1.3.11:

“as with all delegated powers the only rule for construction is to test each proposed exercise by reference to whether or not it is within the class of action that Parliament must have contemplated when delegating. Although Henry VIII powers are often cast in very wide terms, the more general the words used by Parliament to delegate a power, the more likely it is that an exercise within the literal meaning of the words will nevertheless be outside the legislature’s contemplation.”

47. I consider that paragraph 9(2) of Schedule 1A to the 1949 Act is to be construed, if possible, on the basis that the drafter intended to act within the power conferred by s.8B of the 2018 Withdrawal Act. It is possible to do so on the approach adopted by HHJ Hacon in *Crafts Group*. Accordingly, I conclude that the drafter did not intend to contradict the continued application of Article 86(5) in accordance with Parliament’s intention to give direct effect to Article 67(1) of the Withdrawal Agreement, as expressed in s.7A(2) of the 2018 Withdrawal Act. Article 86(5) therefore applies to the Infringement Action, notwithstanding the terms of paragraph 9(2) of Schedule 1A to the RDA 1949.

Res judicata

48. Had it been necessary to do so, I would in any event have concluded that irrespective of Article 86(5), Zaun is precluded by the common law principles of *res judicata* from re-litigating the question of invalidity, whether in respect of the RCD or the Re-registered Design, having litigated that question to a final conclusion before the EUIPO.
49. *Res judicata* depends upon a previous decision having been reached by a “court of competent jurisdiction”. Zaun contends that the EUIPO is not such a court.
50. The requirement for a decision to be of a court of competent jurisdiction means that a decision has been “pronounced by a judicial or other tribunal with jurisdiction over a particular matter”: see *Christou v Haringey London Borough Council* [2014] QB 131, per Elias LJ at §39. At §41, Elias LJ said: “There is no doubt that some domestic tribunals set up by contractual agreement will constitute judicial bodies whose determinations will be judicial in the relevant sense”, citing the following passage in *Spence Bower and Handley, Res Judicata*, 4th ed at §2.05:

“Every domestic tribunal, including any arbitrator or other person or body of persons invested with authority to hear and determine a dispute by consent of the parties, court order, or statute, is a ‘judicial

tribunal' for present purposes, and its awards and decisions conclusive unless set aside.”

51. The doctrine applies just as much to foreign courts and tribunals: see *Spencer Bower and Handley* at §1.02, cited with approval by Lord Clarke in *R (on the application of Coke-Wallis v Institute of Chartered Accountants in England and Wales* [2011] UKSC 1, at 34. It is there made clear that one of the constituent elements of the principle is that “the decision, whether *domestic or foreign*, was judicial in the relevant sense”. In that case, it was held that the doctrine of *res judicata* applied to non-statutory disciplinary proceedings established under the Institute’s bye-laws.
52. There is no doubt that in this case the EUIPO had jurisdiction to determine the question of validity as between Betafence and Zaun. Indeed, at the time that the Invalidity Action was commenced, as a result of Articles 52(1) (which enables parties to submit to the EUIPO an application for a declaration of invalidity) and 91(1), the EUIPO had *exclusive* jurisdiction to determine validity.
53. In *Hormel Foods Corp v Antilles Landscape Investments NV* [2005] EWHC 13 (Ch), Richard Arnold QC (as he then was) noted, at §31, the claimant’s acceptance that a decision of the Registrar was capable of founding a plea of *res judicata* since it was a decision of a court of competent jurisdiction. He considered he was right to do so, pointing out that s.72(5) of the Patents Act 1977 provides that a decision of the Comptroller-General of Patents does not estop any party to civil proceedings in which infringement of a patent is alleged from alleging invalidity of the patent, and noting that this provision would be unnecessary if such a decision was not capable of giving rise to a plea of *res judicata*.
54. Ms Messenger submitted that Richard Arnold QC’s conclusion that the UKIPO is a court of competent jurisdiction was “based largely” on the existence and terms of s.72(5) of the Patents Act 1977. She submitted that since Article 86(5) explicitly provides that a party is barred from counterclaiming for a declaration of invalidity if the EUIPO has previously determined an application relating to the same parties and subject matter, it must follow that the EUIPO is not a court of competent jurisdiction.
55. I disagree, for two reasons. First, as I have already noted, it was accepted in *Hormel* that the Registrar was a court of competent jurisdiction, so the deputy judge did not need to reach any conclusion on the point. In any event, his obiter comment concerning s.72(5), far from being the foundation of his conclusion, was made only as support for that conclusion. Second, Article 86(5) applies a statutory form of *res judicata* throughout the EU. It cannot be assumed that each of the member states has the same domestic law principle of *res judicata*, and no inference can be drawn – merely from the fact that Article 86(5) applies in the UK – as to the existence or otherwise of any such domestic principle. So far as the UK is concerned, I consider that Article 86(5) reflects an existing principle of the common law.
56. Ms Messenger also relied on the decision of the CJEU in *Apple and Pear Australia v EUIPO* (C-226-15P), which she submitted decided that there is no doctrine of *res judicata* as between national courts and the EUIPO. I do not accept this submission. In the first place, the question whether another court is a court of competent jurisdiction for the purposes of the common law principle of *res judicata* is a question of English law. Second, the CJEU in *Apple and Pear*, having stressed (at §51) the

importance of the principle of *res judicata* – both in the legal order of the EU and in national legal systems – said (at §52):

“In that regard, it should be noted that, although Regulation No 207/2009 does not explicitly define the concept of ‘*res judicata*’, it follows, in particular, from Article 56(3) and Article 100(2) of that regulation that, in order that decisions of a court of a Member State or EUIPO which have become final are *res judicata* and can therefore be binding on such a court or EUIPO, it is required that parallel proceedings before them have the same parties, the same subject matter and the same cause of action.”

57. The CJEU’s decision, that the decision of the national court in that case did not bind the EUIPO, was because the subject matter of the proceedings was different: see §54. The subject matter of the proceedings before the Belgian court was an action for infringement, in which annulment was sought of the Benelux trade mark and an order to refrain from using that sign throughout the territory of the EU, whereas the subject matter of the proceedings before the EUIPO was opposition to the registration of the EU trade mark.
58. For these reasons, I concluded that the EUIPO is a tribunal of competent jurisdiction for the purposes of the English law doctrine of *res judicata*.
59. Zaun then contends that the common law principles of *res judicata* have been disapplied by paragraph (2) of Schedule 1A to the RDA 1949. This is based on the proposition that “by expressly disappling” Article 86(5), paragraph 9(2) of Schedule 1A to the RDA 1949 “must be interpreted as expressly disappling the doctrines of *res judicata* and/or *Henderson v Henderson* abuse of process as between the EUIPO and national courts.”
60. As I have already noted, there is in fact no express disapplication of Article 86(5) in paragraph 9(2) of Schedule 1A to the RDA 1949. At best any disapplication is implied by the fact that it is excluded from the express application of Title IX of the Community Designs Regulation.
61. Ms Messenger relied on the fact that the principle of *res judicata* applies unless an intention to exclude the principle can properly be inferred as a matter of construction of the relevant statutory provisions: see *Thrasylvoulou v Secretary of State for the Environment* [1990] 2 AC 273, at p.289C-D.
62. It would in my judgment take more than an implied disapplication of the particular form of statutory *res judicata* in Article 86(5) to justify the conclusion that it was parliament’s intention to disapply the well-established principles of *res judicata* and abuse of process.
63. The notion that paragraph 9(2) was intended to enable a party in Zaun’s position – that is, someone who has litigated the invalidity of a design right to a final conclusion before the EUIPO – to ignore that conclusion and start again free from any statutory or common law species of *res judicata* is difficult to square with paragraph 9A of Schedule 1A to the RDA 1949 (set out above). This applies where, at IP Completion Day, there were pending invalidity proceedings (including in the EUIPO), in relation

to a registered design, and the registered design is subsequently declared invalid. The effect of paragraph 9A is to extend that conclusion, automatically, to the re-registered design.

64. It would make no sense for paragraph 9A to *extend* the consequence of a finding of invalidity in (for example) the EUIPO to the re-registered design within this jurisdiction if the finding of invalidity was not equally effective within this jurisdiction in relation to the registered community design.
65. Moreover, if – as paragraph 9A indicates – a finding of *invalidity* in the EUIPO was to be binding in this jurisdiction in cases of pending proceedings as at IP Completion Day, it would be surprising if the drafter intended that a finding of *validity* was not binding. Ms Messenger suggested that the drafter could have intended this, because the consequences of a finding of *invalidity* are more serious, because that precludes the English court from entertaining an action for infringement. I do not accept this. A finding of *validity* is equally important, because it *enables* the holder of the design right to pursue those which it alleges have infringed the right.
66. Ms Messenger submitted that there was logical support for the drafter of Schedule 1A to the RDA 1949 to have wanted to exclude the principles of *res judicata* in the case of a finding of *validity*, namely that even if (contrary to her submission) the EUIPO is a court of competent jurisdiction, it is one in which conclusions are reached – in general at least – without cross-examination and expert evidence. That provided, she said, a logical reason why the drafter of Schedule 1A would not want the EUIPO's decision to be binding in the context of a pending infringement action in the UK, where the issue can be tested with oral evidence, cross examination and expert evidence.
67. I do not accept this submission. It does not meet the illogicality of distinguishing, in this respect, between a decision of the EUIPO that a design right is *valid* and one that it is *invalid*.
68. Accordingly, I conclude that, even if Article 86(5) has been implicitly disapplied by para 9(2) of Schedule 1A to the RDA 1949, the common law principles of *res judicata* continue to apply so as to preclude Zaun from re-litigating the question of invalidity which it has contested to a final conclusion before the EUIPO.

The Re-registered Design

69. It was the primary position of both parties that the conclusion, so far as the issues in this case are concerned, should be the same as between the Re-registered Design and the RCD. Both agreed that it would make little logical sense for there to be a difference in outcome as between the two design rights. Each of them, however, argued for the opposite conclusion, and both, as a fallback, sought to draw such a distinction between the RCD and Re-registered Design if their primary position was rejected.
70. I consider that they were both correct to contend that there ought to be no different outcome as between the Re-registered Design and the RCD. The Re-registered Design is – as is made clear by paragraphs 9 and 9A of Schedule 1A to the RDA 1949 – a creation of statute that derives wholly from, and follows the fortunes of, the RCD.

Thus, as I have noted above, a declaration of invalidity in proceedings before the EUIPO (in pending proceedings as at IP Completion Day) in respect of a registered community design *must* be reflected in a declaration of invalidity of the re-registered design which derives from the registered community design. To avoid an absurdity, I consider that a counterclaim for a declaration of invalidity in respect of the Re-registered Design should be regarded (to use the language of Article 86(5)) as a claim relating to the same subject matter and cause of action, involving the same parties, as the claim in the Invalidity Action relating to the RCD.

71. If that is wrong, and Zaun is correct to say that Article 86(5) has no application to the Re-registered Design because it is a newly-created UK right, as such it must be subject to the principles of *res judicata* under English domestic law. For the purposes of those principles, I consider that a counterclaim for a declaration of invalidity in respect of the Re-registered Design is *res judicata* where the same issue of invalidity has been litigated (or could have been litigated, on the basis of the principles in *Henderson v Henderson*) to a final conclusion in relation to the RCD out of which the Re-registered Design has been created.

Conclusion

72. For the above reasons, I will strike out Zaun's counterclaim seeking a declaration of invalidity of the RCD and the Re-registered Design.