

**IN THE COURT OF APPEAL (CIVIL DIVISION)**  
**ON APPEAL FROM THE HIGH COURT OF JUSTICE, CHANCERY DIVISION**  
**Mr Justice Hildyard**  
**HC10C02726**

Royal Courts of Justice  
Strand, London, WC2A 2LL

Date: 14/06/2013

**Before :**

**LORD JUSTICE LLOYD**  
**LORD JUSTICE LEWISON**  
and  
**LADY JUSTICE GLOSTER**

-----  
**Between :**

**OKOTOKS LIMITED**  
**(FORMERLY SPICERHAART LIMITED) & ANR**  
**- and -**  
**FINE & COUNTRY LIMITED & ORS**

**Appellants**

**Respondents**

-----  
-----  
**Mr Mark Platts-Mills QC & Ms Jessie Bowhill** (instructed by **Manches LLP, London**) for  
the **Appellants**  
**Mr Michael Hicks** (instructed by **Hamlins LLP, London**) for the **Respondents**

Hearing dates : 8 – 9 May 2013  
-----

**Judgment**

## Lord Justice Lewison:

### Introduction

1. In a reserved judgment handed down on 31 July 2012 after a ten day trial, and supplemented by a further judgment handed down on 14 September 2012, Hildyard J held that the defendants were liable both for the common law tort of passing off; and also for infringing both a community trade mark (a “CTM”) and a national trade mark. The judge’s judgments are at [2012] EWHC 2230 (Ch) and [2012] EWHC 2528 (Ch). With the permission of Patten LJ the defendants appeal. For the reasons that follow I have reached the conclusion that the judge’s order should be upheld.
2. The dispute arises in the context of estate agency relating to residential property. The rival names are “Fine & Country” on the one hand and “Fine” on the other. The national mark is a device mark, which claims the colours black and gold as an element of the mark. It is registered in class 36 of the Nice classification (real estate services). Registration of this mark was applied for in 2001. The CTM is a figurative mark. It is registered in classes 36, 37 (construction) and 37 (architectural and building design services). Registration of this mark was applied for in July 2009. A representation of the marks relied on is as follows:



3. In the national mark the words are underlined in gold and the ampersand is in black. The CTM is monochrome.
4. The allegedly infringing signs are as follows:



The name depicted in this way is often accompanied by the strap line:

“selling fine homes throughout the country”

5. The “FINE” logo, like the “Fine & Country” logo, is in capitals, with a font with serifs, gold underlining of the word, and a strap line which includes the word “country”.
6. The judge found that the use of the signs was liable to confuse potential customers and others with whom the claimants had business relations. The defendants challenge that finding of fact. But they say that even if it was a finding that the judge was entitled to make, the kind of confusion that the sign engendered is confusion that, for reasons of public policy, the law is prepared to tolerate. One such kind of confusion is the confusion that arises where a trader trades under a name that is principally

descriptive of the goods or services that he offers, or is laudatory of the quality of those goods or services. The defendants say that in the present case the words “fine” and “country”, whether used separately or in combination are words that are either descriptive of the kind of properties on offer or are laudatory of the quality of those properties or both.

7. I begin by setting out the relevant facts as found by the judge (although, as I have said, some of his findings of fact are challenged). I do so, for the most part in the judge’s own words.

### **The claimants and the Fine & Country brand**

8. The judge found that the claimants conduct business under and by reference to the “Fine & Country” name and logo; and advertise and promote that name and logo. They are members of the same group of companies of which GPEA Ltd (“GPEA”) is the parent company. GPEA wholly owns and controls the first claimant, Fine & Country Limited (“F&CL”). F&CL wholly owns and controls FCEA Limited (“FCEA”). F&CL is the registered proprietor of the trade marks at issue. According to their accounts filed at Companies House both F&CL and FCEA are dormant companies which do not trade. In the case of F&CL, its accounts have been drawn and filed on the basis that it has not traded since May 2006. In its accounts for the year to May 2011 it is stated that “The company did not trade during the year and it is not intended for the company to trade in the foreseeable future.” In the case of FCEA, its accounts have presented it as dormant since its incorporation in 2008 (as a subsidiary of F&CL). The only one of the claimants that is presented as actively trading is GPEA. The driving force behind the group is Mr Lindley who founded GPEA with Mr Cooke.
9. None of the claimants is an estate agent. The original idea behind the creation of the “Fine & Country” brand was to enable local estate agents to compete at the upper end of the residential property market with well known national agents. Thus the concept behind the brand is that local estate agencies can pay for a licence which permits them both to trade under the Fine & Country name and logo (often in conjunction with their own) and also to market premium properties, not only through their own offices but also through the claimants’ office in Park Lane, London, and on the fineandcountry.com website and in other Fine & Country publications. Thus in return for the licence fee, a local estate agent acquires a high profile image, joins a national network of agencies with a London presence and office, and benefits from a significant investment in national and international advertising. In short the claimants’ business is that of providing a marketing umbrella and vehicle for the various independent estate agency businesses that have signed up as licensees.
10. Some licensees trade from stand-alone Fine & Country offices. Other licensees operate the Fine & Country business from within their existing business by, for example, dedicating a window or a specific area in their office to the Fine & Country brand. The judge concluded that the concept had been a considerable success. In the UK alone there are some 79 licensees operating from about 41 stand-alone Fine & Country offices and about 156 dual branded offices; and there are also 57 offices overseas. Fine & Country has won numerous awards, and it consistently ranks at or towards the top of the list of estate agents with the largest number of sales of upper quartile properties, and the largest number of such properties on its books.

11. Thus the judge found that that the Fine & Country name and logo has become and remains well known to members of the public and the trade, especially those interested in the sale and purchase of domestic properties at the upper end of the market. He found that the name and logo plainly had attractive force which brings in custom such as to generate goodwill. This was not seriously in dispute. The defendants' point was that the goodwill did not belong to the claimants.
12. The judge rejected this argument. He held at [200] that the licensing operations conducted by the claimants and the other facilities and products they make available generate goodwill which the claimants as its owners were entitled to protect. Further, he held that the claimants are, if not the only, then the principal generators of goodwill in respect of the business of making available their facilities, umbrella and name, and there is no question of any severance of the goodwill from the ownership of the business to which it relates.

### **The defendants and the “FINE” brand**

13. The first defendant is a wholly owned subsidiary of the second defendant. They are both part of the Spicerhaart Group; which previously trades under the name “haart” (among others), focusing on the lower end of the market. However, from 2007 Mr Smith, the driving force behind the defendants, concentrated on trying to establish a premium end business. This did not work because of the associations of the “haart” trading name. An attempt to launch a brand called “*fine* Haart” also failed. So in 2009, with the help of Mr Heaviside who had previously worked for a member of the “Fine & Country” network, the defendants adopted new branding under the name and logo “FINE”.
14. As part of the rebranding, the font, colour and style of the “*finehaart*” logo were abandoned and replaced by the “FINE” branding depicted above (capitals, font with serifs, gold underlining and strap line reading “Selling fine homes throughout the country”). This extended not only to advertisements and other sales literature but also to the magazine until then called “*fine*” (but retaining references associating it with haart): its italicised title was replaced, and all ostensible connection in the text with “haart” eradicated. In addition, the first defendant replaced its domain name. It registered, and thereafter used, the domain name [www.fine.co.uk](http://www.fine.co.uk).
15. The judge made the following additional findings about the rebranding exercise at [177]:

“(1) The decision to rebrand and excise any reference to haart or the spicerhaart name was made because (a) the earlier rebranding (to finehaart) which had been based primarily on the success of 'Foxtan Rare' simply had not worked in attracting up-market properties to the haart group and (b) Mr Heaviside was convinced, and he convinced Mr Smith, that any overt association with the haart name was counter-productive in terms of attracting such properties because of haart's down-market image;

(2) Mr Heaviside's model was Fine & Country, whom he had worked with successfully at Tops, and which as a brand had

been extremely successful in attracting up-market properties to local agencies which otherwise were at an almost insuperable disadvantage compared to the traditional firms with a national presence and London offices;

(3) Mr Smith had long admired and coveted Fine & Country's success in bringing up-market properties into local agencies: when rebuffed finally in his efforts to buy a share of the enterprise he determined to emulate their success, if necessary by copying their approach: and the fact that Mr Heaviside had Fine & Country as his model suited this purpose well;

(4) Mr Smith was involved closely throughout in the development of Fine and its new signage, and encouraged TMC to move away from Mr Heaviside's preference for an italicised flowing '*fine*' sign to a font and a design strongly reminiscent of Fine & Country's existing sign;

(5) As they worked on various designs, TMC (and, I suspect, Mr Heaviside) had real concerns, which they expressed (including to Mr Smith) that the design was becoming "too much like Fine & Country";

(6) but Mr Smith rejected these concerns, and the FINE sign eventually selected, with its similar font, capitalisation of the word, underlining of the word, use of gold for the underline and use of 'country' in the strap line was (to my eye at least) probably the closest to the Fine & Country logo of any of the designs put forward;

(7) I infer that Mr Smith was well aware of the resemblance, and the possibility that customers would mistake one for the other; if that was not his intention, he certainly was aware of the risk, and consciously decided to live dangerously;

(8) I accept, and find, that the newly branded FINE business was intended by its Chief Executive and majority owner, Mr Smith, to compete directly with Fine & Country, and obtain for haart's local agencies the same kind of up-market business that the Fine & Country brand had secured for its licensees, using a logo so designed as to carry a real risk or "reasonably foreseeable result"... of which Mr Smith was aware, that customers might assume it to be connected with, or a new version of, the Claimants' brand and logo;

(9) The FINE brand was thus calculated ... to put customers in mind of the Fine & Country brand and assume a connection between the two; and the subjective intention of at least the First Defendant (through Mr Smith) was to sever any apparent connection with Haarts (which had been identified as a drag) and, taking the risk of confusion but not subjectively intending

to deceive, to compete with Fine & Country licensees by marketing up-market properties through a web of predominantly rural estate agency offices.

(10) I do not consider that either the evidence or the inferences that I may properly draw from it having regard to the conscious decision of the Defendants not to call either Mr Smith or Mr Palmer, justify a finding of intentional deception (and that is not indeed pleaded or pursued). Put another way, the presumption must be that they (subjectively) considered that the differences were sufficient to avoid deception but ... they “had that risk in mind, and...miscalculated the degree of “challenge” or “matching” or “parody” that was tolerable without the product being actually deceptive (in the material sense).”

### **Confusion and deception**

16. The judge heard or read evidence from a number of witnesses. Three of them were directors of GPEA. Eleven were licensees operating under the “Fine & Country” brand. Seven were members of the public who had some connection (either by way of family link or professional relationship) with GPEA or its directors. A further five were members of the public each of whom was cross-examined.
17. Part of the material placed before the judge consisted of e-mails and other correspondence which had been gathered by the claimants from the various licensees. This material was intended to demonstrate real world confusion. It had been collected partly by means of a questionnaire distributed to licensees, and as a result of prompting by Mr Lindley. The results were tabulated in a schedule, which the judge annexed to his judgment. The judge was aware of deficiencies in the manner in which this material was collected; and also of the fact that it was hearsay evidence at best. He found at [112 (3)] that it was:

“... suggestive ... of fairly widespread confusion ... [at]... “a low level”: that is to say, some of it is more in the nature of somewhat casual surprise, and only a smaller part suggests confusion based on or demonstrative of a false assumption fixed in the mind by the FINE sign or other Fine marketing. In short, I consider the e-mail material to be indicative of noise which may amount to confusion; but it is for the most part untested and, of course, it would not suffice of itself to establish deception.”
18. However, he decided that it was appropriate to take it into account as “background material” in his assessment of “the more specific and tested evidence of confusion” and his own initial impressions. So far as the witness statements were concerned, the judge recognised that there were factors militating against giving “great weight” to that evidence, but he decided that these factors did not mean that that evidence was “of no weight”. The judge described the evidence given by witnesses connected with GPEA or its directors as “at best a chorus, and a rather over-orchestrated one at that”.

19. The judge found more persuasive the live and cross-examined evidence given by the five members of the public. The first of these was Mrs Wilshere. She visited Haart's offices in Great Shelford, Essex in 2010. She had previously been generally aware of Fine & Country, but not Fine. She knew of Haart. She associated them with lower end properties. During her visit she was surprised to see some more up market properties being advertised. Upon enquiry she was introduced to someone called Jason, who managed the Fine side of the office. He introduced himself as working for Fine: "I'm not Haart, I'm Fine." No mention was made of Fine & Country; but Mrs Wilshere "rather casually assumed they were the same". Although she arranged for a valuation, in fact she and her husband instructed other agents because they did not want "the posh side of Haart" marketing their house. In fact it did not sell at that time. Two years later she decided to sell and approached the Bishop's Stortford branch of Fine & Country. When she told the office manager that she had reservations about instructing the "posh end of Haart" he explained that the two businesses were not related. Her witness statement said that but for that explanation "I would have continued to view Fine & Country as connected with Haart and therefore inferior to other agents that marketed luxury properties." The judge concluded in relation to this evidence at [135]:

"I accept that Mrs Wilshere was not in the event in fact deceived. I accept also that her confusion was temporary, and cleared up before it had any actual effect on her economic decisions. But it did influence her sufficiently to be wary of (or at least hesitate before) instructing Fine & Country until the difference between it and Fine was made clear to her. The evidence suggests to me that the two may easily be confused by sensible people; that in the case of a vendor the confusion may well be cleared up before the point of actual instruction, but at a time when inertia may discourage changing in mid-stream; and that there is some risk, but not a great one, that initial confusion may dissuade people from dealing with Fine & Country at all when seeking to market an up-market property."

20. The next witness was Mrs Riley. She was looking to buy a house in February 2012. She had previously been registered with both Fine and Fine & Country and "seems to have assumed that the two were the same." The judge found that her assumption was fed by the FINE sign, and in particular the underlining of the words in both the Fine sign and the Fine & Country logo. However, the weight that the judge gave to this evidence was limited. As he put it at [138]:

"As far as it goes, the evidence is consistent with and confirmatory of the Claimants' case that the brand and the sign are confusing (which is also relevant to the Claimants' case based on Trade Marks); but it does not go very far. Mrs Riley told me she was not really bothered who the agents were; she simply wanted to see the property she had discovered on Rightmove."

21. The third witness was Dr Desmond. In January 2011 she had been "information gathering ... and window shopping." She saw a property on Rightmove which looked interesting, and took the selling agents to be Fine & Country. Her evidence was that

the “similarity of the name and the way in which the “Fine” brand had been presented on Rightmove made me think that “Fine” was the same as or part of Fine & Country.” However, when she went to their offices in Rugby the agent she spoke to was unaware of the property. It was then that she was told that the property must be marketed by Fine, and that Fine was a different business. Until then she had thought that Fine was the same as or part of Fine & Country. The judge concluded that it would be wrong to discount Dr Desmond’s false assumption as “mere confusion or muddle” and added at [145]:

“Her assumption was to my mind induced by the Fine sign and it is indicative of that sign being likely to confuse others, even though in her case her confusion was quite soon dispelled.”

22. The next witness was Mr Hasnain. The judge found him truthful but disorganised. His evidence demonstrated muddle but was “far short of evidence of deception.” He gave it little weight.

23. The last of the five witnesses was Ms Appleby. Her evidence was that she had (in fact) instructed Fine to sell her house, believing (wrongly) that she had instructed Fine & Country. Her evidence was strenuously challenged, but the judge accepted it. The judge said of her evidence at [163]:

“I do not think I can safely take from her evidence that any initial confusion is so deep-rooted that it cannot be dispelled. But I do think that her assumption that “Fine” is a rebrand of or derived from “Fine & Country” may be shared quite broadly, and although her confusion may have been particularly abiding I think it reflects what appears to me to be likely to be a fairly common perception.”

24. Among the defendants’ witnesses was Mrs Green who had worked in Winchester for a Fine & Country licensee. She gave evidence about an e-mail that she had written in February 2010 recording an incident of confusion about a property on the market with Fine in Petersfield, about which she had received enquiries whilst working for that licensee on the false assumption that it was indeed a Fine & Country property. In her e-mail she said:

“As you are no doubt aware, the general enquirer seems to be confused and it takes quite a bit of explanation before they grasp the difference between the two brands.”

25. She accepted in cross-examination that “the similarity between the logos had indeed, in her experience, caused a number of people to ask her personally “Are the businesses the same?”. The judge concluded from her evidence as a whole that whatever confusion there was “could often be dispelled”.

26. The judge summarised his conclusions on the evidence at [203]:

“(1) the e-mail material is indicative of confusion, but is not compelling evidence of it, and it is not easy to distinguish between muddle and really substantial and operative confusion;



(2) the witness statements of the directors and licensees (which exhibit much of that material) goes little further;

(3) the witness statements of persons with a connection with the Claimants is devalued for that reason;

(4) though, ... I do not consider I should attach weight to the evidence of Mr Hasnain, I do consider that the evidence of 4 of the 5 apparently independent witnesses for the Claimants who were cross-examined does provide support for a finding of confusion and deception (which in the case of Ms Appleby was acted upon);

(5) so too, to my mind, does the evidence that the Defendants decided to “live dangerously”: the risk of confusion was clearly there, and they appreciated it even if they thought they had done enough to avoid deception;

(6) taken together with Mrs Green’s evidence, the evidence as a whole is consistent with potential customers going beyond wondering and into making false assumptions: and that is such as to cross over to deception, even if it was not so deep-rooted that it could not be dispelled or corrected;

(7) I am entitled to come back to my own initial and abiding assessment: that the similarities between the F&C Marks and the Fine sign, and (perhaps ironically) the very unusual use by the First Defendant of the single descriptive word 'Fine' to denote its business, which to my mind calls to mind and easily leads to confusion with 'Fine & Country', are confusing and deceptive and/or are likely to confuse and deceive; and that erosion and damage to the Claimants' business is likely in consequence. Even if the support in the evidence is not strong, in my view it is, in the round, strong enough, and it is consistent with, and indeed supportive of, that assessment;

(8) accordingly, on the balance of probabilities, if the Defendants are not restrained a substantial number of potential customers of licensees of the Claimants will be misled into dealing with the First Defendant in the belief (even if later dispelled) that they are dealing with the Claimants.”

## **Damage**

27. Having found deception, the judge went on to consider whether any damage had been established. The judge was not convinced that measurable damage to the “Fine & Country” brand had yet occurred; but he considered that there was a realistic risk of damage in the future. The likely damage that he perceived was the erosion or dilution of the “Fine & Country” brand.

## Validity of the registered trade marks

28. The judge dealt with this part of the trade mark infringement claim first. He set out the relevant provisions of the Community Trade Marks Regulation, viz article 7 and article 52. Article 7 forbids the registration of:

“(b) trade marks which are devoid of any distinctive character;

(c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service.”

29. However, this does not apply if:

“if the trade mark has become distinctive in relation to the goods or services for which registration is requested in consequence of the use which has been made of it.”

30. Article 52 enables a Community trade mark registered in breach of article 7 to be declared invalid on a counterclaim in infringement proceedings. However, this provision is subject to a similar proviso that:

“Where the Community trade mark has been registered in breach of the provisions of Article 7(1)(b), (c) or (d), it may nevertheless not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.”

31. These provisions are mirrored in the domestic legislation: Trade Marks Act 1994 sections 3 (1) (b), 3 (1) (c) and 47.

32. Article 7 directs attention to the position at the date of the application for registration, whereas article 52 directs attention to the position at the date of the counterclaim for revocation. In some cases it may matter which date is under consideration, because the burden of proof differs (see article 99 (1) of the regulation and section 72 of the Act; *British Sugar plc v James Robertson & Sons Ltd* [1996] RPC 281, 302 and *Premier Luggage and Bags Ltd v Premier Co (UK) Ltd* [2002] EWCA Civ 387 [2002] ETMR 69 at [52]). But no one suggested that anything turned on the burden of proof in this case.

33. The judge first set out the legal approach that he should adopt: [217] and [218]. I will return to his self-direction later. He then set out the rival contentions in [219] to [222]. His conclusion at [223] was:

“Sometimes I look at the words separately as adjectives; sometimes as (as it were) I see them together as a household name. But on balance I have eventually concluded that the F&C Marks were on registration, and remain, sufficiently distinctive to have warranted and continue to warrant

registration. Although wary of adopting yet another formulation, it seems to me that the mark has a recognisable and recognised separate existence apart from the descriptive and laudatory nature of the words themselves. The words in that context call to mind the relevant business, not their semantic meaning: in the manner and context in which they appear they serve to identify and distinguish the business. I accept therefore, the Claimants' case in this regard, and its supporting reasoning as adumbrated above.”

34. The supporting reasoning was set out at [220] and [221] and I will refer to it later.

35. Thus the judge concluded that the marks should not be revoked for invalidity.

### **Trade mark infringement under article 9 (1) (b) and section 10 (2)**

36. Article 9 (1) (b) entitles the proprietor of a CTM to prevent all third parties not having his consent from using in the course of trade:

“any sign where, because of its identity with, or similarity to, the Community trade mark and the identity or similarity of the goods or services covered by the Community trade mark and the sign, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark.”

37. The judge directed himself in [241] that to establish liability:

“(1) The provision requires (a) identification of the sign used by the defendant and a determination of the goods and services (if any) in relation to which he is using it and (b) a comparison to a notional and fair use of the registered mark in relation to all of the goods and services covered by the registration.

(2) The goods or services the subject of the registered mark must be identical or similar to those the subject of the alleged infringing use.

(3) Similarity connotes the existence, in particular, of elements of visual, aural or conceptual similarity.

(4) It is the overall impression of the registered mark, bearing in mind its distinctive and dominant components, which counts: it is the totality of the mark which gives it its distinctiveness. Thus, it is not legitimate to dissect the mark and compare parts of it with the sign alleged to infringe.

(5) There can only be infringement where there exists a likelihood of confusion; but confusion includes a likelihood of association, and proof of likelihood suffices: it is not necessary to prove actual confusion at all.”

38. No criticism is made of this self-direction. The judge reached his conclusions in [247] to [250] in the following terms:

“[247] First, comparing the F&C Marks and the FINE sign, I consider that:

(1) as a matter of overall impression the mark and the sign are sufficiently similar to be likely to lead, and in my assessment have led, to confusion on the part of the average consumer;

(2) in particular, the same font, the gold underlining, the capitalisation, and the overall impression created by the two make it all too easy to mistake the one as the other, at least when the two are not laid out together for simultaneous comparison: and the strapline reference to "Country" in the strapline increases the similarities; that was my original instinctive and then more considered assessment; it abided with me, and was reinforced by the evidence (even acknowledging and taking into accounts its flaws).”

“[249] Upon analysis, and breaking the two down into their component parts, I accept that there are indeed substantial differences [between the mark and the sign]. As the Defendants point out the first comprises 3 words and a total of 4 syllables, and is significantly longer than the other; and visually, there are many additional elements in the F&C Marks that are not present in the FINE sign, including additional words, emphasis of the first word, the pillar device, the underlining of both words, and the positioning of "&" above the pillar. I would accept that aurally the two sound different.

[250] But the fact to my mind remains that the two are easily confused in the mind's eye when the two are not set side by side. Of course, as in the game, it is not difficult to spot the differences when the two are closely compared: but the overall impression, for whatever reason (and an impression inherently is difficult to rationalise entirely), is similar and thus confusing.”

39. He added that the evidence supported that assessment; and also took into account his finding that the defendants and their designers appreciated the risk of confusion, and decided to take that risk and live dangerously.

40. He thus concluded that infringement had been proved.

### **Trade mark infringement under article 9 (1) (c) and section 10 (3)**

41. Article 9 (1) (c) entitles the proprietor of a CTM to prevent all third parties not having his consent from using in the course of trade:

“any sign which is identical with, or similar to, the Community trade mark in relation to goods or services which are not similar to those for which the Community trade mark is registered, where the latter has a reputation in the Community and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the Community trade mark.”

42. The judge directed himself ([257] to [262]):
- i) The provisions apply in relation to goods and services identical with or similar to those in respect of which the mark is registered.
  - ii) The first requirement is that the trade mark has a reputation, but this is not a particularly onerous requirement. (It was common ground on the appeal that this requirement was satisfied).
  - iii) The next requirement is that the use of the signs complained of gives rise to a “link” with the trade mark in the mind of the average consumer. It is not necessary that the degree of similarity is such as to create a likelihood of confusion, but it must be such that the average consumer establishes a link between the registered mark and the sign; and this is to be assessed having regard to all the circumstances of the case.
  - iv) It must be shown that the use of the sign without due cause takes or would take advantage of, or is or would be detrimental to, the distinctive character or repute of the registered mark. There are three kinds of injury: detriment to the distinctive character of the mark (dilution); detriment to the repute of the mark (tarnishing) and taking unfair advantage of the distinctive character or repute of the mark (free riding). An advantage will be unfair if the advantage is obtained intentionally in order to benefit from the power of attraction, the reputation and the prestige of the mark; and to exploit the marketing effort expended by the proprietor of the mark without making any such efforts of his own, and without compensation for any loss caused to the proprietor, or for the benefit gained by the third party.
  - v) The use must be without due cause.
43. The judge held that each of these requirements had been satisfied. First, he held that the marks had a reputation. Second, he held that the “imitation of the first part of the name of the Claimants, including the font, capitalisation and underlining, alone and in conjunction with the use of the word “country” in the strapline and elsewhere, leads to an unjustified association with the Claimants’ business.” Third, he held that there was unfairness in the intentional adoption of a sign which the defendants appreciated was similar in appearance to the mark. The judge inferred that this was done deliberately so that the link or association with the marks would enure to the defendants’ benefit. He found also that dilution of the marks was “indeed likely”. He thus found that infringement under article 9 (1) (c) had also been established.

## **Defence under article 12 (b)**

44. Article 12 (b) says that a CTM does not entitle the proprietor to prohibit a third party from using in the course of trade:

“indications concerning the kind, quality, quantity, intended purpose, value geographical origin, time of production of the goods or of rendering of the service, or other characteristics of the goods or services

...

provided he uses them in accordance with honest practices in industrial or commercial matters.”

45. This is also mirrored in domestic legislation: Trade Marks Act 1994 section 11 (2). The judge dealt with this defence in his supplemental judgment. He held that although the word “fine” was capable of being descriptive, the defendants did not use their sign “FINE” in an adjectival sense but as a brand or quasi trade mark. Since it was used as sign rather than a description, it fell outside article 12 (b). The judge also held that, for the reasons he had given in his main judgment this was not a case of confusion that should be tolerated, and hence the use of the word “FINE” had not been in accordance with honest practices. This defence therefore failed.

## **The judge’s order**

46. By his order the judge granted an injunction against the defendants prohibiting them from doing any of the following acts:
- i) Passing off any services which are not the services of or services connected with any of the claimants as or for such services, or any business not licensed by the claimants as or for such a business by the use of the defendants’ logos or any other name, logo or mark colourably similar thereto or passing off in any other way;
  - ii) Infringing the UK mark
  - iii) Infringing the CTM
  - iv) Procuring any other person to do so.
47. In addition the judge made a mandatory order requiring the defendants to remove all material published on any website accessible using the domain name “www.fine.co.uk” and to assign that domain name to the claimants.
48. He also ordered an inquiry as to damages or, at the claimants’ option an account of profits, and gave directions to that end.

## **The grounds of appeal**

49. The grounds of appeal run to no fewer than 86 paragraphs. I hope that I can adequately summarise them as follows:

- i) The judge ought to have held that none of the claimants had any business to which the goodwill attributable to the Fine & Country brand was capable of attaching.
- ii) The judge should have applied the principle that where descriptive words are selected as a trade mark or trading name, the business in question has to put up with a certain amount of deception and confusion, which is the inevitable corollary of the choice of descriptive words. Had he done so he would have found that the words “fine” and “country” were descriptive; and that the defendants’ use of the word “fine” was neither passing off nor an infringement of the trade marks.
- iii) In assessing whether there was evidence of deception and confusion the judge considered too wide a class of person, and wrongly assessed the characteristics of the average consumer.
- iv) The judge was wrong to attribute any weight to certain categories of evidence; and the evidence that he did consider did not support a finding of deception or confusion. To the extent that there was confusion, that was no more than could be expected as a result of the claimants’ choice of descriptive words as their trading style.
- v) The judge was wrong to find that any deception or confusion had caused or would cause damage to the trade or goodwill of the claimants.
- vi) The judge should have revoked the registration of the trade marks on the ground that they were devoid of distinctive character.
- vii) In evaluating the similarity between the registered marks and the sign the judge misapplied the relevant legal test.
- viii) The judge was wrong to find that there was a relevant link between the registered marks and the sign; and wrong to find that any use of the sign took unfair advantage of the marks.
- ix) The judge was wrong to hold that the use of the sign was use without due cause.
- x) The judge should have held that the sign was an indication of quality and that it had been used in accordance with honest practices.

### **The role of the appeal court**

50. The Court of Appeal is not here to retry the case. Our function is to review the judgment and order of the trial judge to see if it is wrong. If the judge has applied the wrong legal test, then it is our duty to say so. But in many cases the appellant’s complaint is not that the judge has misdirected himself in law, but that he has incorrectly applied the right test. In the case of many of the grounds of appeal this is the position here. Many of the points which the judge was called upon to decide were essentially value judgments, or what in the current jargon are called multi-factorial assessments. An appeal court must be especially cautious about interfering with a trial judge’s decisions of this kind. There are many examples of statements to this effect. I

take as representative Lord Hoffmann's statement in *Designers Guild Ltd v Russell Williams (Textiles) Ltd* [2000] 1 WLR 2416, 2423:

“Secondly, because the decision involves the application of a not altogether precise legal standard to a combination of features of varying importance, I think that this falls within the class of case in which an appellate court should not reverse a judge's decision unless he has erred in principle.”

51. Where the appeal is (or involves) an appeal against a finding of fact, the role of an appeal court is as stated by Lord Mance in *Datec Electronics Holdings Ltd v United Parcels Service Ltd* [2007] UKHL 23 [2007] 1 WLR 1325 at [46] approving a passage from the judgment of Clarke LJ in *Assicurazioni Generali SpA v Arab Insurance Group* [2003] 1 WLR 577, 580 – 581 as follows:

“14. The approach of the court to any particular case will depend upon the nature of the issues kind of case determined by the judge. This has been recognised recently in, for example, *Todd v Adams & Chope (trading as Trelawney Fishing Co)* [2002] 2 Lloyd's Rep 293 and *Bessant v South Cone Inc* [2002] EWCA Civ 763. In some cases the trial judge will have reached conclusions of primary fact based almost entirely upon the view which he formed of the oral evidence of the witnesses. In most cases, however, the position is more complex. In many such cases the judge will have reached his conclusions of primary fact as a result partly of the view he formed of the oral evidence and partly from an analysis of the documents. In other such cases, the judge will have made findings of primary fact based entirely or almost entirely on the documents. Some findings of primary fact will be the result of direct evidence, whereas others will depend upon inference from direct evidence of such facts.

15. In appeals against conclusions of primary fact the approach of an appellate court will depend upon the weight to be attached to the findings of the judge and that weight will depend upon the extent to which, as the trial judge, the judge has an advantage over the appellate court; the greater that advantage the more reluctant the appellate court should be to interfere. As I see it, that was the approach of the Court of Appeal on a ‘rehearing’ under the RSC and should be its approach on a ‘review’ under the CPR 1998.

16. Some conclusions of fact are, however, not conclusions of primary fact of the kind to which I have just referred. They involve an assessment of a number of different factors which have to be weighed against each other. This is sometimes called an evaluation of the facts and is often a matter of degree upon which different judges can legitimately differ. Such cases may be closely analogous to the exercise of a discretion and, in my



opinion, appellate courts should approach them in a similar way.”

52. I would add to that citation the statement of Lord Steyn in *Smith New Court Securities Ltd v Citibank NA* [1997] AC 254, 274:

“The principle is well settled that where there has been no misdirection on an issue of fact by the trial judge the presumption is that his conclusion on issues of fact is correct. The Court of Appeal will only reverse the trial judge on an issue of fact when it is convinced that his view is wrong. In such a case, if the Court of Appeal is left in doubt as to the correctness of the conclusion, it will not disturb it.”

53. This corresponds with the test set out in CPR Part 52.11 (3)(a).

### **Passing off**

#### *The legal framework*

54. The characteristics of an action for passing off were thus described by Lord Diplock in *Erven Warnink BV v Townend & Sons (Hull) Ltd* [1979] AC 731, 742:

“(1) a misrepresentation (2) made by a trader in the course of trade, (3) to prospective customers of his or ultimate consumers of goods or services supplied by him, (4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence) and (5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a *quia timet* action) will probably do so.”

55. Thus the essence of the action is not confusion, but misrepresentation. Lord Diplock immediately added a very important warning:

“In seeking to formulate general propositions of English law, however, one must be particularly careful to beware of the logical fallacy of the undistributed middle. It does not follow that because all passing off actions can be shown to present these characteristics, all factual situations which present these characteristics give rise to a cause of action for passing off. True it is that their presence indicates what a moral code would censure as dishonest trading, based as it is upon deception of customers and consumers of a trader's wares but in an economic system which has relied on competition to keep down prices and to improve products there may be practical reasons why it should have been the policy of the common law not to run the risk of hampering competition by providing civil remedies to every one competing in the market who has suffered damage to his business or goodwill in consequence of inaccurate statements of whatever kind that may be made by

rival traders about their own wares. The market in which the action for passing off originated was no place for the mealy mouthed; advertisements are not on affidavit; exaggerated claims by a trader about the quality of his wares, assertions that they are better than those of his rivals even though he knows this to be untrue, have been permitted by the common law as venial 'puffing' which gives no cause of action to a competitor even though he can show that he has suffered actual damage in his business as a result.”

*Title to sue*

56. As the judge found both F&CL and FCEA are dormant companies. Licences are in fact granted by GPEA; and it is that company that receives licence fees. In his written argument in support of the appeal Mr Platts-Mills QC argued that since neither F & CL nor FCEA is actively trading, neither had a business to which goodwill can attach. That being so, neither of them can maintain an action in passing off. However, this point was abandoned during the oral argument; so I say no more about it. So far as GPEA is concerned, it is not in the estate agency business. Its business is that of licensing estate agents, and Mr Platts-Mills argues that any goodwill generated by the estate agency businesses of the licensees belongs to them rather than to GPEA. Thus Mr Platts-Mills argues that GPEA is not capable of maintaining an action in passing off either. Although it has a business, it is not the business to which the relevant goodwill attaches.
57. GPEA carries on the business of licensing estate agents to use the Fine & Country brand, and organises nationwide advertising (and the website) for them. In substance it is a franchisor of the Fine & Country brand. As Mr Hicks rightly submits there need be no common field of activity between claimant and defendant in a passing off action. But in any event the fields of activity are sufficiently close. If the brand is damaged, GPEA's ability to attract licence fees will also be damaged. Its ability to attract licence fees is itself goodwill. In *Dawnay Day & Co Ltd v Cantor Fitzgerald International* [2000] RPC 669, 701-702 Scott V-C referred to the position of a franchisor, and plainly contemplated that a franchisor would, in principle, be entitled to sue in passing off. This point is discussed by Professor Wadlow in §§ 7-110 and 7-111 of his well-known work on *Passing Off* (4<sup>th</sup> ed):

“The franchisees provide goods or services to the public. The franchisor provides services of a quite different nature (and sometimes also goods) to the franchisees. Can it therefore be said that the franchisor is a trader with a goodwill to protect, that it is an actionable misrepresentation for a business to hold itself out as franchised, and that the franchisor can be said to suffer damage?”

“One approach to ownership of goodwill might formerly have been to say that each individual franchised business owned a goodwill of its own, and that the goodwill of the franchisor related solely to the granting of franchises to businesses. This would be unduly restrictive. The public may or may not know that a franchising relationship exists, but they do appreciate that

one person is responsible for the standards of every franchised outlet. That person is in fact the franchisor, who therefore owns the relevant goodwill quoad the public, absent agreement to the contrary. (In fact, of course, any agreement between franchisor and franchisee is more or less bound to provide that goodwill accrues to the former, as any other arrangement would be self-defeating). It is only if the franchisor is perceived to have abandoned control of the business, or surrendered it to the franchisee(s), that the situation contemplated in *Coles v Neeld* arises and the franchised name or format may become publicii juris, or distinctive of someone other than the franchisor. This is not to say that individual franchised outlets have no goodwill of their own, but their status as franchisees does not entitle them to a share of that portion of the general goodwill which attaches to the franchised name or format. Their position is roughly equivalent to that of a tied public house, or a retail shop selling nationally advertised brands of goods.”

58. I agree. In my judgment GPEA is entitled to maintain an action in passing off.

*Descriptive words*

59. In the realm of passing off the leading case on the significance of descriptive words is the decision of the House of Lords in *Office Cleaning Services Ltd v Westminster Window and General Cleaners Ltd* (1946) 63 RPC 39. The plaintiff traded under the name “Office Cleaning Services”. The defendant traded under the name “Office Cleaning Association”. A claim in passing off to restrain use of the latter name failed in the Court of Appeal and the House of Lords although it had succeeded at first instance. Lord Simonds gave the leading speech. He identified many of the relevant considerations in evaluating a claim in passing off as follows:

“The nature of the words which are used in the trade name, the circumstances and peculiarities of the trade, the motives, proved or presumed, of the trader who would use the words, all those and many other factors must be considered by the judge in determining whether a Plaintiff can succeed in his claim.”

60. Towards the end of his speech he said:

“It comes, in the end, I think, to no more than this, that where a trader adopts words in common use for his trade name, some risk of confusion is inevitable. But that risk must be run unless the first user is allowed unfairly to monopolise the words. The Court will accept comparatively small differences as sufficient to avert confusion. A greater degree of discrimination may fairly be expected from the public where a trade name consists wholly or in part of words descriptive of the articles to be sold or the services rendered.”

61. As Jacob LJ pointed out in *Phones4U Ltd v Phones4u.co.uk Internet Ltd* [2006] EWCA Civ 244, [2007] RPC 5 at [21] this is really a case of tolerated deception or a tolerated level of deception. At bottom it is a question of public policy.
62. The judge found that the claimants' business (and the use of the trading name and the marks) was started in 2001, and that the defendants started using the sign in 2009. In my judgment therefore it is appropriate to consider the commercial environment in which the parties operated at that time. The judge referred at [97] to the evidence of Mr Phillips and Mr Bowden called by the defendants. He said:
- “Witness Statements were also provided by ... Mr Phillips... a trainee solicitor employed by Manches, Solicitors to the Defendants, who put forward evidence of the use by estate agents of the terms “fine”, “finest” or “country” in their advertising and/or branding. Similarly, ... Mr Bowden. He was not cross-examined: it is not disputed that such terms are in common use.”
63. Much later in his judgment he said at [222] (1) that he accepted the marks were to be evaluated in the context of “a market where combinations of words such as “fine” or “finest” and “country” are common place descriptions.” Apart from these two brief references he did not, I think, comment further on that body of evidence. Mr Phillips' evidence was, to my mind, striking. He had conducted inquiries into trading names of estate agents up and down the country. Among the examples he put forward were: Palmer Snell Country & Fine Homes, Town & Country Property Services, Town & Country Estates of Wiltshire, Town & Country Estates of Wrexham, Town & Country Estate Agents of Plymouth, Prestige Town & Country, Bradleys Marine & Country Homes, Waterside & Country Homes, Coast & Country Estate Agents, Town & Country Estate Agents of Worksop, Fulfords Country & Waterside, River & Country Estate Agents, Fine Homes Estate Agents of Leamington Spa, Yorkshire's Finest Estate Agents, Country Properties, Winkworth Country & Waterside, Jackson Fine Homes, Distinctive and Country Homes and others. All these had been trading for many years. Mr Bowden gave evidence of legions of advertisements describing houses for sale as “fine” homes or “fine country house”. There was also a considerable quantity of evidence showing that estate agents licensed to use the “Fine & Country” brand had themselves used the words descriptively or adjectivally to qualify such nouns as “homes” or “properties”.
64. At the start of the appeal Mr Platts-Mills applied for permission to adduce fresh evidence in the shape of an advertisement from the Jewish Chronicle showing how another agent had used the word “fine” as part of its branding. He accepted that this material could have been found if a more thorough search had been conducted before trial and that the evidence was no more than relevant. We decided not to admit the fresh evidence as it did not meet the conventional tests. Besides which, we had enough already.
65. The judge was of course well aware of the defendants' main defence. He recorded it at [4] as follows:
- “The Defendants say that the claims constitute an inappropriate attempt to monopolise a descriptive word (“fine”) which is

common in ordinary language and extensively deployed in the estate agency market. They say that the claims should be dismissed; and by Part 20 claims they seek also orders invalidating and revoking the F&C Marks.”

66. He referred to it again at [27], and quoted from *Phones4U* at [80]. He also quoted from the speech of Lord Oliver in *Reckitt & Colman Ltd v Borden* [1990] RPC 340 which dealt with “ordinary English terms” applied to goods or services. However, in the section of his judgment that dealt with passing off, he did not, so far as I can see, confront this defence head on. At [30] and [31] he said:

“[30] Mr Hicks, Counsel for the Claimants, suggested in opening that the issue at the heart of the case (he said the pun was intentional) is one simple issue: are the Defendants causing confusion and deception by calling their business Fine?”

[31] Although Mr Platts-Mills QC (Leading Counsel for the Defendants) has raised a number of other points, including as to the use of the Fine & Country mark, and has depicted the case as epitomising an inappropriate attempt to “enclose part of the great common of the English language and to exclude the general public of the present day and of the future from access to the enclosure” (quoting Sir Herbert Cozens-Hardy MR in *Joseph Crosfield & Son’s Application* (1909) 26 R.P.C. 837 at 854), the ultimate issue is indeed simply stated. Its answer is, inevitably, longer.”

67. This appears to me to accept that “the ultimate issue” was indeed as stated by Mr Hicks. When at [57] the judge set out his summary of the issues arising on the passing off claim the defendants’ defence was not among them. The only other reference to this defence to the passing off claim in the main judgment is at [223] where, having set out the defendants’ case on lack of distinctiveness in relation to the claim of trade mark infringement, he said:

“These various tests identified by the Defendants have caused me not a little hesitation (which of course fed back into my consideration of the case in passing off).”

68. When I first read the papers in the case, I did wonder whether the judge had made an error of principle here. But on further reflection I am satisfied that he did not. The passages on which Mr Platts-Mills relied are all directed to similarities between different *words*. They are not concerned with similarities in design, style or get-up. Among the relevant considerations that Lord Simonds spoke of are “the motives, proved or presumed, of the trader who would use the words.” The judge did not make any relevant findings about the motives behind the use of the *word* “fine”; but he did make highly relevant findings about the process that led up to the design of the eventual sign in its graphic form. As his findings demonstrate the precise form of the “FINE” sign was the closest to the registered mark of all those that the designers put forward, and the designers appreciated that its precise form was one that resembled the marks. Mr Smith overruled their concerns. I do not read the judge’s judgment on the claim in passing off as prohibiting all use of the simple word “FINE” as a brand

name. What persuaded him that passing off had been established was the combination of the name, the font, the capitalisation, the underlining, the use of gold, the strap line and the overall impression ([177 (6)] and [247 (2)]). That, he said was his own “original instinctive and then more considered assessment”. Had the defendants stayed with Mr Heaviside’s preference for an italicised flowing ‘*fine*’ sign, the judge might well not have reached the conclusion that he did. Put another way, the claimants may well not be able to object to the mere fact that the defendants use the single word “FINE” as their brand name.

69. This, in my judgment, is exactly the sort of the application of a not altogether precise legal standard to a combination of features of varying importance with which an appeal court should not interfere. Although the judge did not put it quite so starkly, reading his judgment as a whole, it is clear to my mind that he found that there was a misrepresentation by the defendants in consequence of the detailed design of their sign. The misrepresentation was to represent themselves as successors to or part of the network licensed by “Fine & Country”.

*Who must be deceived?*

70. Mr Platts-Mills argues that the judge adopted too wide a definition of the class of person who must be deceived. Since GPEA dealt with licensed estate agents, the question was whether they (rather than members of the public) would be deceived; and on the evidence they were not. If it was appropriate to cast the net wider, then the class of person might include sellers of property (who contracted with the licensees), but not buyers of property, who did not pay estate agents. I reject this argument. As Lord Diplock put it in the passage quoted, the representation must be made:

“to prospective customers of his or ultimate consumers of goods or services supplied by him”

71. It is obvious that sellers of property fall into this class of person as ultimate consumers of GPEA’s services, since it is they who contract with estate agents. But in addition buyers of property also fall into this category. Why, one might ask do sellers of property choose a particular estate agent? One reason would be their terms of business (i.e. how much commission do they charge?). But another, surely, is that they are capable of attracting the largest number of buyers. It is they who search for properties on the Fine & Country website, although they no doubt use other websites (e.g. Rightmove) as well. If a potential buyer of property is deflected from buying a property offered by a Fine & Country agent into buying a property marketed by Fine, then that is a potential sale lost. In my judgment the judge made no error here.

*Criticisms of the judge’s evaluation of the evidence*

72. Mr Platts-Mills was very critical of the judge’s evaluation of the evidence. He said that the judge should have applied to the e-mail material the rigorous standards applicable to evidence gathered by means of surveys and so-called witness collection programmes. I discussed these forms of evidence in *Marks & Spencer plc v Interflora Inc* [2012] EWCA Civ 1501 [2013] 2 All ER 663 and *Interflora Inc v Marks & Spencer plc* [2013] EWCA Civ 319. The common feature in both these cases was that the evidence in question had been elicited in response to a carefully scripted series of questions, many of which were leading in form. The question before the court was

whether at the case management stage a judge should exercise his powers of case management to exclude evidence that was otherwise admissible. In both cases, this court said that he should. Both these were cases of trade mark infringement, rather than passing off. This matters, because the legal question that must be answered is a different one: see *Marks & Spencer plc v Interflora Inc* at [26] to [34]. This court also made it clear that evidence of real world confusion, in the sense of spontaneous reaction to the allegedly infringing sign, could be of real value: see *Marks & Spencer plc v Interflora Inc* at [136] and [137 (i)] and *Interflora Inc v Marks & Spencer plc* at [10] and [20].

73. In my judgment the judge was entitled in our case to take into account the anecdotes revealed by the e-mails for what they were worth. Once this material had been admitted into evidence (apparently without objection) he was not required to reject that evidence completely. He was aware of its limitations and made it clear that (a) he was only taking it into account as background and (b) it was not enough to prove deception. In my judgment that approach cannot be faulted.
74. Mr Platts-Mills next criticised the judge for reliance on standardised witness statements signed by many of the witnesses. The judge recognised the limitations of that evidence too. As noted he described that body of evidence as “at best a chorus, and a rather over-orchestrated one at that”. He gave this evidence little weight, although he was not prepared to say that it was of no weight. Again in my judgment that approach cannot be faulted.
75. In the end what impressed the judge most was the evidence of the live witnesses and his own independent assessment. That is the classic way in which passing off cases are decided. There was clear evidence both from Mrs Riley and Dr Desmond that they had been deceived by the “FINE” sign. There is nothing wrong with the judge’s approach to the evidence; and certainly no error of principle that would entitle an appeal court to interfere.

### *Damage*

76. The last complaint is that the judge was wrong to find that damage had been caused to any of the claimants or that real damage was likely in the future. In fact that judge found that no measurable damage had yet been caused: his concern was for the future.
77. He found, on the basis of Mr Lindley’s evidence, that Mr Lindley had a “well-founded perception” that Fine’s activities were likely to lead to the erosion or dilution of the Fine & Country brand and was thus a real threat to his business. Mr Platts-Mills criticised this finding as mere speculation, and pointed out that although “Fine” has been operating for three years, no actual damage has yet been caused. But in a later part of his judgment ([192]) the judge recorded “evidence that FINE is beginning to attract contacts and potential licensees away from Fine & Country (a particular example being the applicant for a license in Chelsea, who apparently withdrew because of his perception, based on his experience in Surrey, of brand confusion)”. That is a finding of primary fact.
78. In a sense any prediction about the future is speculation, but it must of course be a reasonable prediction based on evidence. The evidence of Mr Lindley and the particular example of a loss of a licensee was, in my judgment, enough to enable the

judge to make the assessment that he did. Nothing else has been suggested which would entitle an appeal court to interfere.

79. I would dismiss the appeal so far as it relates to passing off.

## **Trade marks**

*Are the trade marks validly registered?*

80. As noted, the attack on the validity of the trade marks was based on articles 3 (1) (b) and (c). As already mentioned an attack based on these provisions will not succeed if the mark has become distinctive (or has acquired distinctive character) as a result of the use made of it. There are thus two types of distinctiveness which are usually referred to as inherent distinctiveness and acquired distinctiveness. Acquired distinctiveness, in a claim for revocation, is to be tested as at the time when the claim to revoke is made. Both inherent distinctiveness and acquired distinctiveness were pleaded in response to the counterclaim for revocation.
81. In deciding whether a trade mark is distinctive the ultimate question is whether it is capable of distinguishing the goods or services of one undertaking from goods or services of another undertaking. That in turn must be assessed in the context of the classes for which the mark is registered and, necessarily in the context of the trading conditions in which goods and services in those classes are supplied. As with passing off, there is a public interest in enabling descriptive terms to be freely available to traders.
82. But whereas in the case of passing off there is sufficient flexibility in judge-made law to balance opposing interests, the registration of a trade mark confers a monopoly not only in the mark itself but in effect over signs which are confusingly similar or, in some circumstances, which merely call the registered mark to mind. Nor, in a case of trade mark infringement, is it necessary to prove deception: mere confusion will suffice. In *Phones 4u Ltd v Phone4u.co.uk. Internet Ltd* [2006] EWCA Civ 244 [2007] RPC 5 Jacob LJ stressed the difference between the appropriate test for passing off and the appropriate test for registration of a trade mark. He said (§ 25):

“The nature of the inquiry as to whether a mark is suitable for registration without proof of distinctiveness is different from that as to whether a plaintiff in a passing off action has established a goodwill in the name, badge or insignia relied upon. This is hardly surprising—for registration one must be reasonably sure that the mark has really become a trade mark to most relevant people—to grant a monopoly on a lesser test would be contrary to the policy behind the requirement of distinctiveness. So, for example, if it is necessary to prove distinctiveness, proof that a badge was well-known but only in a small area, would not be enough. Yet an action for passing off would lie in respect of the use of a deceptively similar badge in that small area. Cases about quasi-descriptive names of hairdressers, restaurants and so on are not uncommon. An example mentioned in argument was *Stannard v Reay* [1967] RPC 589 (“Mr Chippy” used for a mobile fish and chip van on



the Isle of Wight for 3 weeks—held enough use to create a protectable goodwill). Similarly under our old law some marks were regarded as so non-distinctive that they could never be registered. Yet passing off cases on such marks could succeed (e.g. “Perfection” for soap refused, *Crosfield's Application* (1910) 27 RPC 433, passing off successful, by consent, *Crosfield (Joseph) & Sons Ltd v Caton* (1912) 29 RPC 47; W&G for taxis refused: *W&G Du Cros Ltd's Application* (1913) 30 RPC 660; [1913] A.C. 413, but the subject of a successful passing off action, *W&G Du Cros Ltd v Gold* (1913) 30 RPC 117).”

83. There is a long line of domestic cases in which judges have expressed the view that it should not be possible to monopolise the use of descriptive or laudatory words. Mr Platts-Mills started with the well-known observation of Cozens-Hardy MR in *Joseph Crosfield & Son's Appn* (“Perfection”) (1909) 26 R.P.C. 837:

“Wealthy traders are habitually eager to enclose part of the great common of the English language and to exclude the general public of the present day and of the future from access to the enclosure.”

84. As Cozens-Hardy MR went on to point out:

“Now it is apparent that no word can be registered under this sub-section unless it is “distinctive,” that is to say, is “adapted” to distinguish the goods of the proprietor from the goods of other persons. There are some words which are incapable of being so “adapted,” such as “good,” “best,” “superfine.” They cannot have a secondary meaning as indicating only the goods of the applicant. ... It may be that within a particular area the applicant might succeed in a passing-off action against a trader who used the epithet without sufficiently distinguishing his goods from the goods of the applicant. But that would not justify the Court in giving the applicant a monopoly throughout the United Kingdom in the use of a laudatory epithet. Whether in any particular case the word is or is not something more than a laudatory epithet is for the tribunal to decide.”

85. In the same case Fletcher Moulton LJ said:

“I do not think, for instance, that any amount of evidence of user would induce a Court to permit the registration of ordinary laudatory epithets such as “best,” “perfect,” &c. On the other hand, in the case of a peculiar collocation of words it might be satisfied with reasonable proof of acquired distinctiveness, even though the words taken separately might be descriptive words in common use.”

86. In *Re Davis's Trade Marks* [1927] 2 Ch 345, 360 Sargant LJ said:

“Even so ... there is a large class of word-marks which are by their very nature incapable of becoming distinctive and which ought, therefore, on a priori grounds, to be refused registration.... Such marks are mere laudatory epithets, such as “Good,” “Best,” “Excellent,” “Perfect,” and the like, and also marks merely describing in ordinary language some common characteristic of the goods in question, such as in the present case “Stickable,” “Attachable” or ... “Stickon,” however spelt.”

87. In *British Sugar plc v James Robertson & Sons Ltd* [1996] RPC 281, 302 Jacob J said:

“There is an unspoken and illogical assumption that “use equals distinctiveness”. The illogicality can be seen from an example: no matter how much use a manufacturer made of the word “Soap” as a purported trade mark for soap the word would not be distinctive of his goods. He could use fancy lettering as much as he liked, whatever he did would not turn the word into a trade mark. Again, a manufacturer may coin a new word for a new product and be able to show massive use by him and him alone of that word for the product. Nonetheless the word is apt to be the name of the product, not a trade mark. ...

“A word or words to be really distinctive of a person's goods must generally speaking be incapable of application to the goods of anyone else.” [A quotation from Lord Russell in *The Shredded Wheat Co Ltd v Kellogg Co of Great Britain Ltd* (1940) 57 RPC 137]

It is precisely because a common laudatory word is naturally capable of application to the goods of any trader that one must be careful before concluding that merely its use, however substantial, has displaced its common meaning and has come to denote the mark of a particular trader. This is all the more so when the mark has been used in conjunction with what is obviously taken as a trade mark.”

88. The same theme recurs in the European cases. In *Windsurfing Chiemsee Produktions- und Vertriebs GmbH v Boots- und Segelzubehör Walter Huber* (Joined Cases C-108 and 109/97) [2000] Ch 523 the ECJ said:

“[25] However, article 3(1)(c) pursues an aim which is in the public interest, namely, that descriptive signs or indications relating to the categories of goods or services in respect of which registration is applied for may be freely used by all, including as collective marks or as part of complex or graphic marks. Article 3(1)(c) therefore prevents such signs and indications from being reserved to one undertaking alone because they have been registered as trade marks.”

89. In *Koninklijke KPN Nederland NV v Benelux-Merkenbureau* (C-363/99) [2004] ECR I-1619 (“*POSTKANTOOR*”) the ECJ said at [55]:

“That public interest requires that all signs or indications which may serve to designate characteristics of the goods or services in respect of which registration is sought remain freely available to all undertakings in order that they may use them when describing the same characteristics of their own goods. Therefore, marks consisting exclusively of such signs or indications are not eligible for registration unless article 3(3) of the Directive applies.”

90. As the ECJ said, this policy consideration applies “unless article 3 (3)” applies. Article 3 (3) of the directive relates to acquired distinctiveness. As Mr Hicks pointed out, this policy is not engaged if a mark has acquired distinctiveness. In *Windsurfing* the Commission argued:

“The Commission submits that a mark acquires distinctive character through use under article 3(3) of the Directive if consumers regard the indication in question as a trade mark before an application for registration is made, and that the need to keep it free is of relatively little consequence in this respect.”

91. The ECJ agreed, saying:

“The claimant and the Commission are therefore right to assert that article 3(3) does not permit any differentiation as regards distinctiveness by reference to the perceived importance of keeping the geographical name available for use by other undertakings.”

92. The ECJ made a number of other important points in the *POSTKANTOOR* case:

“[57] It is irrelevant whether there are other, more usual, signs or indications for designating the same characteristics of the goods or services referred to in the application for registration than those of which the mark concerned consists. Although article 3(1)(c) of the Directive provides that, if the ground for refusal set out there is to apply, the mark must consist exclusively of signs or indications which may serve to designate characteristics of the goods or services concerned, it does not require that those signs or indications should be the only way of designating such characteristics.

[58] Similarly, whether the number of competitors who may have an interest in using the signs or indications of which the mark consists is large or small is not decisive. Any operator at present offering, as well as any operator who might in the future offer, goods or services which compete with those in respect of which registration is sought must be able freely to use the signs or indications which may serve to describe characteristics of its goods or services.”

93. The court went on to consider the case of a mark composed of a combination of elements (as is the case with “Fine & Country”). It first reiterated that the prohibition on registering signs which are descriptive must be interpreted in the light of the public interest that descriptive signs or indications descriptive of the characteristics of the goods or services in respect of which registration is applied for may be freely used by all (§ 95). The court continued:

“[97] It is not necessary that the signs and indications composing the mark that are referred to in article 3(1)(c) of the Directive actually be in use at the time of the application for registration in a way that is descriptive of goods or services such as those in relation to which the application is filed, or of characteristics of those goods or services. It is sufficient, as the wording of that provision itself indicates, that those signs and indications could be used for such purposes. A word must therefore be refused registration under that provision if at least one of its possible meanings designates a characteristic of the goods or services concerned: see to that effect, in relation to the identical provisions of article 7(1)(c) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark, *Office for Harmonisation in the Internal Market (Trade Marks and Designs) v Wm Wrigley Jr Co* (Case C-191/01P) [2004] 1 WLR 1728, 1751-1752, para 32.

[98] As a general rule, a mere combination of elements, each of which is descriptive of characteristics of the goods or services in respect of which registration is sought, itself remains descriptive of those characteristics for the purposes of article 3(1)(c) of the Directive. Merely bringing those elements together without introducing any unusual variations, in particular as to syntax or meaning, cannot result in anything other than a mark consisting exclusively of signs or indications which may serve, in trade, to designate characteristics of the goods or services concerned.

[99] However, such a combination may be not descriptive within the meaning of article 3(1)(c) of the Directive, if it creates an impression which is sufficiently far removed from that produced by the simple combination of those elements. In the case of a word mark, which is intended to be heard as much as to be read, that condition must be satisfied as regards both the aural and the visual impression produced by the mark.

[100] Thus, a mark consisting of a word composed of elements, each of which is descriptive of characteristics of the goods or services in respect of which registration is sought, is itself descriptive of those characteristics for the purposes of article 3(1)(c) of the Directive, unless there is a perceptible difference between the word and the mere sum of its parts: that assumes either that, because of the unusual nature of the combination in relation to the goods or services, the word creates an

impression which is sufficiently far removed from that produced by the mere combination of meanings lent by the elements of which it is composed, with the result that the word is more than the sum of its parts, or that the word has become part of everyday language and has acquired its own meaning, with the result that it is now independent of its components. In the second case, it is necessary to ascertain whether a word which has acquired its own meaning is not itself descriptive for the purpose of the same provision.”

94. Thus the ECJ refused registration of POSTKANTOOR (meaning “post office”). It has also refused registration of DOUBLEMINT (for chewing gum) (*Office for Harmonisation in the Internal Market (Trade Marks and Designs) v Wm Wrigley Jr Co* (Case C-191/01P) [2004] 1 WLR 1728) and BIOMILD (for yoghurt) (*Campina Melkunie BV v Benelux-Merkenbureau* Case C-265/00 [2004] 1 ETMR 58). The latter two cases are cases of neologisms rather than ordinary words, so the refusal to register is all the more striking. Mr Hicks pointed out that these were cases of word marks rather than devices. That is true. It is also true that where a mark consists not merely of words but also of figurative elements, it is wrong to ignore the figurative elements just because the words are dominant. On the other hand, unless the figurative elements are distinctive the mark is still devoid of distinctive character: *Bioid AG v OHIM* (Case T-91/01) [2003] ETMR 60.

95. The judge directed himself by reference to propositions described in Kerly (15<sup>th</sup> ed § 8-06) as well-established. The fourth of these propositions was:

“... in assessing whether a trade mark has acquired a distinctive character the competent authority must make an overall assessment of the relevant evidence, which in addition to the nature of the mark may include: (i) the market share held by goods bearing the mark; (ii) how intensive, geographically widespread and long-standing the use of the mark has been; (iii) the amount invested by the proprietor in promoting the mark; (iv) the proportion of the relevant class of persons who, because of the mark, identify the goods or services as emanating from the proprietor; (v) evidence from trade and professional associations; and (vi) (where the competent authority has particular difficulty in assessing the distinctive character) an opinion poll. If the relevant class of persons, or at least a significant proportion of them, identifies goods or services as originating from a particular undertaking because of the trade mark, it has acquired a distinctive character.”

96. This proposition is derived from *Windsurfing* at [51]. It is instructive to compare this proposition with what the ECJ said in (Case C-342/97) *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV* [1999] ETMR 690 at [23] by reference to the very same paragraph in *Windsurfing*:

“In making that assessment [i.e. whether a mark is distinctive], account should be taken, in particular, of the inherent characteristics of the mark, *including the fact that it does or*

*does not contain an element descriptive of the goods or services for which it has been registered; the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations.”*  
(Emphasis added)

97. The first of the particular factors that the court said should be taken into account (the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered) has been omitted from Kerly’s formulation of the principle. In my judgment that is a significant omission.
98. Mr Platts-Mills relied on what Jacob J had said in the *British Sugar* case. He considered at length what needed to be shown in order to establish that a descriptive or laudatory word had acquired sufficient distinctiveness to enable it to be validly registered as a trade mark. He said (306):

“Is my finding that to some but not most people “Treat” has some trade mark significance enough? This depends on what is meant by a *distinctive character*. Neither the Directive nor Act throw any light on this. So I have to use what I at least regard as my common sense. Take a very descriptive or laudatory word. Suppose the proprietor can educate 10% of the public into recognising the word as his trade mark. Can that really be enough to say it has a *distinctive character* and so enough to let the proprietor lay claim to the word as a trade mark altogether? The character at this stage is part distinctive but mainly not. I do not think it would be fair to regard the character of the word as *distinctive* in that state of affairs. But if the matter were the other way round, so that to 90% of people it was taken as a trade mark, then I think it would be fair so to regard it. This all suggests that the question of factual *distinctive character* is one of degree. The proviso really means “has the mark acquired a sufficiently distinctive character that the mark has really become a trade mark.” In the case of common or apt descriptive or laudatory words compelling evidence is needed to establish this. And in particular mere evidence of extensive use is unlikely to be enough on its own. Of course the power of advertising may be able to turn almost anything (save a pure description) into a trade mark, but it must be shown in a case of this sort that the mark has really become accepted by a substantial majority of persons as a trade mark - is or is almost a household word.

My findings on the facts here fall a long way short of this. Indeed even the suggested 60% figure put forward for British Sugar falls short.”

99. The *British Sugar* case was, of course, decided before *Windsurfing* and the cases that follow it. In my judgment to some extent it has been overtaken in this respect by subsequent developments in the law. In *Windsurfing* the ECJ rejected the argument that acquired distinctiveness is to be measured by percentages: a significant proportion of the relevant class of person is sufficient: see *Windsurfing* at [53]. Moreover, in *Premier Luggage and Bags Ltd v Premier Co (UK) Ltd* Chadwick LJ said at [55]:

“In my view the judge applied the correct test when he directed himself that he must consider whether the evidence established that the average consumer (including both trade purchasers and members of the public) would appreciate that the PREMIER mark displayed on the products of Premier Luggage was not used in a laudatory sense but as a distinctive branding of the products.”

100. It is notable that in that case the word “PREMIER” (laudatory par excellence) was held to be a valid trade mark.

101. I will quote again the judge’s conclusion on the question of validity:

“Sometimes I look at the words separately as adjectives; sometimes as (as it were) I see them together as a household name. But on balance I have eventually concluded that the F&C Marks were on registration, and remain, sufficiently distinctive to have warranted and continue to warrant registration. Although wary of adopting yet another formulation, it seems to me that the mark has a recognisable and recognised separate existence apart from the descriptive and laudatory nature of the words themselves. The words in that context call to mind the relevant business, not their semantic meaning: in the manner and context in which they appear they serve to identify and distinguish the business. I accept therefore, the Claimants’ case in this regard, and its supporting reasoning as adumbrated above.”

102. There are, in my judgment, deficiencies in this rolled up reasoning. The first point to make is that the judge did not consider separately inherent distinctiveness and acquired distinctiveness. This can be seen from his observation that that the “F & C marks” (plural) “were on registration, and remain, sufficiently distinctive to have warranted and continue to warrant registration.” His reference to marks (plural) must encompass the national mark. Registration of that mark more or less coincided with the start of the Fine & Country business, so there cannot have been any acquired distinctiveness to support the registration of the national mark. The CTM is treated in the same way, without overt reference to anything that had happened between the dates of the two registrations.

103. Second, the judge appears to me to have reached his conclusion based on the *words* of the registered mark alone. He did not at least at this stage in his reasoning refer to the visual representation of the words (e.g. the placing of the ampersand on top of the pillar). He also said that sometimes he looked at the words separately as adjectives. It

is, however, well settled that a composite mark must be assessed as a whole. Moreover, as Mr Hicks made clear in his oral submissions, each of the registered marks is a device mark. He made no claim to the words themselves; but only to their particular representation in the registered marks. Thus the judge should not be taken as considering whether the claimants had a monopoly over the mere use of the words “fine” and “country” in the estate agency world (even as brand names), either separately or in combination. Nor should anything in this judgment be taken as endorsing a monopoly in the words themselves.

104. Third, it seems to me to be incontrovertible that the word “fine” is both laudatory and descriptive. Moreover, it is commonly used by estate agents, both as a descriptor of individual properties and also as more generic branding. Fourth, the word “country” is also descriptive. Again the evidence of Mr Phillips showed the extent of the use of that word by estate agents up and down the country. Fifth, that same evidence showed that estate agents use descriptive terms like this in combinations (usually in pairs: Town & Country, Waterside & Country, Coast & Country etc). As the ECJ said in *POSTKANTOOR* a mark must be refused registration if at least one of its possible meanings designates a characteristic of the goods or services concerned. As the ECJ also said in *POSTKANTOOR* a combination of descriptive elements will generally remain descriptive in the absence of some unusual variation in syntax or meaning. The judge identified no such unusual variation; and none has been suggested. Although the judge rather tentatively said that sometimes he looked at the words “as a household name” this point can only go to the question of acquired distinctiveness rather than inherent distinctiveness, at least as at the date of registration of the national mark; so I will come back to it shortly.
105. What tipped the balance for the judge was his perception that the mark (by which he must have meant the composite whole) had “a recognisable and recognised separate existence apart from the descriptive and laudatory nature of the words themselves”. Again in my judgment this reasoning combines inherent distinctiveness (“recognisable”) and acquired distinctiveness (“recognised”). So far as inherent distinctiveness is concerned, the judge did not explain what, in his view, was the “impression which is sufficiently far removed from that produced by the mere combination of meanings” resulting in the conclusion that the whole was more than the sum of its parts. Aurally the mark remains descriptive. As mentioned, at this stage in his reasoning the judge attached no importance in considering validity to the pillar or the visual presentation of the words. Nor did the judge address the policy reasons for refusing to grant monopolies over descriptive expressions which applied with full force to the position at registration. If this case had turned only on the question of inherent distinctiveness then I would have been in favour of allowing the appeal.
106. However, although Mr Hicks submitted that that the marks were inherently distinctive, he concentrated most of his fire on arguing that the judge found that the marks had acquired distinctiveness; at least by 2009 when the CTM was registered. Combining the statements of principle in *Windsurfing* and *Lloyd Schuhfabrik* the assessment of acquired distinctiveness would require a structured analysis of:
  - i) the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered;



- ii) the market share held by goods bearing the mark;
- iii) how intensive, geographically widespread and long-standing the use of the mark has been;
- iv) the amount invested by the proprietor in promoting the mark;
- v) the proportion of the relevant class of persons who, because of the mark, identify the goods or services as emanating from the proprietor;
- vi) evidence from trade and professional associations.

107. In setting out the judge's findings I have inserted in square brackets cross-references to the *Windsurfing* factors. The judge's primary findings of fact were:

“41. The concept has been a considerable success. In the UK alone there are now some 79 licensees operating from about 41 stand-alone Fine & Country offices and about 156 dual branded offices; and there are also 57 offices overseas. [*geographical spread*] Fine & Country has won numerous awards [*evidence from trade and professional associations*], and it consistently ranks at or towards the top of the list of estate agents with the largest number of sales of upper quartile properties, and the largest number of such properties on its books [*market share*].

42. The evidence (which was not really disputed and which I accept) is that the Fine & Country name and logo has become and remains well known to members of the public and the trade, especially those interested in the sale and purchase of domestic properties at the upper end of the market [*proportion of the relevant class of person who because of the mark identify the services as emanating from the claimants*].”

108. The judge also adopted as part of his reasoning the submissions that he recorded at [220] and [221]

“[220] The Claimants submitted in the round that there is "quite simply overwhelming evidence" that the Fine & Country registered trade marks were highly distinctive in 2009 and remain highly distinctive today. They particularly emphasised the following:

(1) The disclosure contains numerous examples of references to the Fine & Country business by others. In every case the words are used to denote and identify the Claimants' business.

(2) The evidence of the witnesses of confusion confirms that they regard the name Fine & Country as denoting the Claimants.

(3) Numerous industry awards recognise the Fine & Country brand.

[221] The Claimants prayed in aid in addition three further indications that the mark is distinctive:

(1) First, the Claimants themselves trust the marks to identify themselves. This is not a case where the claimants have a primary trade mark used in conjunction with a secondary perhaps more descriptive trade mark. The only means relied upon by the Claimants to identify their business to the trade and the public are the trade marks themselves.

(2) It would be surprising if licensees were willing to pay substantial sums year after year for the right to use trade marks which are not distinctive.

(3) No witness was called who was under the impression that the Fine & Country name and logo was anything other than distinctive. Moreover none of the 5 witnesses of confusion was cross-examined on the question of whether they thought the name was descriptive.”

109. Mr Hicks showed us much of the supporting material which underlay these submissions. This material showed in addition to the factors mentioned by the judge:

- i) that assessed by reference to the numbers of properties offered for sale Fine & Country has been placed first or second of all estate agents in the luxury property sector over a number of years [*market share*];
- ii) within the prestige estate agency market Fine & Country had the largest high street presence of any luxury estate agent [*geographical spread*] and the mark has been in use for over 10 years [*long-standing use*];
- iii) advertising spend of between roughly £2 million and roughly £4 million over the last 8 years [*amount invested in promoting the mark*].

110. Although the judge did not precisely follow the structure of the *Windsurfing* judgment, the factors that he mentioned (supplemented by the additional material that Mr Hicks showed us) were those that the ECJ referred to. His assessment was (as it was required to be) a qualitative rather than a quantitative assessment. He found as a fact that by 2009 the marks were highly distinctive. In my judgment no error of principle has been demonstrated such as would entitle this court to interfere with the judge’s assessment of acquired distinctiveness.

*Were the marks infringed?*

111. The judge went on to consider whether the marks had been infringed. He first considered infringement under article 9 (1) (b) and section 10 (2). This required the claimants to establish a likelihood of confusion “because of” the similarity between the sign and the mark.

112. At this stage it is perhaps appropriate to consider the similarities and differences between the mark and the sign:
- i) Both use the word “fine”; but the mark includes the additional word “country” and also the ampersand. Thus the mark is longer (perhaps three times as long) as the sign.
  - ii) Both the mark and the sign use the same capitalised font and underlined words; but the mark begins each word with a dropped capital, whereas the sign does not.
  - iii) The underlining in both the mark and the sign is in gold.
  - iv) The mark includes the additional representation of the pillar topped by the ampersand, whereas the sign is simply one word.
  - v) When considered as a whole the sound “fine” differs from the sound “fine and country”, although the sign sounds exactly the same as the first word in the mark.
  - vi) The word “fine” is descriptive of the high quality of something. It could be anything (fine wines, fine paintings etc). The word “country” is also descriptive denoting something that is in or is associated with the country. Mr Platts-Mills submitted that the word “country” conveyed the message that whatever was being sold was *both* of high quality *and* in or associated with the country. I do not think that last point is a good one. A sign proclaiming that goods are “apples & pears” would naturally be read as meaning that the fruit on offer is either an apple or a pear. Conceptually there is considerable overlap between mark and sign.

113. The judge expressed his conclusions as follows:

“[247] First, comparing the F&C Marks and the FINE sign, I consider that:

(1) as a matter of overall impression the mark and the sign are sufficiently similar to be likely to lead, and in my assessment have led, to confusion on the part of the average consumer;

(2) in particular, the same font, the gold underlining, the capitalisation, and the overall impression created by the two make it all too easy to mistake the one as the other, at least when the two are not laid out together for simultaneous comparison: and the strapline reference to “Country” in the strapline increases the similarities; that was my original instinctive and then more considered assessment; it abided with me, and was reinforced by the evidence (even acknowledging and taking into accounts its flaws).

[248] In coming to this conclusion I have considered carefully the Defendants' contention that, overall, the F & C marks and the FINE sign are quite different and readily distinguishable,

and that there is a very low degree of similarity between them. The process of analysis the Defendants have encouraged has tended to erode my overall impression.

[249] Upon analysis, and breaking the two down into their component parts, I accept that there are indeed substantial differences. As the Defendants point out the first comprises 3 words and a total of 4 syllables, and is significantly longer than the other; and visually, there are many additional elements in the F & C Marks that are not present in the FINE sign, including additional words, emphasis of the first word, the pillar device, the underlining of both words, and the positioning of "&" above the pillar. I would accept that aurally the two sound different.

[250] But the fact to my mind remains that the two are easily confused in the mind's eye when the two are not set side by side. Of course, as in the game, it is not difficult to spot the differences when the two are closely compared: but the overall impression, for whatever reason (and an impression inherently is difficult to rationalise entirely), is similar and thus confusing.

[251] The evidence supports this assessment. I accept in that context that much of the witness statement evidence has a formulaic feel; and the witnesses' own perception has in many instances been drowned by the words into which they have been straight-jacketed. Nevertheless, the message of confusion survives; and is amplified by the more informal body of e-mail reports of confusion put before me. As to the latter, I accept that much of it is more anecdotal than strictly probative; and that it has been elicited and collated by the Claimants and their licensees, much of it appears provoked and practically none of it seems spontaneous. But in this context too, the message of real as opposed to contrived confusion does, in my judgment, transmit.

[252] Lastly, the fact that it seems to me clear that the Defendants and their designers did appreciate the risk of confusion, and (I consider it justified to infer) decided to take that risk and live dangerously, has further confirmed me in my conclusion..."

114. Given that the judge correctly directed himself in law, in my judgment this court could only interfere with his value judgment if it was plainly wrong. His principal reason is that in [247] (2) which quite correctly concentrates on the visual features of the sign when compared to the mark. It is particularly difficult, in the face of a finding of fact that the sign *has in fact* caused confusion, to say that the judge was wrong to find that it was *likely* to cause confusion. Mr Platts-Mills criticised the judge's reliance on the principle of "imperfect recollection" on the ground that the average consumer would see the mark and the sign in close proximity to each other. If, for example, a seeker of property were to look in the property pages of a newspaper, or at

a website like Rightmove, he or she would see a cluster of advertisements placed by different estate agents all bunched together. But as he also accepted a passer by who saw an estate agent's sign outside a property for sale would see the mark and the sign individually. Although there is some force in Mr Platts-Mills' point, it does not in my judgment amount to an error of principle.

115. Given the judge's findings on confusion, and in particular his findings that in some cases it was the appearance of the sign that caused the confusion, it cannot be said that his assessment was plainly wrong. I would therefore uphold the judge's conclusion that the conditions in article 9 (1) (b) and section 10 (2) were satisfied. This means that his conclusions on article 9 (1) (c) and section 10 (3) need not be examined.

*Defence under article 12 (b) and section 11(2) (b)*

116. The judge dealt with this defence in his supplemental judgment. The judge gave two reasons for rejecting this defence. First he held that because the word "FINE" was being used as a brand or quasi trade mark rather than an adjective, the defence failed at the first hurdle. He said:

"[8] In my judgment, although I accept that the style "FINE" was being used by the Defendants to denote a separate part of their estate agency business specialising in "fine" properties, I consider that in all the circumstances the style "FINE" was not thereby being used in an adjectival sense, but as a brand or quasi trade mark intended to be entire in itself. Although the strap line, when deployed, explains to potential customers what the services under that style relate, the style is designed to stand, or be capable of standing, alone: it is not as such used in a descriptive way, but in a way calculated to bring to mind a particular service, with the risk or likelihood ... of it being confused with the Claimants' own trade mark.

[9] To my mind, the very fact that the word appears alone without a noun and in the particular style in which it does so, precludes any realistic reliance on its use being in substance descriptive for the purposes of section 11 (2) (b) and/or article 12 (b)."

117. Mr Platts-Mills argues, in my judgment correctly, that this was an error of law. The ECJ considered the scope of this defence in *Gerolsteiner Brunnen GmbH & Co v Putsch GmbH* (Case C-100/02) [2004] RPC 39, to which the judge was referred. A German trader owned the mark "GERRI" for mineral water, among other things. A competitor imported mineral water bottled in Ireland and labelled "KERRY Spring". Kerry Spring was the name of the spring in Ireland from which the water came. The German court referred two questions to the ECJ:
- i) Did the defence apply if a third party uses geographical indications as a trade mark? And

- ii) If so must that use as a trade mark be taken into account when considering whether use has been in accordance with honest practices in industrial or commercial matters?

118. The ECJ said:

“18 Article 6(1)(b) of Directive 89/104 provides that the proprietor of the trade mark may not prohibit a third party from using, in the course of trade, indications concerning, *inter alia*, the geographical origin of goods provided the third party uses them in accordance with honest practices in industrial or commercial matters.

19 It should be noted that that provision draws no distinction between the possible uses of the indications referred to in Art. 6 (1)(b) of Directive 89/104. For such an indication to fall within the scope of that article, it suffices that it is an indication concerning one of the characteristics set out therein, like geographical origin.”

119. Thus the answer to the first question was “no”. In my judgment it follows from the answer to that question that the judge was wrong in saying that the mere fact that “FINE” was used as a brand or quasi trade mark itself precluded reliance on this defence. As regards the second question the ECJ said:

“24 In answering that question, the only test mentioned in Art. 6(1) of Directive 89/104 is whether the indication of geographical origin is used in accordance with honest practices in industrial or commercial matters. The condition of “honest practice” constitutes in substance the expression of a duty to act fairly in relation to the legitimate interests of the trade mark owner ...

25 The mere fact that there exists a likelihood of aural confusion between a word mark registered in one Member State and an indication of geographical origin from another Member State is therefore insufficient to conclude that the use of that indication in the course of trade is not in accordance with honest practices.”

120. Thus the answer to the second question was also “no.” The only question is whether use of the sign was in accordance with honest practices. I note that the court referred only to aural confusion.

121. The judge went on to consider the question whether the use of the sign was in accordance with honest practices and held that it was not. Both parties invited him to follow the approach of Arnold J in *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2008] EWHC 3032 (Ch) [2009] RPC 9 at [152]. The principles Arnold J set out were conveniently summarised by Floyd J in *Hasbro Inc v 123 Nahrungsmittel GmbH* [2011] EWHC 199 (Ch) [2011] FSR 21 as follows:

- i) The requirement to act in accordance with honest practices in industrial or commercial matters constitutes in substance the expression of a duty to act fairly in relation to the legitimate interests of the trade mark proprietor.
- ii) The court should carry out an overall assessment of all the relevant circumstances, and in particular should assess whether the defendant can be regarded as unfairly competing with the proprietor of the trade mark.
- iii) An important factor is whether the use of the sign complained of either gives rise to consumer deception or takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark. If it does, it is unlikely to qualify as being in accordance with honest practices.
- iv) In assessing whether the condition of honest practice is satisfied, account must be taken first of the extent to which the use of the third party's name is understood by the relevant public, or at least a significant section of that public, as indicating a link between the third party's goods or services and the trade-mark proprietor or a person authorised to use the trade mark, and secondly of the extent to which the third party ought to have been aware of that.
- v) Another factor to be taken into account when making the assessment is whether the trade mark concerned enjoys a certain reputation in the Member State in which it is registered and its protection is sought, from which the third party might profit in marketing his goods or services.
- vi) On the other hand, a mere likelihood of confusion will not disqualify the use from being in accordance with honest practices if there is a good reason why such a likelihood of confusion should be tolerated.
- vii) Whether the defendant ought to have been aware of the existence of deception is a relevant factor. Once the defendant knows that his use is causing substantial deception or confusion, there can be no doubt that he must stop.

122. In the present case, on the basis of the judge's findings:

- i) The sign gave rise not merely to confusion but to consumer deception. That was the basis of his decision on the question of passing off.
- ii) The sign was likely to cause damage to the marks.
- iii) The defendants were (or ought to have been) aware of the risk of confusion.
- iv) The marks had a reputation and the making of a link with the marks would be to the benefit of the "FINE" brand.
- v) It was unfair of the defendants intentionally to adopt a sign which they knew was similar in appearance to the marks.

123. It was those reasons which led the judge to his conclusion that in all the circumstances the defendants' use of the sign did not involve "tolerable confusion". In my judgment this was an assessment with the judge was entitled to make. In addition, the last of the

formulated principles is that once a defendant is aware that his sign is deceptive, he must stop. Following the judge's judgment, that is the position in this case.

124. I would therefore uphold the judge's judgment on liability for trade mark infringement.

### **Result**

125. On the footing that the appeal against liability failed, there was no separate ground of appeal attacking the particular remedies granted by the judge. I would therefore uphold the judge's order and dismiss the appeal.

### **Lady Justice Gloster:**

126. I agree.

### **Lord Justice Lloyd:**

127. I also agree. At the end of Mr Platts-Mills' submissions, the court concluded that the judge's findings as regards passing-off had not been shown to be at fault, and we therefore did not call on Mr Hicks for submissions on that aspect of the case. The trade mark aspect of the case is more troubling, in particular because of the potentially more far-reaching consequences of the registration of either a national or a Community trade mark. Having heard Mr Hicks' submissions on this and those of Mr Platts-Mills in reply, and having the benefit of Lord Justice Lewison's judgment, I am satisfied, for the reasons given by him, that the judge's order was correct as regards trade mark rights as well as on passing-off. The appeal will therefore be dismissed.