
Virtuoso Legal.

Case Highlights.



Virtuoso Legal.

Our Success is your Success

Virtuoso Legal are true intellectual property specialists who offer a comprehensive depth and scope of IP services.

A jewel in the crown of Virtuoso Legal's offering is our IP litigation capability - proven by a history of important results for our clients.

Within this guide, we present a number of these success stories for your consideration.

**Link Up Mitaka Ltd (t/a
Thebigword) v Language
Empire Ltd & Anor.**

**Landmark IPEC costs
award in trade mark
infringement case
against cybersquatter**

Landmark IPEC costs award in trade mark infringement case against cybersquatter

An international linguistic services company found a third-party website using its brand selling services. The team at Virtuoso Legal investigated, finding a competing company had set it up and had been siphoning business through the site. This was a cybersquatting and trade mark infringement case, resulting in a record cost and damages award.

Link Up Mitaka Ltd (t/a Thebigword) v Language Empire Ltd & Anor.

Maintaining a presence online is important to any contemporary business. For those who operate predominantly online this is especially important. Large scale companies can often find that bad actors will utilize their brand (whether onsite, or within the domain name, for example) in order to divert trade and enquiries. This is a phenomenon known commonly as “cybersquatting”.

Virtuoso Legal’s client, Link Up Mitaka Ltd. (trading as “thebigword”) is a Leeds-based translation and transcription business with a global reach. thebigword successfully brought a claim against Rochdale-based competitor, Language Empire Limited (“Language Empire”), and company director Yasar Zaman for use of its registered trade marks for “thebigword” on a series of web domains and passing off in relation to online activity dating back to 2010.

In this case, the Virtuoso Legal team achieved a record-breaking award of damages, in excess of £140,000 (more than double the amount sought) against Language Empire. For the first time in the history of the Intellectual Property Enterprise Court (“IPEC”), successfully obtained a costs award of £98,000, which was close to four times the usual cost cap of £25,000 due to the Defendants’ unreasonable conduct.

Landmark IPEC costs award in trade mark infringement case against cybersquatter

BACKGROUND

Upon receipt of the pre-action correspondence from Virtuoso Legal, the Defendants (Language Empire) failed to reply. The offending websites were taken down shortly after this letter was received. However, taking down the offending websites was not enough, there was still the question of the damage caused by Language Empire.

The Virtuoso Legal team prepared and served Particulars of Claim in March 2017, which alleged that the Defendants' creation and maintenance of the websites had deliberately infringed thebigword's trade marks and as such passed off the websites as belonging to the Claimant – in order to divert prospective customers from the Claimant to the Defendant. thebigword successfully obtained judgment on infringement and elected for an inquiry as to damages in the matter and served points of claim.

THE ISSUES BROUGHT TO THIS INQUIRY WERE

1. Whether the Defendants (or agents of) made any sales of translation and/or interpretations as a result of enquiries made from potential customers who had visited the websites;
2. If so, the reasonable royalty that would have been payable on those sales was a willing licensor in the position of the thebigword and willing licensee in the position of Language Empire;
3. Whether thebigword was entitled to an award of damages in respect to the Defendants' unfair profits – and if so an assessment of those damages.

Landmark IPEC costs award in trade mark infringement case against cybersquatter

THE DAMAGES DECISION

Her Honour Judge Clarke found against the Defendants; and in doing so sought to identify the “sum of money which will put him (the Claimant) in the same position he would have been if he had not sustained the wrong.”

Judge Clarke noted from thebigword’s evidence that there was a 50% increase in website traffic on thebigword’s own website after the infringing websites had been taken down. It was noted that a significant proportion of traffic would have made an enquiry on the website, of which some 75% would have been converted into sales. In total, Judge Clarke awarded damages of £142,044 – including an uplift of 33% as a result of an undervaluation of the value of lost sales to thebigword as a consequence of the infringing websites.

Her Honour Judge Clarke then ruled on the costs and whether or not to lift the usual cap of £25,000. In this case, the instances the judge stated that the Defendants had indulged in “dishonesty and obfuscatory” that were so numerous that she chose to use her general discretion and broad powers in relation to costs provided to her by CPR 44. As such, she ordered that the Defendants pay to thebigword the sum of £98,260 plus interest of £1446.98.

RECORD BREAKING COSTS

This was a rare case – the facts of the case, particularly in relation to the Defendants’ conduct, was fairly unique. Indeed, a number of claimants have sought to invoke this ruling, but failed to achieve the same result. For more in depth information relating to HHJ Clarke’s decision on costs, read the costs judgment [here](#).

THE JUDGE WARNED OTHER LITIGANTS BY STATING:

“Litigants in IPEC must understand that conduct which amounts to an abuse of the processes of the court will cause them to lose the benefit of the protection that the Scale Costs Scheme gives them.”

Landmark IPEC costs award in trade mark infringement case against cybersquatter

LANGUAGE EMPIRE'S FAILED APPEAL

In 2018, Language Empire and Yasar Zaman sought to appeal HHJ Clarke's decision on the basis that Judge Clarke had: "erred in law in finding that the Defendants had abused the Court's process". However, this was refused permission by the Court of Appeal. In particular, the Right Honourable Lord Justice Floyd, sitting in the Court of Appeal, had refused Language Empire's appeal on both grounds. In particular:

Ground 1 – *"the judge correctly directed herself as to the ingredients of an abuse of process and made properly reasoned conclusions as to why the applicants' conduct had been one. She made findings in the course of her main judgment that, quite apart from giving dishonest evidence, Mr Zaman had gone to extreme lengths to hide the extent of the infringement. This court would have no basis for interfering with the judge's factual conclusions and therefore with her conclusion on costs."*

Ground 2 – *"This is an attempt to ask this court to re-evaluate the evidence heard by the judge without the benefit of hearing the witnesses. The judge was faced with the difficult task of attempting to assess damages in the face of the deliberate obfuscation of the applicants. It is inevitable that she will have done so liberally and by making use of inferences open to her on the evidence."*


As a result, *"the appeal would not have a real prospect of success and there is no compelling reason for the court to hear it."*

CONCLUSION

Ultimately, the judgments represented another landmark success for Virtuoso Legal's litigation team – who having guided thebigword through an incredibly challenging litigation, secured their client a ground-breaking result.

"We are trusted around the world and the integrity of our brand remains intact. We are, of course, deeply disappointed and concerned at the impact that this potentially had on our business and the reputation of our industry."

**- Larry Gould, Chairman,
thebigword**

A portrait of Elizabeth Ward, a woman with short, wavy blonde hair, wearing a black top and a vibrant purple scarf. She is smiling slightly and looking towards the camera. The background is a dark, textured wall with a repeating geometric pattern. A semi-transparent red box is overlaid on the lower half of the image, containing white text.

"In the face of highly uncooperative defendants, missing and/or obfuscated evidence, the team had to strategise in a way that maximised the chances of a substantial damages award while minimising risk of being left with a nominal damages award and a large bill of costs to the client. The team did extremely successfully, setting precedent in the IPEC not only in relation to the damages achieved by the Claimant, but also in relation to the costs they were entitled to over and above the usual caps. It can only be described as a great result for our client."

Elizabeth Ward
- Founder and Principal Solicitor of Virtuoso Legal

Argos Limited v Argos Systems Inc.

**“Argos”, Supreme
Court Trade Mark
Infringement Defence**

“Argos”, Supreme Court Trade Mark Infringement Defence

A complex case involving trade mark use, Google AdSense advertising and the domain name "argos.com". Virtuoso Legal's client Argos Systems (USA) received a High Court claim from retailer Argos (UK) relating to the domain and associated issues. The claim was defended by Virtuoso Legal, through the High Court, Court of Appeal and the Supreme Court.

Argos Limited v Argos Systems Inc.

Prior to the “digital age”, retailers would outbid one another for prestigious units on the High Street; those with the largest stores in the location with the greatest footfall usually succeeded. These days, customers prefer to purchase online rather than in-store. At present, the key digital “real estate” are domain names.

In around 2008, recognising the changing times, Argos Limited (“Argos UK”), one of the largest retailers on the UK High Street, poured huge investments into its online sales platform argos.co.uk. However, Argos UK did not own the domain name at argos.com. It was owned by a US-based software company, Argos Systems Inc (“Argos US”). This was a problem for Argos UK, as .com domain names usually attracted more footfall than a “.co.uk” domain names and, more importantly, UK customers often typed “argos.com” into the URL assuming that it would take them to Argos UK’s website.

Most businesses who want to acquire any asset seek to negotiate with the owner to agree on a purchase price. Instead, Argos UK decided to use the “carrot and stick” approach and pressure Argos US into favourable negotiations by dragging them into High Court proceedings in the UK on the basis of trade mark infringement and passing off, with the ultimate remedy sought being the transfer of the argos.com domain name to Argos UK.

“Argos”, Supreme Court Trade Mark Infringement Defence

During the cross-examination at trial, it became clear that one of Argos UK's main concerns was that consumers, who were looking for Argos UK's website by mistakenly believing that it would be at argos.com, would then see Google AdSense adverts for Argos UK's competitors, such as John Lewis.

With the help of Virtuoso Legal, Argos US was able to successfully defend against Argos UK's “carrot and stick” approach, at the High Court, the Court of Appeal and Supreme Court.

TRADE MARK INFRINGEMENT & PASSING OFF

The key issue for Argos UK was that it was using its European trade marks (for the brand “ARGOS”) to bring an action against Argos US, who only operated in the United States and had no customers in Europe. As such, Argos UK had to overcome the hurdle of proving that Argos US's actions amounted to “targeting” customers in the UK. In short, the High Court rejected Argos UK's arguments and found that Argos US had not targeted European customers, although this element was later overturned at the Court of Appeal.

Although Argos UK had claimed that Argos US was offering “advertising services”, this claim was rejected. As such, Argos UK was required to prove that Argos US's use of the identical brand for dissimilar services was “without due cause” and took “unfair advantage of, or is detrimental to, the distinctive character or the repute of Argos UK's trade mark”. Ultimately, both the High Court and Court of Appeal refused Argos UK's claims in this respect, mainly because they considered the inclusion of Google AdSense to be a legitimate commercial activity by any website owner.

Virtuoso Legal also successfully argued that Argos US benefited from defences including the “Own Name” defence and a defence by way of Argos UK's consenting to its agents signing up to the Google AdSense programme on its behalf.

“Argos”, Supreme Court Trade Mark Infringement Defence

Argos UK also argued that Argos US had, through its actions, committed the tort of “passing off”, relying upon the famous “One in a Million” case, i.e. that the registration of the argos.com domain name and subsequent inclusion of the Google AdSense programme amounted to a misrepresentation that would result in customers being confused as to who was behind the argos.com domain name. Ultimately, the judge rejected Argos UK’s claims in this respect because there was not at any material time any misrepresentation by Argos US.

Deputy Judge Spearman acknowledged that this was a special case as the “effect of a foreign trader’s use of Google advertising for purposes of the assessment of targeting” had not been determined and the issues it raised were “important and potentially far-reaching”.

Argos UK failed in all of their claims at the High Court. A full copy of the judgment is [here](#). However, that did not stop them. Argos UK went on to appeal the decision to the Court of Appeal (see decision [here](#)) and Supreme Court, but failed in both attempts to overturn the decision.

AN INEFFECTIVE & EXPENSIVE “STICK”

During the course of the proceedings, which took around 3 years, Argos UK failed in numerous interim applications, resulting in payments of Argos US’s legal costs of around £40,000.

Argos UK then lost at trial, meaning Argos UK were required to pay Argos US over £300,000 in legal costs. Argos UK’s further losses in the Court of Appeal and Supreme Court meant that they had to pay Argos US over £100,000 in further legal costs. This totals around £440,000, but does not include the legal costs Argos UK also paid their own lawyers, which was likely to be in excess of £1million. An awful lot of money was spent by Argos UK, which failed to result in the transfer of the argos.com domain name.



"During the course of the proceedings, we successfully defeated Argos UK at two interim applications in relation to their disclosure, obtaining substantial costs awards in our client's favour. We then went on to defeat Argos UK at trial, with a further substantial costs award in our client's favour. In total, Argos UK had paid well in excess of £330,000 in costs to our client. Despite this, Argos UK sought to challenge the (in my view) the very reasoned decision of the trial judge and, thankfully, the Court of Appeal has now dismissed that appeal and we expect that Argos UK will be ordered to pay our client's costs of the appeal. Overall, it is most unfortunate that Argos UK has pursued our client in this way in relation to adverts which were removed by our client many years ago. However, our client, who is a US company, must be given a great deal of credit for placing their faith in the justice of the UK courts."

Kirsten Toft - Vice Principal of Virtuoso Legal

“The result Virtuoso Legal secured confirms that my company was merely conducting its business legitimately. As a relatively small company based in the US, being dragged into the High Court in London by Argos UK was obviously very chilling, but the team at Virtuoso Legal guided us through the procedure throughout and during trial in London. We are very pleased with the result and look forward to focusing upon our business in the years to come.”

**- Pekka Moilanen, President,
Argos Systems Inc.**

Freshasia Foods Ltd v Jing Lu

**Defending Ex-employee
Against Restrictive
Covenants and Breach
of Confidence**

Defending Ex-employee Against Restrictive Covenants and Breach of Confidence

An ex-employee of a world food company left the company seeking to work for a competitor. Following this, the prior employer brings an interim injunction on the basis of a breach of contract and restrictive covenants. Virtuoso Legal assisted Mr. Jing Lu in defending the interim injunction, subsequently winning the case in the High Court.

Freshasia Foods Ltd v Jing Lu.

For any employer, your employees are your greatest assets, but they can often be the greatest threat to your business, especially when they leave for a competitor. For an employee, starting a new job is an exciting time of your life, but not if your former employer seeks to prevent you from doing so. In this case, we defended an employee from an injunction brought against them by a former employer.

In 2019, Virtuoso Legal successfully defended Jing Lu against his former employer, FreshAsia Foods, who were one of the leading suppliers of Chinese Dumplings in the UK, in their attempt to prevent Jing from working for a competitor, Kung Fu, soliciting customers and using their confidential information.

The case started just before Christmas with an urgent application by FreshAsia to obtain an interim injunction to prevent Jing from working at Kung Fu. However, this was successfully defended by Virtuoso Legal. This meant that Jing could continue to work pending the full trial of the matter, which was quite literally a lifesaving result.

Defending Ex-employee Against Restrictive Covenants and Breach of Confidence

NON-COMPETE

FreshAsia relied upon a, rather broad, restrictive covenant (i.e non-complete clauses) in Jing's employment contract, which purported to prevent Jing from working for a competitor, in the first instance for a period of 10 years, then latterly for a one-year period. It is vital for any employer to ensure that their contracts are not drafted so broad as to be ineffective, as they were ultimately held in this case. Employers are only able to protect their "legitimate interests" in such clauses and you need specialist legal advice to ensure you go no further, or risk the whole clause becoming invalid and unenforceable.

NON-SOLICITATION

Almost all employers' employment contracts will impose non-solicitation clauses upon their employees. This means that, when the employee departs, they will not be able to contact the employers customers for a period of time.

In the present case, the contract distinguished between "non-senior employees and "senior employees, which resulted in differing non-contact periods. However, FreshAsia failed to inform Jing whether he was a senior or non-senior employee, so it was unclear which applied to him. In addition, at trial it was found that Jing had not been in contact with FreshAsia's customers for many years, so they had no legitimate interest to protect. As such, on the facts, FreshAsia could not enforce this clause against Jing and he was free (if he so wished) to contact FreshAsia's customers in his new employment.

Defending Ex-employee Against Restrictive Covenants and Breach of Confidence

CONFIDENTIAL INFORMATION

In the last decade, more and more employees work from home and often from their own devices. While the employer benefits from higher staff retention and productivity rates as a result of flexible working policies, it is also a headache when the employee chooses to leave his or her employment. Often a great deal of electronic company confidential information can be retained post-employment.

In the present case, Jing had worked on his own Mac laptop during his employment, due to the increased functionality when compared with company computers, but he had (like many others) not clearly differentiated between his company work and his own personal documents, which made it a laborious process to sift through and separate the documents for deletion post-departure.

Indeed, during the proceedings, Jing offered up his laptop to FreshAsia to check, but they declined due to the cost, making it impossible for them to allege that he had retained or misused further documents.

If you are an employer, it would be best to ensure that your employees have all the necessary computers to work on and avoid allowing employees to work from their personal computers as much as possible. You will also need a clear policy relevant to the situations in which the employees can use their own personal computers and what will happen upon the employees' departure. Should that be the case, as an employer you should try your best to ensure that no company information was left on your ex-employee's personal computer.

This will likely mean that you will have to hire a forensics specialist to examine and search for the company's documents.

Defending Ex-employee Against Restrictive Covenants and Breach of Confidence

INDEMNITY COSTS


Since Virtuoso Legal had successfully defended Jing against the claims made by FreshAsia and highlighted FreshAsia's poor behaviour in bringing the proceedings (rejecting a reasonable offer from Jing to settle and continuing the proceedings to trial when they ought to have known they would have been defeated) the team successfully argued that FreshAsia ought to reimburse Jing's costs on the "indemnity" rather than standard basis. The indemnity basis means that, usually, the receiving party receives a more favourable percentage of his total costs. As a result, Jing received over £140,000 from FreshAsia.

CONCLUSION

It is important for employees to carefully read and retain their employment contracts and any employee handbooks issued by the employer. In particular, terms such as non-compete clauses might typically be included in both the contract and the handbook. On the other hand, employers should ensure that such a clause is properly constructed and is clear enough to be enforced and, ideally, should be tailored to each employee.

When it comes to the interim injunctions, the court will consider the practical realities of the case. There are cases, especially when it comes to non-compete clauses where the injunction would have a particularly severe impact upon the person – and these injunctions will be granted only where the court is reasonably satisfied that the claim will succeed.

The employer will need to show that it has some protectable interest in order to make the non-compete clause enforceable. For example, such protectable interests could be contacting and conducting business with clients that existed prior to the employee's departure. The court will analyse whether the scope of prohibited activities will be greater than necessary to protect the employer's interest. Stopping someone from earning a living will generally be frowned upon by the courts.

A portrait of Elizabeth Ward, a woman with short, wavy blonde hair, wearing a black top and a vibrant purple scarf. She is smiling slightly and looking towards the camera. The background is a dark, textured wall with a repeating geometric pattern. A semi-transparent red box is overlaid on the lower half of the image, containing a quote and her name and title.

"The team at Virtuoso Legal are delighted at the result in favour of Jing. It has been a pleasure to work with him over the last 6 months, albeit at a particularly stressful time for him. In my view, this case illustrates that a former employee, in the same position as Jing, can successfully defend a case against a large company if they have the right legal team defending them. When this case first arrived, I was deeply professionally troubled about the injustice of Jing being required to defend complex and expensive High Court proceedings, especially on a case which had very limited merits. I decided to do everything in my power to enable justice for Jing."

Elizabeth Ward
- Founder and Principal Solicitor of Virtuoso Legal

"Thanks very much to Virtuoso Legal for bringing me justice. This success is only kept me my job, but also my family. I spent everything I have in defending this case and finally received peace of mind. The legal team leader Liz is the best legal specialist and most honourable nice person. I am very lucky to meet Liz. It is no doubt her team is the best I can find and they also have lots of winning experience. No only professional, Elizabeth kindly care about my family and effects rather than making the money on the case. Without their help, I do not know how to survive this case. For people like me, please take extra care on your contract. You may have different version of contracts. Employers may hide their tricky terms inside. If you suffer the situation as me, please find a solicitor. And this solicitor is the expert you can find in this area. If they can help me, I believe they can absolutely help you. Never give up your legal right and never be afraid of big companies. Eventually, the justice has been done. I can say no more to thank this country, the law and especially this legal team."

- Mr. Jing Lu

