



COPYRIGHT

Court of Appeal Confirms High Court Decision and Finds no Copyright Infringement in Software With Same Functionality

In *SAS Institute Inc v World Programming Ltd* [2013] EWCA Civ 1482 (21 November 2013), the Court of Appeal of England and Wales upheld the High Court's decision that copyright protects the form of expression of an intellectual creation, rather than the intellectual creation itself, and found that World Programming Ltd had not infringed SAS Institute Inc's copyright in its software and manual by creating a program with the same functionality as SAS's program.

BACKGROUND

SAS Institute Inc is a software company that developed an analytic software program for businesses called SAS System. The software is written in SAS language and is accompanied by a manual that explains how to use the software, but not the internal workings of the software. SAS also produces a cut-down version of the software as a learning tool (the Learning Edition).

World Programming Ltd (WPL) sought to develop software to compete with SAS System (WPS). WPL designed software that would emulate as much of the functionality of SAS System as possible by studying the SAS manuals and the Learning Edition. SAS sued WPL for copyright infringement on the following bases:

- WPL copied a substantial part of the SAS manuals to create WPS, referred to in the judgment as the Manual to Program Claim
- WPL had indirectly infringed the copyright in SAS System to create WPS (Program to Program Claim)
- WPL had copied a substantial part of the SAS manuals to draft its manual to WPS (Manual to Manual Claim)
- The use of SAS Learning Edition by WPL was in breach of WPL's licence to use the software (SAS Learning Edition Claim)

At first instance, Arnold J referred a number of questions to the Court of Justice of the European Union (CJEU) concerning the interpretation of two key pieces of European copyright legislation, the Information Society Directive (2001/24/EC) and the Software Directive (91/250/EEC, now replaced by 2009/24/EC). At issue was the extent to which the functionality of a program may be copied and the materials that could be lawfully used to create that copy.

Arnold J rejected all the claims made by SAS, except that he found there had been limited copyright infringements in respect of the Manual to Manual Claim. After the CJEU reference, it was clear that the functionality of the software could not be protected. SAS appealed to varying degrees the findings of Arnold J in respect of each of the claims except the Program to Program Claim.

DECISION

The Court of Appeal began with a review of the responses from the Advocate-General and the CJEU to the questions posed by Arnold J. The Court concluded that the outcome of the reference was that it was clear that copyright protects the form of expression of an intellectual creation, rather than the intellectual creation itself. Accordingly, in respect of the Manual to Program Claim, the Court held that Arnold J should not have focused on the factual background when reaching his conclusion. Instead, he should have found that the alleged copying was not copying of the form of expression of SAS's intellectual creation and therefore could not be copyright infringement. Arnold J had, however, reached the right conclusion on the Manual to Program Claim and the appeal was dismissed.

Following the CJEU's judgment that "in light of Directive 2001/29, the reproduction of... elements of the user manual for a computer program must be the same with respect to the creation of the user manual for a second program as it is with respect to the creation of the second program", the Court of Appeal concluded that the Manual to Manual Claim must stand or fall with the Manual to Program Claim. Thus, on this analysis, the appeal against the failed aspects of the Manual to Manual Claim was also rejected. WPL had not appealed against Arnold J's limited findings of copyright infringement arising from linguistic reproduction in the WPL manual. The fact that the manual had been written to describe the WPL program, which in turn had been created from observing the

SAS program, meant, however, that the SAS copyright in the manual had not been infringed.

In respect of the Learning Edition Claim, Arnold J had found that WPL had breached two terms of the SAS licence. First, WPL had not restricted the use of the software to employees who had used SAS's click-through mechanism for the licence to use the software. Second, WPL had used the Learning Edition outside the authorised purposes of the licence.

On the first issue, SAS's claim had been rejected at first instance on the basis of Article 5(3) of the Software Directive, which permits a person who has the right to use a copy of a computer program to observe, study or test the functioning of the program. The Court of Appeal took the same view. With regard to the second issue, the Court considered that in light of the answer to the first question, WPL was not in breach of the contractual provision for allowing employees who had not entered into the SAS licence to use the software for purposes protected under Article 5(3).

COMMENT

The Court of Appeal agreed with the High Court, albeit in some instances on different reasoning. The dichotomy between ideas and expressions of those ideas is at the heart of many copyright disputes, and case law is constantly evolving the understanding of where the dividing line between the two should be set. Undoubtedly, the Court's formulation that copyright protects "the form of expression of an intellectual creation" will be the subject of further consideration both in relation to software disputes and wider copyright claims.

Also of interest was the criticism leveled by the Court of Appeal at the CJEU. The CJEU had, rather than answering Arnold J's questions as posed, expressed itself in a way that was described as "disappointingly compressed, if not obscure". This led to a further hearing at first instance and a continuing debate as to whether all of the questions had in fact been answered.

PATENT

Court of Appeal Recasts Guidance on Granting Stays in Patent Proceedings While European Patent Office Proceedings Are Pending

In *IPCom GmbH & Co Ltd v HTC Europe Ltd and others* [2013] EWCA Civ 1496, the Court of Appeal of England and Wales discussed the effect of the decision of the Supreme Court in *Virgin Atlantic Airways Ltd v Zodiac Seats UK Ltd* [2013] UKSC 46 on the guidelines for granting a stay set out by the Court of Appeal in *Glaxo Group Limited v Genentech Inc. and Biogen Idec Inc.* [2008] EWCA Civ 23 and has revised the guidelines.

BACKGROUND

IPCom's patent EP (UK) 1 841 268 (the patent), held to be valid in previous litigation between IPCom and Nokia, protects an invention controlling access to the random access channel in a wireless telecommunication network. In light of its success against Nokia, IPCom initiated infringement proceedings against HTC in the United Kingdom. After initiating this litigation the European Patent Office (EPO) Opposition Division held that the patent was invalid for added matter.

IPCom appealed to the EPO appeal board, which determined that the added matter objection was overcome by amendments to the claims, and consequently referred the amended claims back for consideration of novelty and inventive step. Following that decision, HTC applied to have the UK patent infringement and revocation action stayed pending the outcome of the EPO proceedings.

On 12 June 2013 Roth J, applying the guidance set out in *Glaxo*, refused to grant a stay with reasons to follow. Before those reasons were handed down, the Supreme Court passed judgment in *Virgin Atlantic*, which questioned the correctness of the *Glaxo* guidance. Consequently, Roth J granted HTC permission to appeal.

DISCUSSION

The Court of Appeal held that the *Glaxo* guidelines should be revised.

The principal amendment is that the default position has shifted so that a stay of national proceedings should be granted, with the burden placed on the party resisting the stay to establish that it is appropriate for a stay not to be granted in the circumstances.

The guidelines set out in *Glaxo* indicated that the length of the delay in the EPO proceedings compared to national proceedings should be the primary factor considered by the court in exercising its discretion. The revised guidelines consider the duration of delay to be just one of a number of factors (albeit an important one) to be taken into account by the court.

Other relevant factors include the provision of commercial certainty to the parties, the earlier crystallisation of the extent of patent rights to the general public, the promotion of settlement through national proceedings and the risk of wasted costs.

It is worth noting, however, that wasted costs arguments will likely carry less weight than those in respect of commercial factors. An important factor, according to the revised guidelines, is the extent to which a stay will "irrevocably deprive a party of any part of the benefit" derived from the dual national-EPO system, in particular if the patentee could derive some monetary compensation that is not repayable even if the patent is later revoked. Provision of suitable undertakings to repay damages awarded if a patent is subsequently revoked may, however, overcome objections founded on this premise.

The court must consider all factors at a high level so that an application for a stay does not result in a "mini-trial of the relevant factors".

COMMENT

The chief effect of the revision of the guidelines is to alter the default position in respect of granting stays and to tone down the court's emphasis on delays in EPO proceedings in making its decision, with factors in favour of refusing a stay being largely commercial in nature.

PATENT

Advocate General Jääskinen Gives Georgetown University SPC Opinion

On 14 November 2013, Advocate General (AG) Jääskinen's opinion in the Dutch supplementary protection certificate (SPC) referral, *Georgetown University* (C-484/12), was released. AG Jääskinen declined to answer the question of whether or not more than one SPC can be granted in relation to the same basic patent. He did, however, advocate that a patent holder should be afforded the choice of which SPC application should proceed when multiple applications are pending simultaneously, and should be able to surrender previously granted SPCs in order to have another granted.

BACKGROUND

The District Court of The Hague made the Georgetown University reference on 12 October 2012 in respect of a patent protecting four types of human papillomavirus (HPV) (the patent). Georgetown University sought an SPC for HPV16 under the patent. It had, however, previously obtained other SPCs under the patent for a combination of HPV16 and HPV18 and separately for a combination of HPV6, HPV11, HPV16 and HPV18.

The Dutch Patent Office refused the application for an SPC for HPV16, following comments made by the CJEU in respect of Article 3(c) of Regulation 469/2009 (the SPC Regulation) in *Medeva* C-322/10, that only one SPC could be granted per basic patent.

In light of *Medeva* and the historical practice of patent offices across the European Union in granting more than one SPC per patent, the Dutch Court was of the opinion that the correct application of Article 3(c) of the SPC Regulation was not free from doubt. The Dutch court therefore made a reference to the CJEU for clarification as to whether or not the SPC Regulation only permits one SPC per patent and whether or not it is permissible to surrender earlier SPCs to allow the grant of a later one.

DECISION

AG Jääskinen chose not to analyse the issue of the number of SPCs allowed per patent under Article 3(c) of the SPC Regulation. In his estimation, the views expressed by AG

Trstenjak in respect of *Medeva* provided adequate material for the CJEU to draw its conclusions on that issue.

AG Jääskinen, assuming that only one SPC can be granted per basic patent, recommended that, where multiple SPC applications are pending in respect of the same basic patent, the patent holder should be expressly afforded the choice of which SPC application proceeds through the competent authority. Should a patent holder decline to elect between co-pending applications, the national authorities will need to proceed as stipulated under national law.

Further, AG Jääskinen advised that a patent holder may surrender an SPC in favour of another SPC with the terms of this surrender being exclusively governed by the SPC Regulation, with no national law control. This surrender should not, however, have retrospective effect, meaning that the product in question will have previously been the subject of an SPC, within the meaning of Article 3(c) of the SPC Regulation, to maintain legal certainty.

COMMENT

The recommendation that patent holders should have the opportunity to elect between co-pending SPC applications, if they cannot all be granted, will be welcomed by patentees. The recommendation that the surrender of SPCs should not have retrospective effect is perhaps not surprising, but does mean that patent holders should exercise caution in surrender strategies to ensure they are not blocked from securing future SPCs by Article 3(c) of the SPC Regulation.

The AG's opinion is not binding on the CJEU, so patent holders should look out for the final decision on this matter.

After this publication was finalised, the CJEU decision was handed down. The CJEU's decision will be covered in the next Bulletin.

TRADE MARK

CJEU Confirms Change in Economic Behaviour is Required to Prove Trade Mark Dilution

In *Environmental Manufacturing LLP v OHIM* [2013] C-383/12 P, the Court of Justice of the European Union (CJEU) confirmed that evidence of change in the economic behaviour of the average consumer is required in order to prove trade mark dilution under Article 8(5) of Community Trade Mark (CTM) Regulation (207/2009/EC).

BACKGROUND

Environmental Manufacturing LLP's predecessor applied to register a figurative Community trade mark (CTM) for a sign depicting a wolf's head for professional wood and green waste processing machines in Class 7. Société Elmar Wolf opposed the registration relying on Articles 8(1)(b) and 8(5) of the CTM Regulation, based on earlier French and international word and figurative trade marks incorporating a wolf's head, registered in respect of gardening products in Class 7.

The Opposition Division of the Office of Harmonization for the Internal Market (OHIM) dismissed the opposition based on Article 8(1)(b), holding that there was no likelihood of confusion between the marks. It also dismissed the Article 8(5) opposition, finding that Elmar Wolf had not adduced evidence of any detriment to the repute of the earlier marks or any unfair advantage gained from them.

OHIM's Board of Appeal overruled the Opposition Division decision under Article 8(5), finding that:

- The earlier marks were highly reputed in three Member States
- There were some similarities between the marks and the goods covered
- The mark applied for might dilute the unique image of the earlier marks and take unfair advantage of their distinctive character or reputation

EU GENERAL COURT DECISION

The EU General Court agreed with the OHIM Board of Appeal's finding that the use of the mark applied for was likely to be detrimental to the distinctive character of the earlier marks. The General Court dismissed Environmental Manufacturing's argument that it was necessary to show the economic effects of the connection between the marks, holding that it was sufficient for the owner to show that the ability of its mark to identify the source of goods or services for which it was registered and used had been weakened.

CJEU DECISION

On further appeal, the CJEU agreed with Environmental Manufacturing's argument. The judgment in *Intel Corporation C-252/07* was explicit: in order to show dilution of an earlier mark, evidence of change in the economic behaviour of the average consumer of the goods or services for which the earlier mark was registered was required to prove that the use of the later mark would be detrimental to the distinctive character of the earlier mark.

The CJEU held that the change in economic behaviour of the average consumer was an objective condition; it could not be deduced solely from subjective elements such as consumer perceptions. The mere fact that consumers noted the presence of a new sign similar to the earlier mark was not sufficient of itself to establish the existence of detriment or a risk of detriment to

the distinctive character of the earlier mark, inasmuch as that similarity did not cause any confusion in their minds.

The CJEU accepted that the General Court had erred in law in dismissing the assessment of the condition laid down by *Intel Corporation*. It was necessary to demand a higher standard of proof in order to find detriment, or the risk of detriment, to the distinctive character of the earlier mark within the meaning of Article 8(5). The CJEU accepted that "the Court's case-law does not require evidence to be adduced of actual detriment, but does admit the serious risk of such detriment, allowing the use of logical deduction". Nonetheless, such deductions cannot be the result of "mere suppositions" but have to be founded on "an analysis of the probabilities and by taking account of the normal practice in the relevant commercial sector as well as all the other circumstances of the case". Accordingly, the CJEU allowed the appeal, and referred the case back to the General Court.

COMMENT

The CJEU decision is not unexpected as the General Court decision did not sit well with the judgment in *Intel Corporation*. Had the General Court's approach been adopted, it may have been easier for trade mark owners to establish dilution. In the CJEU's view, however, it would have led to a situation in which the test for dilution would unduly favour trade mark holders, which could damage competition.

TRADE MARK

EU General Court Confirms No Proof of Genuine Use of Earlier Trade Mark in CTM Opposition

In *Biotronik SE & Co. KG v OHIM*, Case T-416/11 the EU General Court upheld a decision of the Board of Appeal and rejected an opposition to a Community trade mark (CTM) raised by the proprietor of an earlier trade mark, on the grounds that the proprietor could not prove genuine use of its mark.

BACKGROUND

In October 2006 Cardios Sistemas Comercial e Industrial Ltda filed an application to register a CTM for CARDIO MANAGER, in relation to goods falling within Classes 9 and 10, namely for medical apparatus. Biotronik SE & Co. KG filed a notice of opposition on the grounds of its earlier mark CARDIOMESSENGER, registered in Germany for goods in Classes 9 and 10.

Cardios Sistemas made a request that Biotronik provide proof that its earlier mark had been put to genuine use. In response to a request from the Office for Harmonisation in the Internal Market (OHIM), Biotronik produced various extracts from newspapers and medical journals, instruction manuals for a device known as the CardioMessenger and printouts from Biotronik's website, along with examples of packaging, each of

which bore the sign CARDIOMESSENGER during the relevant period. Biotronik further sought to rely on a formal written statement made by one of Biotronik's Vice-Presidents.

The Board of Appeal held that Biotronik had not proved its earlier mark had been put to genuine use, and Biotronik appealed to the General Court.

DECISION

Biotronik claimed that the Board of Appeal erred in its assessment of the material provided in demonstrating genuine use of the earlier mark. Article 42(2) of Regulation No 207/2009 sets out that where an applicant for registration of a trade mark requests it, the proprietor of an earlier CTM or national mark who has given notice of opposition must furnish proof that, during the period of five years preceding the date of publication of the CTM application, the earlier mark has been put to genuine use in the Community or relevant Member State in connection with the goods or services to which it relates, or alternatively there must be proof that there are proper reasons for non-use, provided that at that date the earlier mark has been registered for not less than five years. In the absence of proof to that effect, the opposition may be rejected.

Rule 22(3) of Regulation No 2868/95 requires that such proof must relate to the place, time, extent and nature of use of the opposing trade mark. Genuine use will not be established by way of token use for the sole purpose of preserving the rights conferred by the mark, but rather it must have been used in a way that guarantees the identity of the origin of the goods for which it is registered. The General Court noted further that, in order to meet the requisite standard, the mark must be used publicly and outwardly.

In assessing genuine use, the General Court confirmed that all facts and circumstances of the case were relevant in establishing whether or not the commercial exploitation of the mark is real, whether or not such use is viewed as warranted in the relevant economic sector in order to maintain or create a share in the market for the goods, the nature of such goods, the characteristics of the market and the scale and frequency of use of the mark. In determining the factors to be considered, the General Court confirmed that such a review does not need to include an assessment of an undertaking's commercial success or its economic strategy. It instead emphasised that the process was not intended to restrict trade mark protection to cases where large-scale commercial use has been made of trade marks.

In light of these considerations, the General Court upheld the decision of the Board of Appeal that Biotronik's evidence, whether assessed on an individual basis or as a whole, could not be relied on as solid and reliable proof of genuine use in the relevant market. On assessing the evidence produced by Biotronik, the General Court relied on factors such as:

- Documents being used solely for internal purposes
- Documents not providing information relating to the time or place in which the device was being put onto the market

- Documents only establishing the existence and function of the particular device, and not referencing the extent or nature of use
- Documents not referring to the CARDIOMESSENGER trade mark itself

COMMENT

This case serves as a reminder for trade mark proprietors that, in order to enjoy the benefits of the rights conferred by registered trade marks, genuine use and commercial exploitation of the mark must be real and sufficient to demonstrate that such use is not merely superficial.

TRADE MARK AND PASSING OFF

Court of Appeal of England and Wales Confirms That Figurative CTM for "NOW" is Descriptive and Invalid

In *Starbucks (HK) Ltd and others v British Sky Broadcasting Group plc and others* [2013] EWCA Civ 1465, the Court of Appeal of England and Wales confirmed that a figurative Community trade mark (CTM) for "NOW" was descriptive and therefore invalid and that use of the mark in Hong Kong did not give rise to goodwill protectable in the United Kingdom.

BACKGROUND

Since at least 2006, Starbucks had broadcast in Hong Kong an internet protocol TV service under the name NOW TV and had established goodwill in the mark in Hong Kong. Certain of Starbucks' programmes were accessible in the United Kingdom via the internet.

Starbucks owned a figurative CTM comprising the word NOW accompanied by simple graphic elements composed by lines radiating from the word NOW. The mark was registered in respect of various goods and services, including television and telecommunication services, in Class 38. Starbucks planned to expand "NOW TV" as a subscription service to the United Kingdom. There was no advance advertising or promotion for the proposed service.

Starbucks issued the present proceedings in April 2012 following an announcement by British Sky Broadcasting Group of a new, stand-alone internet protocol service in the United Kingdom called NOW TV. Starbucks claimed that Sky's choice of name infringed its figurative mark under Articles 9(1)(b) and (c) of CTM Regulation 207/2009, as there was a likelihood of confusion on the part of the public between Starbucks' CTM and Sky's NOW TV sign. Starbucks also brought proceedings for passing off against Sky, arguing that Starbucks had goodwill in the mark in the United Kingdom.

Sky counterclaimed that Starbucks' CTM was invalid under Articles 7(1)(b) and (c) of the CTM Regulation, arguing that it was descriptive and non-distinctive and that Starbucks had no protectable goodwill in the United Kingdom.

DECISION

Upholding the High Court decision, Sir John Mummery, giving the leading judgment in the Court of Appeal, dismissed both the trade mark infringement and passing off claims.

TRADE MARK INFRINGEMENT

Sir John Mummery confirmed that the registered mark NOW was neither inherently distinctive of Starbucks' TV service, nor had it acquired distinctiveness through use. He remarked that in choosing a commonplace, easily understood, ordinary English word, Starbucks was running the risk of it being declared invalid on the ground that the mark would be understood by the average consumer as an appealing characteristic of that service, namely, the offer of programmes of choice being available immediately on demand without having to wait around for the arrival of a scheduled waiting time. The figurative elements of Starbucks' CTM did not affect this conclusion.

PASSING OFF

Sir John Mummery noted that Starbucks was required to establish by evidence the existence of the claimed goodwill in the United Kingdom at the date when Sky made its announcement to launch their NOW TV service. In order to establish goodwill in the United Kingdom, Starbucks had sought to rely on access in the United Kingdom to its Chinese language TV programmes on its website, now-tv.com, access to videos on YouTube under the NOW TV brand and the availability of a small number of its programmes on various international airlines flying to and from the United Kingdom.

Sir John Mummery noted that it was possible to establish goodwill in the supply of a service even where customers were not charged and where the customers were a foreign speaking minority section of the UK public. The universal presence and accessibility of the internet, which enabled access to be gained in the United Kingdom to programmes emanating from Hong Kong, was not, however, sufficient to establish an identifiable goodwill with a customer base in the United Kingdom. All that happened in the United Kingdom was the viewing of programmes coming from Hong Kong. To generate goodwill, Starbucks would have had to have made some connections with UK customers, or at least attempted to make such connections, with a view to transacting business with them.

The evidence of Starbucks' plans to launch in the United Kingdom was found insufficient to establish that Starbucks' had generated any protectable goodwill in the United Kingdom in the mark NOW; it was necessary to either have or promote and advertise to a customer base in the United Kingdom.

COMMENT

The case serves as a reminder to carefully consider the possible implications when choosing a descriptive or non-distinctive brand name. As Arnold J noted at first instance, there can be astute consequences when "registering descriptive marks under the cover of a figurative figleaf of distinctiveness". Even where a registry does not initially refuse the registration, the validity of such marks may be challenged by a direct competitor of the brand owner.

COMPETITION

Court of Appeal of England and Wales Allows Challenge to Jurisdiction in "Follow on" Damages Claim

In *Ryanair Ltd v Esso Italiana Srl* [2013] EWCA Civ 1450 (19 November 2013), the Court of Appeal allowed a challenge to the jurisdiction of the English courts to hear a claim for "follow on" damages after a finding by the Italian Competition Authority (ICA) that Esso had engaged in anti-competitive behaviour.

BACKGROUND

Esso Italiana Srl supplied jet fuel to Ryanair Limited at various Italian airports. The contract for the supply between the parties, entered into on behalf of Esso by one of its agents, contained a jurisdiction clause which stated that English law would apply to the contract and matters arising from it, and that the parties submitted to the non-exclusive jurisdiction of the English courts. The contract also contained a clause in relation to pricing, which allowed Ryanair to cancel the contract within a specified period if at any time the prices under the agreement did not "conform to the applicable laws, regulations or orders of a government or other competent authority".

On 14 June 2006, a number of companies, including Esso, were found by the ICA to have participated in a cartel contrary to then Article 81 of the EC Treaty (now Article 101 of the Treaty on the Functioning of the European Union). The effect of the cartel was to increase prices in Italy for jet fuel by €10 to €20 per 1,000 litres of fuel. As well as being fined by the ICA, the decision meant that parties affected by the cartel have the right to bring claims against participants in the cartel for follow on damages for their loss. The claim is for breach of a statutory tort.

Ryanair sued Esso in the High Court for i) breach of contract on the basis of the pricing clause and ii) breach of a statutory tort arising from the ICA decision. Esso challenged the jurisdiction of the English courts to hear the second claim, arguing that the claim fell outside the jurisdiction clause. At first instance, Esso did not address the merits of Ryanair's contractual claim and the first instance judge Eder J rejected Esso's challenge. Eder J found that the breach of contract claim required consideration of the same issues as the statutory

claim, and thus the claims were “so closely knitted together” that they should both be heard before the English courts. Esso appealed.

DECISION

The first instance decision was predicated on the parties submitting to the jurisdiction of the English courts in respect of the contractual claim. It was evident however, that Esso intended to argue that this claim was without merit if the claim proceeded to trial. Esso had not explored this argument further at first instance for fear of being seen to accept jurisdiction. The Court of Appeal did not consider Esso’s approach to the contractual claim at first instance was necessary; if the contractual claim had no prospect of success, the reasoning that both claims should be heard before the same court would fall away.

The Court of Appeal examined the scope of the pricing clause in the agreement between the parties. Rix LJ, giving the leading judgment, considered that the pricing clause was not designed for the function Ryanair sought to derive from it. It was designed to deal with applicable laws of which both parties were aware, rather than undisclosed cartel behavior contrary to competition law. Equally, Rix LJ reasoned that under the cartel it was not the prices that were unlawful, but rather the cartel behaviour itself. If this behaviour led to a claim for follow on damages through breach of a statutory duty, namely compliance with EU competition law, there was no price adjustment distinct from these damages that would have triggered the pricing clause.

On this reasoning, Rix LJ concluded that Ryanair had no prospect of succeeding in its contractual claim. This left the statutory claim, which he found fell outside the jurisdiction clause. The reasoning of the first instance decision, that the claims were so closely connected, therefore fell away and Esso’s appeal was allowed.

COMMENT

Claims for follow on damages often arise where a company has paid more for goods or services under an agreement than it would have done, if not for the other party’s anti-competitive behaviour. These have become particularly popular in the English courts of late as the English courts are seen as a favourable forum for the claimant. This case provides an interesting analysis of the nexus required for the English courts to accept jurisdiction in such claims. To avoid dispute over the proper forum to hear such claims, it may therefore be appropriate in certain circumstances to address the possibility of such claims explicitly in the jurisdiction clause of the underlying agreement.

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