Bird & Bird

Report of Trade Mark Cases

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Trade mark decisions

Mark made up of descriptive words refused a monopoly

TVIS Ltd v Howserv Services Ltd & Ors (Ian Karet sitting as a Deputy High Court Judge; [2023] EWHC 2589 (Ch); 18 October 2023)

The Judge dismissed claims by TVIS for infringement and passing off on the basis there was no likelihood of confusion between VETSURE and PETSURE, in particular because of the descriptive nature of the marks. He also dismissed TVIS' claim for invalidity of Howserv's registration for PETSURE. Harry Ferguson reports.

Background

TVIS, a specialist pet insurance provider and owner of word and device marks for VETSURE registered in classes 16, 35, 36 and 44. Howserv was part of a wider group of companies originally offering travel insurance, but from 2020, offering pet insurance under the brand PETSURE. It was also the owner of the word mark PETSURE registered in classes 5, 36 and 44. TVIS brought trade mark infringement under sections 10(2) and 10(3) and a claim for passing off in relation to Howserv's use of the PETSURE mark and applied for a declaration of invalidity against the PETSURE registration under section 47(2) in conjunction with sections 5(2), 5(3) and 5(4)(a).

Invalidity

The Judge rejected TVIS' claim under section 5(2) that there was a likelihood of confusion. It was common ground that PETSURE was used in relation to identical services. By trial, it was also agreed that the average consumer was a pet owner with an average level of attention, and that the public would have been aware that there were many insurance providers on the market with names that referred to pets or their care. TVIS also accepted that the public would have understood that the suffix "sure" referred to insurance services, particularly because there were a substantial number of providers (pet or otherwise) that used that suffix in that context.

The Judge held that the marks were visually and aurally similar. However, they were not conceptually similar because each mark was made up of entirely descriptive terms ("vet", "pet" and "sure"), the combinations of which were descriptive, and the average consumer would have been able to distinguish the different concepts referred to. The Judge concluded there was no risk of the public believing the services had come from the same or economically linked undertakings, particularly in the context of a market where descriptive and allusive marks were often used.

As regards the section 5(3) ground, the Judge held that VETSURE had a strong reputation, but its strength was not high because of its descriptive character. As such, Howserv's use of PETSURE would not have given rise to a link between the marks as it would not have called VETSURE to mind. TVIS' claims for injury by dilution and unfair advantage were therefore dismissed.

The Judge therefore also dismissed TVIS' claim under section 5(4)(a) on the basis there was no actionable misrepresentation because there was no risk of confusion or deception, even though it was accepted that TVIS owned goodwill in VETSURE for pet insurance.

Infringement

There was no infringement under section 10(2) as TVIS had not established enhanced distinctive character in VETSURE because the mark featured descriptive elements, and because its evidence was insufficient.

The Judge rejected TVIS' evidence of actual confusion, which mainly consisted of telephone conversation transcripts with examples of customers interchangeably referring to VETSURE and PETSURE. The Judge accepted that a small number may have been evidence of actual confusion, including someone who had taken out insurance with Petsure when they had intended to do so with Vetsure. However, he noted that the vast majority showed administrative errors only, including mistakes and mis-namings caused by the descriptive nature of the marks, rather than actual confusion as to the parties providing the services, and the public could distinguish the two companies.

The Judge likewise found no infringement under section 10(3), mainly because the marks were descriptive.

Abandonment or extinguishment of goodwill through non-use

Prysmian Cables & Systems Ltd v M/S Apple International & Ors (Recorder Amanda Michaels; [2023] EWHC 2176 (IPEC); 7 September 2023)

In a case involving a marked lack of clarity over what rights were sold by which company and to whom, the Judge was able to establish that goodwill in the name "BICC" had not passed with the sale of BICC Plc's energy cable business. She also held that, had the goodwill validly passed, Prysmian Cable's failure to use the name in 17 years would have resulted in the extinguishment of the goodwill. Louise O'Hara reports.

Facts

BICC Plc sold energy cables in the UK under the brand name BICC from 1975 to 1999. In 1999 BICC Plc sold its energy business to a company in the General Cable Corporation corporate group (although the specific purchasing entity was unclear). In 2000, the business was subsequently acquired by a company within the Pirelli corporate group and rebranded under the name BICON. Contemporaneous evidence suggested that Pirelli was under the impression that it was not entitled to trade under the name BICC which prompted the rebrand. Prysmian Cables asserted that it purchased the Pirelli business in 2001. Neither Pirelli nor Prysmian Cables ever traded using the BICC brand.

The defendants were various persons engaged in the sale of cable components under the brand "BICC Components". These products were initially sold in the Middle East, but were offered for sale in the UK from 2017. BICC Components were marketed as having "inherited" the "legacy" of the "concept that was driving the BICC group over the last fifty years", and Prysmian complained that the defendants were seeking to give a false impression that their products were connected to the original BICC business.

Prysmian accepted that the 1999 agreement did not include an assignment of the BICC trade marks, but nevertheless asserted that goodwill in the brand was sold to General Cable Corporation, and then on to Pirelli in 2000. The defendants denied that goodwill had passed to Pirelli, and argued that, even if Pirelli had acquired such goodwill, it had been extinguished through years of non-use.

Chain of title

Despite some lack of clarity over the identity of the purchasing company in both the 1999 and 2000 agreements, the Judge was satisfied that the BICC business had passed to Pirelli General Plc or another Pirelli company (which later transferred the assets to Pirelli General Plc). In so finding, the Judge noted that the 2000 agreement was drafted by a US law firm which would have checked that General Cable Corporation had validly purchased the BICC business from BICC Plc and thus that title had validly passed under the 1999 agreement.

However, as there was no evidence before the Court of a transfer from Pirelli General Plc to Prysmian Cables, The Judge held that Prysmian had not established a good chain of title.

Transfer of goodwill

In the event that she was wrong on the chain of title, The Judge went on to consider whether goodwill had validly passed under the two agreements.

The 1999 Share Purchase Agreement ("SPA") stated that the sale included "Goodwill" together with "*the exclusive right … for the Relevant Purchaser to represent itself as carrying on the Operations … in succession to the relevant business Seller*". Recorder Michael recognised that this language suggested that the goodwill attaching to the BICC name had been transferred. However, the SPA also included clause 18, under which the purchaser was given the "*right to continue to use … any trade marks and trade names used by the defendants […] which are not comprised in the Assets sold hereunder on a royalty free, non-exclusive <u>basis for a period of 12 months</u>*" (emphasis added). The list of IP assets to be transferred to the purchaser did not include any UK trade marks for BICC.

The Judge accepted that it would be unusual to exclude goodwill from the sale of a business as a going concern but held that the question of whether goodwill was included was a question of construction of the particular contracts before the Court. The 1999 agreement did not transfer the trade marks, so Prysmian's argument rested on the goodwill in the BICC signs being sold separately from the trade mark protecting those signs, which was retained. That, coupled with the existence of clause 18 and contemporaneous evidence that

Pirelli considered itself obliged to stop using the BICC name, convinced The Judge that goodwill in the BICC sign had never been transferred to Pirelli or to Prysmian Cables.

Abandonment of goodwill

Record Michaels went on to consider whether, if goodwill had passed, it would have been abandoned or extinguished. She identified two categories of cases: (i) where goodwill was abandoned because the business ceased trading, and (ii) where goodwill was abandoned by the owner in favour of another name.

As Pirelli never intended to use goodwill in the BICC name in the UK, and swiftly adopted the BICON name and registered it as a trade mark, Recorder Michaels found that Pirelli/Prysmian Cables deliberately abandoned the goodwill in 2000/2001.

In the alternative, she went on to consider whether the goodwill would have been lost by attrition and extinguished after 17 years of non-use. The defendants sought to draw associations between the original BICC business and their products in their marketing (e.g. by reference to the BICC "legacy"). the Judge found that the BICC brand had retained some sort of reputation in the UK that the defendants were seeking to benefit from. She noted, however, that reputation was not the same as goodwill and as Prysmian Cables had expressly disavowed its right to use the BICC name in the course of promoting its BICON product, it cannot be said to have any goodwill in the BICC brand.

The Judge concluded by noting that if she was wrong about the ownership of goodwill in the BICC brand, there was sufficient evidence before the Court to establish misrepresentation and damage.

Trade mark infringement

The Judge dismissed Prysmian Cables' trade mark infringement claim. She held that the BICC mark and BICON COMPONENTS signs were visually different, had virtually no aural similarity such that the sign had an extremely low level of similarity to the mark, and hence there was no likelihood of confusion.

Necessary standing for an invalidity counterclaim

Acedes Holdings, LLC & Anr v Clive Sutton Ltd & Anr (Judge Hacon; [2023] EWHC 2005 (IPEC); 7 August 2023)

The claimants having abandoned their trade mark infringement claim, the Judge dismissed the counterclaims for a declaration of invalidity and revocation for non-use relating to the registration of the mark AC COBRA. Naji Tilley reports.

Background

The 'AC Cobra' was a car produced since 1962 by a US company named Shelby American, Inc. The cars were fitted with an engine provided by Ford and sold in the UK and Europe under the mark AC COBRAS, and in the US under the mark SHELBY COBRAS.

Since 2016, the second claimant, British car manufacturer AC Cars, sold cars in the UK under the AC COBRA mark. The first claimant was a company called Acedes which had acquired some of AC Cars' assets, including rights and goodwill in the UK registered mark AC COBRA.

The defendants were a car seller named Clive Sutton Ltd and its sole director and shareholder, Clive Sutton (together, 'CSL'). Since 2021, CSL had been importing and selling cars, made by US company Superformance, which were replicas of the Shelby Cobra cars of the 1960s. CSL sold those cars under the SHELBY COBRA mark.

AC Cars and Acedes brought a trade mark infringement claim against CSL which was later abandoned. CSL maintained its counterclaim for a declaration that the mark was invalidly registered pursuant to sections 47, 5(2) and 5(3), and for revocation for non-use under section 46. The issues that had to be decided in relation to the declaration of invalidity were as follows:

(i) Did CSL have standing?

CSL's counterclaim relied on two earlier registrations owned by Ford for the mark COBRA. Since CSL did not own the earlier registrations, the Judge considered whether CSL had standing to apply for the invalidity declaration as a licensee of Ford. CSL relied on a chain of three licenses to demonstrate that it was, culminating in a licence dated 27 June 2022 from Carroll Shelby Licensing, Inc to CSL.

The first was a licence signed in January 1997 between Ford and Mr. Shelby's business, under which Shelby was granted an 'exclusive worldwide' licence to use Ford's 'federally registered marks COBRA and Snake Design…'. This exclusive licence contained an exception for 'Ford's existing non-exclusive license in the United Kingdom' granted to AC Cars, which was without limit as to sales territory, but specified that AC Cars could not export to North America vehicles marked with the COBRA mark that were not covered by product liability insurance. Based on this latter wording, the Judge held the 1997 licence to Shelby only related to the US, not the UK. The use of the wording 'worldwide' was sloppy, but it was held that the carve out for AC Car's non-exclusive licence related to its right to sell the cars in the US. This interpretation was consistent the use of the 'federal' wording in the 1997 licence to Mr. Shelby's business.

The Judge then considered a further agreement in December 2022 between Ford and Shelby, which attempted to clarify the 1997 licence. However, this postdated the issuance of the present proceedings, so CSL's argument that it granted a licence to use the COBRA marks in the UK was rejected. Accordingly, CSL was not at a relevant time a licensee of Ford's COBRA marks in the UK, so CSL lacked standing when it applied for the declaration.

(ii) Had Ford's COBRA marks been put to genuine use?

Although the counterclaim for a declaration of invalidity failed for lack of standing, the Judge nevertheless considered the elements of the counterclaim. The Judge found that the use criteria had been satisfied for both of Ford's COBRA marks during the applicable time periods. AC Cars had sold 37 cars under the AC COBRA mark, pursuant to its 1996 non-exclusive UK licence with Ford. Combined with some additional evidence, this was sufficient for genuine use purposes, especially with regard to the nature of the products, namely expensive motor cars. (For this same reason, the claim to revocation of the AC COBRA mark also failed).

(iii) Was there a likelihood of confusion?

CSL had put in extensive evidence on this point with the intention of relying on it to defend the infringement claim. Although CSL's motivates had reversed because the infringement claim being abandoned, the Judge still considered and accepted the proposition put forward by the evidence, i.e., that the use of COBRA was typically generic to identify the type and shape of a car. As such, there was no likelihood of confusion.

(iv) Was there unfair advantage or detriment to the reputation and distinctive character of the earlier Ford mark?

The Judge noted the 'oddity' in this case that, at the date the first of Ford's marks was registered, the AC COBRA mark had already been used by AC Cars in the UK. As such, the registration could not have had a reputation at the relevant date.

The Judge pointed out that CSL were essentially submitting both that the AC COBRA mark had, *before* it was registered, established the reputation of the Ford mark, and that the use of AC COBRA *after* it was registered had taken unfair advantage of or caused a detriment to the repute of that mark. The Judge rejected this submission, and therefore refused CSL's submissions under section 5(3) TMA.

(v) Acquiescence by Ford

The Judge also held that, on the balance of probabilities, Ford had been aware of and acquiesced in the defendants' use of the AC COBRA mark. Firstly, CSL's solicitors had sent two letters of complaint to AC Cars with Ford's permission in 2017 and 2020, alleging trade mark infringement. While there was no evidence that AC Cars' responses to the letters were passed back to Ford, it was likely that Ford had been informed of the replies. As the 2020 letter demonstrated that the 2017 letter had not stopped AC Cars from using the mark complained of, Ford was 'presumably aware' of this. Secondly, Ford had opposed the application to register AC COBRA before the EUIPO relying upon use by Acedes of the mark AC COBRA, which must have, in practice, been use by AC Cars.

Appeal from a decision of the Company Names Tribunal

AXA Wholesale Trading Ltd v AXA (A French Company) (Recorder Douglas Campbell KC; [2023] EWHC 1339 (Ch), 11 May 2023)

AXA Wholesale Trading was ordered to change its company name because it was too similar to the goodwill a prominent French insurance company held in the AXA name. AXA Wholesale Trading's defences that it had adopted its company name in good faith and that it would have had no adverse impact on the French company's trading failed. Tom Hooper reports.

Background

This case involved an appeal by AXA Wholesale Trading (the 'Appellant') against a decision by the Company Names Tribunal (the 'CNT') which had upheld an application by AXA (the 'Applicant') under the Companies Act 2006.

The CNT's decision included various orders, one of which required the Appellant to change its company name within one month. The CNT had found that the company name was sufficiently similar to AXA, which was a name associated with the Applicant and which they had goodwill in, and which could potentially mislead consumers into believing there was a connection between the two companies.

The CNT's decision found that the Appellant had failed to establish either of its two pleaded defences, namely that the company name was adopted in good faith under section 69(4)(d) (the 'good faith' defence), or that the interests of the Applicant were not adversely affected to any significant extent under section 69(4)(e) (the 'no adverse effect' defence).

Procedural issues

The Appellant appealed on eight grounds. Grounds 1 to 4 related to the good faith defence, and Grounds 5 to 8 related to the no adverse effect defence. The Appellant also attempted to challenge the findings under section 69(1)(b) regarding the degree of similarity of the names, the Applicant's goodwill, and whether there was a connection/confusion. However, this challenge was unsuccessful for several reasons. The Appellant had not raised this challenge in its grounds of appeal, and no formal request to amend the grounds was submitted. It was instead added into the skeleton argument later in the proceedings.

Other factors also weighed against the Appellant and impacted the eventual costs awarded to the Applicant in the sum of £20,000, including that the Appellant had faced issues meeting deadlines for the appeal, and that during the trial it had tried to raise grounds that were not part of the original pleadings.

The good faith defence

The burden of proving this defence lay with the Appellant, although the Judge considered its evidence to be insufficient. Notably, the Appellant's defence did not contain specific details relating to the good faith defence or any other relevant evidence.

The Appellant referenced a previous CNT decision, *AXA Engineering Ltd* (O-208-18), to support its good faith argument. However, this earlier decision was considered persuasive at best and not binding, and its applicability to the current case was limited due to it being for '*different names and [containing] different evidence*'. The challenged company in that case had put forward evidence to demonstrate its good faith, while in the present case the Appellant had not submitted sufficient evidence to make out its defence – it had also failed to sign a declaration on this point when filing its defence earlier in the CNT proceedings. This ground of appeal was therefore easily dismissed.

The no adverse effect defence

While this defence was briefly mentioned in the appeal notice and during oral submissions by the Appellant, it lacked proper support in its skeleton argument. The Judge held that the approach in the CNT's decision in evaluating the no adverse effect defence was reasonable, so the appeal was dismissed.

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