

Bird & Bird & Reports of Trade Mark Cases for CIPA Journal

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Trade mark decisions

***KBF Enterprises Ltd v Gladiator Nutrition 3.0 Ltd & Ots** (Miss Recorder Amanda Michaels; [2018] EWHC 3041 (IPEC); 9 November 2018)**


Recorder Amanda Michaels held that there was a likelihood of confusion under Section 10(2) and therefore infringement of KBF's registered trade marks for WARRIOR and WARRIOR SUPPLEMENTS through use of 'The Warrior Project' in word and logo form in relation to sports nutrition products by the second, third and fourth defendants. The own name defence was not made out. Passing off claims by both parties failed as neither had goodwill at the relevant dates. *Hilary Atherton reports*.

KBF ran a retail business manufacturing and selling branded sports nutrition products and supplements, including products bearing its own marks 'Warrior' and 'Warrior Supplements'. KBF alleged that the five defendants had infringed four of its UK trade marks which consisted of or included the word Warrior and had passed off their goods as those of KBF by using the sign 'The Warrior Project' in relation to sports nutrition products.

The Third Defendant, Mr Daniel Singh, had performed in the Sky TV programme 'Gladiators' under the stage name Warrior. The defendants claimed that as a result of that exposure, as well as various additional activities carried out by Mr Singh, Mr Singh has since December 2008 (or some time in 2009) owned goodwill in the name Warrior when used in relation to fitness and body building. In response to KBF's claim for trade mark infringement and passing off, they counterclaimed that KBF's trade marks were invalid and that KBF was passing itself off as connected with Mr Singh.

Infringement under Section 10(2)

The marks and signs at issue were as follows:

WARRIOR SUPPLEMENTS	 THE WARRIOR PROJECT (together, the "TWP marks").
WARRIOR BLAZE	
WARRIOR FAT BURNER	
WARRIOR	

KBF conceded that it did not have sufficient reputation in its marks to sustain its case under Section 10(3) and Miss Michaels therefore went on to consider the question of infringement under Section 10(2) alone. She rejected the defendants' argument that 'Warrior' would not be seen as the distinctive and dominant element of any of the marks because it was descriptive or a common element of low distinctiveness because the relevant goods were intended to give users a warrior-like physique. Taking into account the high degree of similarity between the defendants' goods and the goods in Class 5 for which KBF's marks were registered, Miss Michaels found a likelihood of confusion between the Warrior and Warrior Supplements marks and the TWP marks. However, she considered that the differences between the marks meant that there was no likelihood of confusion with Warrior Blaze or with Warrior Fat Burner.

Own name defence

Miss Michaels was not persuaded that Mr Singh was trading under the name Warrior, especially before November 2010 when KBF started using its Warrior marks. Although he and others made references to his role in the TV show, the evidence was not sufficient to show that Warrior was his trade name and therefore the own name defence was not made out. In any event, Mr Singh had traded as an actor/entertainer and martial arts specialist rather than as a body builder as it was in those capacities that he had endorsed various fitness products and written a magazine column. His use of the TWP marks would not therefore have been in accordance with honest commercial practices.

KBF's claim in passing off

As the evidence showed that KBF did not have goodwill in any Warrior names at the date the defendants started using the TWP marks in 2015, its claim in passing off failed. Although KBF had sold supplements by that date, it did not at that stage have any trade mark registrations for Warrior and in most cases the name of the product (such as Greens, Blaze, Rage or Bulbine) was shown in far more prominent letters than the name Warrior.

Joint liability

Miss Michaels rejected the allegation of joint tortfeasorship by the fifth defendant, Mr Gardner, who was the sole director and shareholder of the fourth defendant company which admitted selling goods bearing the TWP marks. There was no evidence to show that Mr Gardner had personally taken any decisions relating to the fourth defendant's dealings with TWP products or had acted pursuant to a common design with the fourth defendant.

Counterclaim

Miss Michaels held that Mr Singh had failed to prove that he had goodwill in the name Warrior prior to November 2010 for fitness or bodybuilding, nor was any use of KBF's registered marks liable to be prevented, as at their filing dates, by Mr Singh by virtue of the law of passing off. Therefore, the counterclaim for invalidity of KBF's marks failed.

Link Up Mitaka Ltd t/a TheBigWord v Language Empire Ltd & Anr* (Judge Melissa Clark; [2018] EWHC 2633 (IPEC); 9 October 2018)

In an inquiry as to damages, Judge Melissa Clark awarded Link Up £142,044 to reflect lost sales, including a 33% uplift to reflect sales hidden by Language Empire. *Hilary Atherton reports*.

Link Up provided translation and interpretation services and owned UK and EU trade marks for THEBIGWORD. Language Empire also provided translation and interpretation services in the UK and set up two websites at 'www.thebigwordtranslation.co.uk' and 'www.bigwordtranslation.co.uk' which Link Up claimed amounted to trade mark infringement and passing off. The websites displayed the signs "Big Word Translation" and the following logo:



The websites allowed for a "Free no Obligation Quote" to be requested by way of a web-form and contained text which suggested that they were websites connected with Link Up. Language Empire did not respond to pre-action correspondence and, although the websites were taken down in the meantime, they did not file an acknowledgement of service or a defence. Link Up obtained judgment in default.

The Judge adopted what she described as "*the very helpful summary of the general relevant principles relating to an inquiry as to damages...provided by His Honour Judge Hacon at para 31 of his judgment in SDL Hair Limited v Next Row Limited [2014] EWHC 2084 (IPEC)*". The evidence showed that traffic to Link Up's own website increased by 50% after Language Empire's infringing websites were taken down. The Judge reminded herself that the potential customers who arrived at the infringing websites did so by carrying out a specific search for TheBigWord by name, or by searching for the sorts of specialist translation and interpreting services Link Up provided. Accordingly they were likely already to be interested in the services that Link Up offered and it was more likely than not, in her judgment, that a significant proportion of that traffic would have made an enquiry on the website, of which some 75% would have converted to sales.

In assessing the quantum of lost sales arising from the 34 month operation of the infringing websites, the Judge took Link Up's estimated value of the enquiries received on the infringing websites, as well as its 2016 profit rates of 46.6% for translation services and 34.5% for interpreting services. She divided the lost profits figures by nine, i.e. the number of months in that year that enquiries had been submitted via the infringing websites. She then multiplied by 34 (months) to extrapolate the lost sales across the whole period that she found the the infringing websites to be operational. That gave a figure of £106,533. However, the Judge accepted Link Up's submission that a 33% uplift should be applied to reflect: (i) the likelihood of substantial value not being accounted for in Language Empire's evidence, and (ii) Link Up's evidence that it would expect repeat work from a customer once a relationship was established. The Judge commented that she did not think that significant undervalue could properly be compensated by an uplift of less than 33%, but in the absence of any more specific evidence, to award a higher uplift would risk over-estimating and thereby moving from compensating Link Up to punishing Language Empire, which was not the aim of the exercise. The 33% uplift brought the award of damages from £106,533 to £142,044.

Link Up Mitaka Ltd t/a TheBigWord v Language Empire Ltd & Anr* (Judge Melissa Clark; [2018] EWHC 2728 (IPEC); 17 October 2018)

As Language Empire's conduct amounted to an abuse of process, the Judge disapplied the IPEC scale costs and limits and awarded costs on an indemnity basis totalling £99,000. *Hilary Atherton reports*.

As reported above, the Judge handed down her judgment following the trial of an inquiry into damages payable to Link Up in respect of its losses suffered as a result of Language Empire's trade mark infringement and passing off by setting

up, maintaining and using two websites. The websites were specifically designed to capture potential customers searching online for Link Up's services provided under the trade marks 'thebigword'. Language Empire's liability to pay damages arose from a judgment in default being entered against it, having failed to file an acknowledgment of service or a defence to Link Up's claim. Following that handing down, the Judge heard submissions on costs and consequential orders.

The Judge agreed with Link Up that Language Empire's conduct in the proceedings was so exceptionally unreasonable that: (i) it amounted to an abuse of process such that the ordinary IPEC scale costs, which were subject to specified phase caps and an overall cost cap for a quantum inquiry of £25,000, should not apply; and (ii) costs should be awarded on the indemnity basis. She summarily assessed Link Up's costs on the indemnity basis at £98,260 plus interest of £1446.98, being £99,706.98 in total. The Judge commented that she did not make her decision lightly and understood and accepted that the costs cap was a key feature and benefit of litigation in IPEC. However, she said that the court had a duty to identify abuses of the processes of the court where they occurred.

The Judge found that Language Empire's conduct was an abuse on both limbs of Lord Diplock's guidance in *Hunter v Chief Constable of the West Midlands Police* [1982] A.C. 529 because:

- i. it was manifestly unfair to Link Up as it obscured the true scale of the effect, or 'success', of Language Empire's infringements in diverting web traffic away from Link Up's website, and so obscured the sales they were able to convert arising from those infringements;
- ii. it was manifestly unfair to Link Up because it left it with no option but to pursue Language Empire to a quantum trial and to incur significant additional costs over and above those that would normally be incurred in an ordinary case where such dishonesty and obfuscation was not a feature; and
- iii. it had, inevitably in her judgment, brought the administration of justice into disrepute amongst right thinking people by seeking to obscure the truth from the court and, in so doing, preventing the court from fully and justly assessing damages from the infringements.

The Judge stated that 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 otherwise gives them.

The reported cases marked * can be found at <http://www.bailii.org>

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