



Neutral Citation Number: [2022] EWHC 134 (IPEC)

Case No: IP-2020-000081

**IN THE HIGH COURT OF JUSTICE**  
**BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES**  
**INTELLECTUAL PROPERTY ENTERPRISE COURT**

Royal Courts of Justice  
Rolls Building, London, EC4 1NL

Date: 25/01/2022

Before :

**HIS HONOUR JUDGE HACON**

Between :

(1) URBANBUBBLE LIMITED  
(2) URBANBUBBLE (LIVERPOOL) LIMITED  
(3) URBANBUBBLE (SALES & LETTINGS)  
LIMITED

**Claimants**

- and -

(1) URBAN EVOLUTION PROPERTY  
MANAGEMENT LIMITED  
(2) SCOTT EL PARAISO  
(3) RUTH DELANIA REYNOSO DE EL  
PARAISO  
(4) ROSS PAUL SPENCER  
(5) SAM TUMILTY

**Defendants**

Stephanie Wickenden (instructed by JMS Solicitors LLP) for the Claimants  
Amanda Michaels (instructed by Pinsent Masons LLP) for the Defendants

Hearing dates: 4-5 October 2021

**Approved Judgment**

*Covid-19 Protocol: This judgment was handed down remotely by circulation to the parties' representatives by email and released to BAILII. The date and time for hand-down is deemed to be 10.30 a.m. on Tuesday 25th January 2022.*

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HIS HONOUR JUDGE HACON

## **Judge Hacon :**

### **Introduction**

1. This action is about the right or otherwise of the First Defendant (“UEPM”) to provide property management services under the name “Urban Evolution”.
2. The Claimants trade in the same field under the name “Urbanbubble”. The First Claimant owns UK Trade Mark No. 3116646 in the form of the word URBANBUBBLE, registered as of 7 July 2015 in respect of “Property (real estate-) management” (“the Trade Mark”). The Claimants allege that because of UEPM’s trading it has infringed the Trade Mark and passed off its services for those of the Claimants. The Second to Fifth Defendants, all at one time directors of UEPM, are said to be liable with UEPM as joint tortfeasors.
3. The Second Claimant is now in liquidation and took no active part in the trial. There was an unchallenged written assignment, to which the liquidator was party, of all the Second Defendant’s intellectual property rights to the First Claimant.
4. The Defendants deny the allegations. Their defence includes the argument that the Claimants consented to UEPM’s use of the trading name Urban Evolution and/or that the parties’ conduct created an estoppel on which the Defendants can rely.
5. Stephanie Wickenden appeared for the Claimants, Amanda Michaels for the Defendants. I received thorough written submissions and helpful oral argument for which I am grateful.

### **Background Facts**

6. All three claimant companies are in the property management business, sharing the same sole director, Michael Howard. The First Claimant was incorporated in February 2008 and began trading in that year, managing an apartment block in Manchester. The Third Claimant was incorporated in January 2016 to handle sales and lettings.
7. In February 2016 Mr Howard agreed with The Elliot Group International Limited (“Elliot”), a property development company based in Liverpool, that the First Claimant would manage residential buildings in Liverpool which were due for completion in the summer of 2016. These were referred to in the evidence as the “EG Liverpool Buildings”. The prime mover behind Elliot was and is the founder and director of the company, Elliot Lawless.
8. In July 2016 Elliot asked Mr Howard to use the Fifth Defendant (“Mr Tumilty”) as letting agent for a portion of the EG Liverpool Buildings. In about the same month Mr Tumilty’s company, then called Liverpool City Lets Limited, took on about 25% of the Liverpool properties otherwise managed by the First and Third Claimants. Liverpool City Lets Limited later changed its name to Liverpool City Rents Limited and it is convenient to refer to the company in both guises as “LCR”.

9. In August 2016 the Second Claimant was incorporated as the vehicle for the management of the EG Liverpool Buildings. Hereafter it will generally be unnecessary for me to distinguish between the Claimants.
10. UEPM was incorporated on 10 March 2018 with Mr El Paraiso as managing director. Mr Tumilty and the Fourth Defendant (“Mr Spencer”) were directors, as was Mr El Paraiso’s wife Ruth, the Third Defendant.
11. On 26 March 2018 UEPM’s website went live. It showed that UEPM was trading under the name “Urban Evolution” and was using a logo featuring that name, referred to at trial as UEPM’s “Old Logo”. Below is shown the Claimants’ logo on the left and UEPM’s Old Logo on the right:



12. Early in the day after the website went live, on 27 March 2018, Mr Tumilty received a phone call from Laura Caffery, a letting agent acting for the Claimants. Ms Caffery complained that UEPM’s Old Logo was too similar to the Claimants’ logo. This was followed by an email of the same date from Ms Caffery to Mr Tumilty expressing a similar view in strong terms.
13. There were then exchanges between Mr Howard and Mr Tumilty. After these, by an email timed at 13:35 on 27 March 2018 Mr Tumilty instructed UEPM’s graphic design company, The Cheerful Lime Limited, to redesign the logo.
14. UEPM’s website was updated on 29 March 2018 to show an amended logo, that described at trial as UEPM’s “New Logo”. The website still used the sign Urban Evolution to refer to UEPM, indicating that there had been no change in trading name. This is the New Logo still used by UEPM, in several colourways apparently, although I was told that nothing turns on colour:



15. On 12 April 2018 Mr Howard sent Mr Tumilty an email stating that matters had been resolved. The Defendants rely on this and on other exchanges between the parties as establishing consent by the Claimants to UEPM keeping its Urban Evolution trading name. I will consider them in more detail below.
16. One of the assets owned by Elliot and managed by the Claimants was a building in Liverpool known as “the Artesian”. In July 2018 Elliot appointed UEPM to manage the letting of commercial units in the Artesian. The Claimants at that time continued to act as letting agents for the residential properties in the building.
17. In October 2018 Mr El Paraiso received emails from third parties asking whether there was a connection between Urban Evolution and Urbanbubble. Unaware of these at the time, the Claimants now rely on them as proof of a

likelihood of confusion between their trade mark and UEPM's trading name and of a misrepresentation generated by the use of that sign.

18. Tension which already strained the relationship between the parties was exacerbated in March 2019 when Mr Howard discovered that UEPM intended to apply to take over the management of the Artesian as a whole by a process known as a "Right to Manage" – an RTM application. Up to this point LCR had acted as letting agent for some of the Elliot properties in Liverpool managed by the Claimants but at the end of March 2019 the Claimants terminated their commercial relationship with LCR.
19. On 28 October 2019 Mr El Paraiso sent an email to the First and Second Claimants saying that UEPM would take over management of the Artesian entirely on 3 February 2020. In February 2020 Elliot removed the Second Claimant as management agent for all the Liverpool properties which up to then had been managed by the Second Claimant and in its place appointed UEPM. Counsel for the Claimants described the relationship between Mr Howard and Mr El Paraiso as having by this time become toxic, which seems accurate – intemperate emails were exchanged.
20. In early February 2020 Mr El Paraiso received phone calls enquiring about the relationship between Urban Evolution, Urbanbubble and Elliot. The Claimants rely on these as further evidence of a likelihood of trade mark confusion and of a misrepresentation.
21. On 17 June 2020 a letter before claim was sent on behalf of the Claimants. The Claim Form was issued on 23 November 2020.

### **The Witnesses**

22. Written and oral evidence was given by Mr Howard and Menno De Vree for the Claimants. During the relevant period Mr De Vree was head of the Claimants' operations in Liverpool.
23. Evidence for the Defendants was given by Mr Tumilty, Mr El Paraiso and Stephen Wakefield. Mr Wakefield is a director and employee of The Cheerful Lime Company, which specialises in website design. He gave evidence about the design of UEPM's logo and its website.
24. In my view Mr Tumilty, Mr El Paraiso and Mr Wakefield were doing their best honestly to recollect the facts as they remembered them. The Claimants' counsel did not criticise their evidence and I think that she was fair in not doing so. Similarly, the Defendants' counsel, rightly, did not criticise Mr De Vree to any significant degree. He was a good witness.
25. However, in closing the Defendants' counsel had something to say about Mr Howard's evidence, suggesting that he was a deeply unreliable witness. Counsel had a number of points to support this submission but I need mention only the first; the remainder seemed to me to carry less force.

26. Mr Howard signed the statement of truth in the pleadings filed on behalf of the Claimants and was by inference the source of the alleged facts set out in those pleadings. A key point in the evidence was what happened after Mr Howard became aware of UEPM's Old Logo, specifically after the phone call of 27 March 2018 from Ms Caffery to Mr Tumilty. Counsel for the Defendants submitted that Mr Howard had, via the Claimants' pleaded Reply and subsequent amendments to it, produced three successive accounts of what had happened, adjusting the facts to fit the Claimants' case.
27. Mr Howard's first version of events, pleaded in the Claimants' original Reply, was that on 27 March 2018 Mr Howard and Mr Tumilty met in a park in Greater Manchester called Princess Park. At this meeting Mr Tumilty was said to have represented to Mr Howard that UEPM:
- “... was not interested in competing with the Claimant for business, and in particular stated that they had no interest in acquiring the Claimant's largest client at the time, [Elliot]. [Mr Tumilty] instead represented that [UEPM] was being set up purely to manage individual lets, which would not significantly impact on the Claimant's business, as a block management service provider.”
28. The Reply went on to plead that Mr Howard had said that the parties could co-exist provided that (i) UEPM ceased to use the Old Logo, (ii) UEPM no longer used “Urban Evolution” as a brand name and (iii) UEPM would manage properties and landlords in a different market area, separate from those that the Claimants were dealing with so that UEPM and the Claimants would not be in direct competition.
29. The Reply continued: Mr Tumilty refused to agree that UEPM should stop using “Urban Evolution” as a trading name. Mr Howard did not unequivocally renounce his objection to the name. However:
- “For the purpose of attempting to maintain what had hitherto been a good relationship, and in reliance on [Mr Tumilty's representation quoted above], [Mr Howard] agreed to co-exist on the basis that the [UEPM] and [Mr Tumilty] accepted the terms [(i) and (iii) as set out in the preceding paragraph].”
30. In short, according to this first version of events, Mr Howard and Mr Tumilty agreed in Princess Park that (a) UEPM's trading would not significantly impact the Claimant's business since it would manage properties and landlords in a different market area, (b) UEPM would change the Old Logo and (c) the parties could co-exist on that basis, which would include UEPM's use of the “Urban Evolution” trading name.
31. The Reply was then amended. In the second version of events there had been no meeting in Princess Park. Instead there had been a phone conversation between Mr Howard and Mr Tumilty on 27 March 2018. Mr Tumilty had made the representation quoted above but, significantly, Mr Howard had not proposed conditions (i) to (iii) for the co-existence of the parties and of course Mr Tumilty had not responded to the proposals. Mr Howard had believed that the parties

could co-exist on the basis of Mr Tumilty's representations, but nothing had been agreed and in particular, nothing at all had been said about UEPM's continued use of the "Urban Evolution" name.

32. Mr Howard's witness statement set out a third version which was incorporated into a draft Re-Amended Reply served shortly before the trial. This time the representation made by Mr Tumilty on 27 March 2018 had not been that UEPM was being set up purely to manage individual lets. Instead, Mr Tumilty had made the assertion that UEPM had been set up

“... purely to do small block management, especially RTM (Right to Manage) companies with incumbent clients from LCR”

33. The second part of this assertion was clarified by Mr Howard in cross-examination to mean that Mr Tumilty had assured Mr Howard that UEPM would only service LCR's existing clients. This did not form any part of the accounts of events made before the re-amendment. As for the first part of the assertion, counsel for the Defendants suggested it had become necessary when Mr Howard realised that he would be forced to concede he was aware from 27 March 2017 that UEPM intended to trade in block management. So much was made apparent by an email of 27 March 2017 sent by Ms Caffery to Mr De Vree. It was submitted that Mr Howard had therefore sought to deal with this in his evidence and in the Re-Amended Reply by saying that Mr Tumilty had represented to him that UEPM would engage only in small block management – and only in respect of LCR's existing clients. (In cross-examination Mr Howard accepted that he had known on 27 March 2018 that UEPM had been set up as a company to do block management.)
34. As in the second version of events, in this third version nothing was agreed between Mr Howard and Mr Tumilty; Mr Howard is just stated to have believed that the Claimants could co-exist with UEPM on the basis of Mr Tumilty's representations.
35. In cross-examination Mr Howard spoke of a conversation with Ms Caffery on 27 March 2018. He said that they discussed the logo and agreed that it had to be changed. He then added, not that the conversation included any concern about the name Urban Evolution, but that he had further complained to Ms Caffery that UEPM had ripped off text from the Claimants' website, a complaint that was not raised in the pleadings or elsewhere in the evidence.
36. The credibility of the witnesses in this case was of some importance because much turns on what was said and when, and whether it amounted to consent by the Claimants to the use of the Urban Evolution name by UEPM. What was said includes unrecorded oral conversations.
37. It is inevitable that a witness who is involved in the preparation of a trial will become increasingly aware of criteria created by law and of evidence emerging from the documents, either or both of which may be important to the outcome of the case. There is nothing wrong in that, but it may create a temptation, conscious or otherwise, for the witness to adjust his or her recollection of events so that the recollection becomes better suited to the case being run by one side.

38. I do not accept the submission that Mr Howard was a deeply unreliable witness but I think that his evolving account of what happened on 27 March 2018 bears the hallmarks of his having given in to this temptation, at least to some degree.
39. In deciding what happened I will be principally guided by the emails of the time. To the extent that there is a conflict of evidence regarding events not recorded in writing, I think that the evidence of Mr Tumilty and Mr El Paraiso is more likely to be reliable than that of Mr Howard.

### **The Issues**

40. Some of the issues listed in the CMC Order had fallen away by the time of the trial. Three which remained were (i) consent, (ii) estoppel or acquiescence and (iii) the liability of Mrs El Paraiso as joint tortfeasor. I will consider them after discussing the points of dispute directly concerned with the alleged trade mark infringement and passing off.
41. The Claimants alleged infringement of the Trade Mark under section 10(2) and section 10(3) of the Trade Marks Act 1994 (“the 1994 Act”).

### **Trade Mark Infringement – section 10(2)**

42. The point at issue under s.10(2) was whether the use of UEPM’s “Urban Evolution” sign was likely to cause confusion with the URBANBUBBLE Trade Mark. Attention was focussed on the similarity between the Trade Mark and the sign since the identity or similarity of services provided by UEPM and the Claimants was admitted.

### *The law*

43. One dispute was whether the evidence of confusion, if there was any, should be ascribed to a failure on the part of those concerned to realise that there had been a transition from the Claimants to UEPM as managers of buildings owned by Elliot and not to any similarity there may be between mark and sign. The Claimants argued that in law it makes no difference if other factors contributed to the confusion, provided that the similarity of the Trade Mark and UEPM’s sign was an operative cause of the confusion.
44. I was referred to *Neutrogena Corporation v Golden Limited* [1996] RPC 473. The plaintiffs alleged that the defendants’ marketing of skin and hair care products under the name NEUTRALIA infringed the plaintiffs’ NEUTROGENA trade marks and constituted passing off. Morritt LJ, with whom Ward and Kennedy LJJ agreed, considered the evidence of confusion and said (at p.497):

“In my judgment all this evidence demonstrates confusion caused by the use of the mark in the sense that it was an operative, though not necessarily the only, cause.”
45. Morritt LJ also discussed the evidence given by a category of witnesses (at p.497):



“Each of them was confused and the similarity of the name was an operative cause of that confusion even if other causes operated as well; the fact that such initial confusion was clarified by subsequent examination of the label is immaterial to the allegation of infringement of trade mark.”

46. I will return to the question of initial confusion. At this stage I am concerned with whether the similarity between mark and sign being a partial source of confusion is sufficient. At pages 504-505 Morritt LJ analysed the evidence of several witnesses and said, at p.505:

“I do not regard the [fact] that in many of those cases there were also other causes of confusion or that such confusion as was initially caused by the name was subsequently dispelled by the packaging or a much closer look as negating the overall effect of that evidence. Each of these individuals was fairly representative of the public at large. Each of them demonstrated their confusion in circumstances typically faced by consumers at large.”

47. Thus, if it is proved on the evidence that the similarity between trade mark and sign was an operative cause of confusion, infringement of the trade mark is established even if there were other simultaneous causes of the confusion. This is subject to the point made by Morritt LJ (here put into the context of the 1994 Act rather than the Trade Marks Act 1938 with which *Neutrogena* was concerned) that proved instances of confusion occurred under circumstances typically encountered by the average consumer.

48. Consistent with this, the relevance of the circumstances in which confusion takes place was discussed by the Court of Appeal in *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2012] EWCA Civ 27. Kitchin LJ said;

“[87] In my judgment the general position is now clear. In assessing the likelihood of confusion arising from the use of a sign the court must consider the matter from the perspective of the average consumer of the goods or services in question and must take into account all the circumstances of that use that are likely to operate in that average consumer’s mind in considering the sign and the impression it is likely to make on him. The sign is not to be considered stripped of its context.”

49. A further point arose regarding the necessary characteristics of confusion, as that term is used in s.10(2) of the 1994 Act. The law of passing off draws a distinction between what is sometimes categorised as “deception”, as opposed to “confusion”. Both counsel made reference to this distinction, not just in relation to passing off but also in the context of trade mark infringement.

50. The passing off distinction was explained by Jacob LJ in *Phones 4U Ltd v Phone4U.co.uk.internet Limited* [2006] EWCA Civ 244:

“[16] The next point of passing off law to consider is misrepresentation. Sometimes a distinction is drawn between ‘mere confusion’ which is not enough, and ‘deception,’ which is. I described

the difference as ‘elusive’ in *Reed Executive Plc v Reed Business Information Ltd* [2004] R.P.C. 40. I said this, [111]:

‘Once the position strays into misleading a substantial number of people (going from “I wonder if there is a connection” to “I assume there is a connection”) there will be passing off, whether the use is as a business name or a trade mark on goods.’

[17] This of course is a question of degree – there will be some mere wonderers and some assumers – there will normally (see below) be passing off if there is a substantial number of the latter even if there is also a substantial number of the former.

[18] The current (2005) edition of *Kerly* contains a discussion of the distinction at paras 15–043 to 15–045. It is suggested that:

‘The real distinction between mere confusion and deception lies in their causative effects. Mere confusion has no causative effect (other than to confuse lawyers and their clients) whereas, if in answer to the question: “what moves the public to buy?”, the insignia complained of is identified, then it is a case of deception.’

[19] Although correct as far as it goes, I do not endorse that as a complete statement of the position. Clearly if the public are induced to buy by mistaking the insignia of B for that which they know to be that of A, there is deception. But there are other cases too – for instance those in the *Buttercup* case. A more complete test would be whether what is said to be deception rather than mere confusion is really likely to be damaging to the claimant’s goodwill or divert trade from him. I emphasise the word ‘really.’”

51. The *Buttercup* case was *Ewing v Buttercup Margarine Co Ltd* [1917] 2 Ch 1; (1917) RPC 232. The Court of Appeal found it likely that the defendant, which had adopted the registered name the “Buttercup Margarine Company, Limited”, would be perceived by the public to be a branch of the plaintiff’s retail Buttercup Dairy Company business, established by the plaintiff for a move into the margarine market. That qualified as passing off.
52. The law on confusion in the context of s.10(2) and equivalent articles of European legislation was explained in *Comic Enterprises Ltd v Twentieth Century Fox Film Corporation* [2016] EWCA Civ 41.

“[31] Turning to condition (vi), this court explained the general approach to be adopted to the assessment of the likelihood of confusion in *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2012] EWCA Civ 24; [2012] F.S.R. 19 at [51]–[52]. We endorsed at [52] the following summary of the key principles developed by the Trade Marks Registry as being sufficient for the determination of many of the disputes coming before it:

‘52. ...

- (a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors;
- (b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;
- (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;
- (d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;
- (e) nevertheless, the overall impression conveyed to the public by a composite trade mark may, in certain circumstances, be dominated by one or more of its components;
- (f) and beyond the usual case, where the overall impression created by a mark depends heavily on the dominant features of the mark, it is quite possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;
- (g) a lesser degree of similarity between the goods or services may be offset by a greater degree of similarity between the marks, and vice versa;
- (h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;
- (i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;
- (j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;

(k) if the association between the marks causes the public to wrongly believe that the respective goods [or services] come from the same or economically-linked undertakings, there is a likelihood of confusion.’

[32] In *Maier* [2015] F.S.R. 20 we explained (at [76]) that to this summary should be added the further guidance provided by the Court of Justice in *Canon* [1999] F.S.R. 332 (at [29]) that the risk that the public might believe that the goods or services in question come from the same undertaking or, as the case may be, from economically-linked undertakings, constitutes a likelihood of confusion for the purposes of the provision.”

53. Items (i) and (k) in the Trade Mark Registry’s list have particular relevance here. If the average consumer’s reaction to the accused sign goes no further than bringing the trade mark to mind, that does not qualify as confusion. If the association between the mark and the sign causes the average consumer to believe that the respective services come from the same or economically-linked undertakings, that qualifies as confusion within the meaning of s.10(2).
54. The key characteristic of confusion identified in *Specsavers* is a belief on the part of the average consumer that the services of the trade mark proprietor and alleged infringer come from the same undertaking or economically-linked undertakings. It would seem to follow that it is not enough that the average consumer believes this to be a possibility, or even a likely possibility. On the other hand, the evidence need only show on the balance of probabilities that there is a *risk* that the average consumer might hold a fully-formed belief. I infer that the risk must be significant, not trivial.
55. There may or may not be any practical distinction between this test and the deception as opposed to confusion test of passing off. But concepts of English common law cannot be imported into EU-based law which continues to have application in this jurisdiction. When considering the likelihood of confusion within the meaning of s.10(2) criteria familiar from the law of passing off are best avoided.
56. One final point arose on the law in relation to s.10(2). As will be discussed in the following section of this judgment, there were two average consumers to be considered. Counsel for the Defendants emphasised that both were professional business people. The point she made was that the decision of each of them when considering services offered under the accused sign would be taken with more care than would be the case, for instance, of a decision by an average consumer purchasing an inexpensive item from a supermarket. Counsel for the Claimants did not disagree with this. But it raises a related issue. The distinction drawn by counsel for the Defendants is likely to matter only if confusion at the point of sale is what matters. A professional business person may be as liable to be taken in by initial confusion as any other person but professional caution and/or awareness of the higher stakes involved in a sale could intervene before the sale is complete.

57. In *Neutrogena* Morritt LJ implied that initial confusion is enough, at least in a supermarket context under the Trade Marks Act 1938. The Court of Appeal addressed initial confusion in the modern law in *Interflora Inc v Marks & Spencer plc* [2014] EWCA Civ 1403. Kitchin LJ, giving the judgment of the Court, said:

“[154] ... initial interest confusion is an expression which derives from US trade mark law and has been used to encompass a range of situations, and the doctrine it identifies is highly controversial. ... [It has been defined] ... as confusion on the part of the public as to the trade origin of the goods or services in relation to which the impugned sign has been used arising from use of the sign prior to purchase of those goods or services, and in particular confusion arising from use of the sign in promotional or advertising materials. ...

[155] In our judgment it is not helpful to seek to import the doctrine of initial interest confusion into EU trade mark law, at least so far as it applies to the use of a sign the same as or similar to a trade mark as a keyword in an internet referencing service, and it has the potential positively to mislead. We say that for the following reasons. The Court of Justice has already enunciated in clear and unambiguous terms the test that must be applied under the Directive and the Regulation in determining whether the accused sign has an adverse effect on the origin function of the trade mark. ...

...

[157] Returning now to the doctrine of initial interest confusion, it is, as the judge recognised, highly controversial and, as he also recognised, it has been applied to a range of situations in which a sign which is the same as or similar to a registered trade mark is used by a third party in advertisements for goods or services for which it is registered. They extend from, at one end of the spectrum, initial attraction of consumers based upon some kind of association of advertised goods or services with those of the trade mark proprietor or even mere diversion, to, at the other end of the spectrum, initial confusion which gives rise to a real risk that consumers will actually buy the advertised goods or services even though they know they are not the goods or services of the trade mark proprietor. Secondly, and significantly, it does not incorporate the checks and balances to which we have referred.

[158] In our view the doctrine of initial interest confusion is therefore an unnecessary and potentially misleading gloss on the tests the Court has articulated and we think it should perform no part of the analysis of our national courts in claims of the kind before us. ... ”

58. Thus, the likelihood of confusion on the part of the average consumer falls to be assessed at the point of an economic transaction involving goods or services in relation to which the accused sign is used.

*The average consumer*

59. In *Interflora* (cited above) Kitchin LJ drew a parallel between the average consumer of the Unfair Commercial Practices and the same figure found in the EU law of trade marks, specifically, in the context of the facts of *Interflora*, an internet user:

“[124] ... in referring to ‘the average’ member of the group at which a practice is specifically aimed, we do not believe the legislature had in mind anything so formalistic as a mathematical average and consider it was instead referring to a hypothetical person within that group who represents an appropriate normative standard. ...

[126] ... we think it makes no difference whether the question is asked and answered from the perspective of the single hypothetical well-informed and reasonably observant internet user or whether the hypothetical person provides the benchmark or threshold for the purposes of identifying the population of internet users whose views are material.”

60. Counsel were agreed that there were two categories of relevant consumer. First there were freeholders of buildings who would require the management services of the type provided by the Claimants and UEPM. These individuals could typically be property developers like Elliot Lawless. Secondly there were investors, owners of one or more units within a building who would rent the property to others for business or residential use and who would use the services of a property management company. It was also agreed that the average consumer was not someone who pays rent to occupy a unit from which to run their business or in which they live. Both types of average consumer were professional business persons.

61. Where, as here, there is more one type of relevant consumer, the court must consider more than one type of hypothetical average consumer. In *London Taxi Corp Ltd v Frazer-Nash Research Ltd* [2017] EWCA Civ 1729, Floyd LJ, with whom Kitchin LJ agreed, referred to the judgment of Briggs J in *Schütz (UK) Ltd v Delta Containers Ltd* [2011] EWHC 1712 (Ch) which was concerned with intermediate bulk containers (“IBCs”) which were purchased by an industrial concern, staffed by individuals described as “fillers”, who would fill the bottles with liquid and supply them to customers, described as “end users”, who would use the IBCs to dispense the liquid. Floyd LJ said this about the *Schütz* judgment:

“[30] It was submitted for the defendant that the relevant class of consumers was the fillers, because the end users’ indifference to the identity of the manufacturer of the IBC ‘hardly qualified them with the attributes of the average consumer’. They were not consumers of the IBC in the relevant sense: they were consumers of the contents and not its packaging. Briggs J first explained that he did not think that the average consumer test required the court to find a notional average consumer with perceptions somewhere between those of the fillers on the one hand and the end users on the other. Rather he said:

‘... The test requires the court to identify the relevant perception of consumers within any relevant class who are neither deficient in the requisite characteristics of being well-informed, observant and circumspect, nor top performers in the demonstration of those characteristics. That is in substance what “average” means.’

[31] I agree with Briggs J that the notion of an average consumer requires the court to consider any relevant class of consumer, and not to average them. I believe that conclusion to be consistent with the approach taken by this court in *Interflora v Marks & Spencer [2015] F.S.R. 10.*”

62. In the present case I must consider two average consumers, the notional investor and the notional property developer. I understand Floyd LJ to have meant in his paragraph 31 that the likelihood of confusion on the part of either average consumer would satisfy the relevant criterion of s.10(2). As it turned out, attention was focussed on the notional investor.

*Similarity of mark and sign*

63. The Defendants submitted that if there had been no evidence of alleged confusion the allegation of trade mark infringement would have been given short shrift. The Defendants admitted that their sign Urban Evolution had been used in relation to services identical or similar to those in respect of which the Trade Mark is registered, but the only point of similarity between mark and sign is the word Urban which, it was argued, is highly allusive to the services provided by both sides, namely the management of urban buildings. Save for that allusive word, there is no visual, oral or conceptual similarity between the Urban Evolution sign and the Trade Mark.
64. I think there is something in that submission, but not to the extent that the possibility of confusion is so preposterous – because the average consumer is bound to dismiss the possibility that “Urban” could serve as a badge of origin – that the evidence of alleged confusion should be summarily rejected. In my view, if the evidence of confusion were sufficiently compelling then it would show that in practice a sign containing “Urban” used for property management can be sufficiently similar to the Trade Mark to lead to a likelihood of confusion and does so in the present case. However, particular care is required to make sure that an operative cause of confusion was such similarity and that confusion occurred in circumstances typical of those in which the average consumer would see the “Urban Evolution” sign.
65. The Claimants suggested that the word “Evolution” in the Defendants’ sign would be perceived by average consumer to be descriptive of an evolved type of property management. Mr Tumilty was invited to consider this in the witness box and went along with the idea to a limited extent. I do not believe that Mr Tumilty’s speculations, such as they were, proved anything. There was no other evidence to support the Claimants’ suggestion and I doubt that it is justified.

66. Another point made by the Claimants was that the Trade Mark is sometimes used as two words: Urban Bubble. That seems to me to be irrelevant. The Trade Mark is URBANBUBBLE. The comparison to be made is between the Trade Mark as registered and the sign. The relevant likelihood of confusion on the part of the public is that caused by any similarity between the Trade Mark as registered and the sign.

*The evidence of confusion*

67. None of the examples of alleged confusion relied on by the Claimants came from them. They have apparently experienced no instances. The main examples were emails provided by the Defendants, either in correspondence before the action started or annexed to the Defence. I need mention only three. The first two are the instances which counsel for the Claimants described as the best examples of confusion.

68. On 4 October 2018 Mr El Paraiso, as managing director of UEPM, sent an email to Cameron Whyte, the owner of a commercial unit in the Artesian building. Mr Whyte fell into the “investor” category of average consumer. Mr El Paraiso explained the services offered by UEPM and said that “Urban Evolution” had been instructed by Elliot to prepare for the handover of management of Mr Whyte’s unit to UEPM for the remainder of the rent assurance period. The email then made a pitch for UEPM to manage the unit after the end of the rent assurance period, due to expire on 6 November 2018. Mr Whyte replied on the same day:

“Thank you for your email regarding unit 9 Artesian, which I am the owner of.

I have been looking at your terms and fees and realise that I do not need your services.

I presume that Urban Evolution is part of Urban Bubble and if so, I have not been overly impressed with them.

I am talking to my solicitor regarding the future letting agreement etc, so I will get back to you in due course.”

69. Mr El Paraiso responded on 5 October 2018 acknowledging Mr Whyte’s refusal, adding that “Urban Evolution” had “no relationship, of any kind, with Urban Bubble”.

70. In argument the Claimants emphasised Mr Whyte’s use of the word “presume”; the Defendants emphasised “if so” in the same sentence. Taking the email as a whole, it does not seem to me that the sentence indicates a fully-formed belief that UEPM is part of the Claimant group of companies, but a view that it seemed likely.

71. The second alleged instance of confusion was on the part of another investor, Chris Peirson. Mr Peirson had been sent a management agreement by UEPM and on 23 October 2018 sent Mr El Paraiso a signed copy. Later on the same



day Mr El Paraiso sent a parking space agreement and provided information about rent payments. There followed exchanges, all on 23 October 2018. Mr Peirson said:

“Thanks so much for the info. Agreement attached seems in order. Are you affiliated to Urban bubble who are doing the present administration? Think this is where the confusion may be coming from.”

72. It is not clear from the emails in the trial bundle what confusion Mr Peirson had in mind. Mr El Paraiso replied:

“We are an entirely separate company from Urban Bubble. We have no affiliation or ties to the[m] what so ever.”

73. Mr Peirson responded:

“So Sorry, I thought you were the same company and transitioning the leases and management ... no worries and sorry for the confusing mails regarding the rent etc.”

74. It seems to me that Mr Peirson’s state of mind was similar to that of Dr Whyte. Despite the words used in his final email, Mr Peirson cannot have gone from wondering whether UEPM was affiliated to the Claimants to a conviction that this was the case between the two emails. Taking the exchanges as a whole I think he was not sure, but thought it likely.

75. The other email I need mention was the only other instance of alleged confusion pleaded in the Particulars of Claim. On 19 October 2018 Mr El Paraiso sent an email to Dr Amar Marrar, an investor who owned a flat in the Artesian building and rented it to a tenant. Mr El Paraiso’s email is apparently a continuation of a discussion about rent paid by the tenant, which was now being paid to UEPM. Mr El Paraiso said that UEPM was obliged to send this to the developer, Elliot. Dr Marar replied later on 19 October 2018:

“Thanks Scott – are you working with the Urban Bubble or Elliot. Why are you obliged? I am the owner of this Flat and I would like to collect my rent directly from the Tenant.”

76. Mr El Paraiso’s response bears no date but I assume it was sent shortly after Dr Marar’s email:

“Just one point, for clarity. Although our company name is similar to Urban Bubble and we do work in close proximity, We have no ties, association or any involvement, of any kind, with Urban Bubble. We are an entirely separate entity.”

77. It seems that Dr Marar did not assume but thought it possible that UEPM was working with either the Claimants or Elliot.

78. Mr El Paraiso gave unchallenged evidence that he had received 25 to 30 phone calls from people wanting confirmation that UEPM had nothing to do with

Urbanbubble and was not a scam by Elliot Lawless. These were referred to as instances of confusion but in the end not pressed to be such by the Claimants.

*The likelihood of confusion*

79. Counsel for the Defendants submitted that even if there was relevant confusion on the part of Mr Whyte and Mr Peirson, there was no reason to suppose that it was due to the similarity between the Trade Mark and UEPM's sign and that had not been established. More likely it was because UEPM were performing the same property management task in place of the Claimants in the same building.
80. Both Mr Whyte and Mr Peirson thought it likely that the services from UEPM were coming from the Claimants or an undertaking economically linked to the Claimants, though neither was sure. Both fall into the investor category of average consumer but neither can be taken to be *the* notional and composite average consumer by reference to whom the likelihood of confusion is to be assessed. They were presented by the Claimants as providing the two best examples of confusion, so they represent the top end of the possibility of a belief in the mind of the average investor consumer of there being an economic link between the Claimants and UEPM.
81. Mr Whyte's alleged confusion did not occur at the point of an economic transaction. He was going to consult a solicitor before that would happen. It is likely that Mr Whyte would have taken further steps to find out whether there was a connection between the Claimants and UEPM before paying for the services.
82. Mr Whyte and Mr Peirson are two investors out of many. In my view the foregoing evidence does not establish that there was a risk that the use of the Urban Evolution sign would create a fully formed belief in the mind of the average investor consumer that there was an economic link between UEPM and the Claimants. At most there was a risk that the average consumer would regard it as a likely possibility. That does not seem to me to satisfy the test for the likelihood of confusion set out in *Comic Enterprises*.
83. I would add that if I had concluded that there was a likelihood of confusion, that conclusion would have been qualified. Both the best instances of (here assumed) confusion happened in the context of UEPM contacting Mr Whyte and Mr Peirson to say that UEPM would be carrying out the same role in the same building as had the Claimants. As discussed above, all the circumstances of a defendant's use of his sign that are likely to operate in the average consumer's mind must be taken into account. Usually, the relevant circumstances are such as to decrease the likelihood of confusion. In *Specsavers*, for example, it was relevant that the accused signs were used within straplines with other wording and in the context of posters and other material. In the present instance it is the other way around: the circumstance of UEPM replacing the Claimants for the same role in the same building and acting on the instructions of the same property developer, Elliot, increased the likelihood of confusion. Assuming the similarity between trade mark and sign would have been an operative cause of the confusion, which I think is likely, the confusion

would have depended also on that set of circumstances. Without those circumstances, there could probably have been no likelihood of confusion.

84. This would have affected the scope of an inquiry as to damages or account of profits and the scope of an injunction, had they been appropriate.

*Conclusion in respect of s.10(2)*

85. The Defendants have not infringed the Trade Mark pursuant to s.10(2)

**Trade Mark Infringement – section 10(3)**

*The law on s.10(3) generally*

86. The necessary elements of a claim of infringement under s.10(3) of the 1994 Act were set out by Arnold J in *W3 Limited v Easygroup Limited* [2018] EWHC 7 (Ch).:

“[290] Accordingly, in order to establish infringement under Article 9(1)(c) of the Regulation, nine conditions must be satisfied: (i) the trade mark must have a reputation in the relevant territory; (ii) there must be use of a sign by a third party within the relevant territory; (iii) the use must be in the course of trade; (iv) it must be without the consent of the proprietor of the trade mark; (v) it must be of a sign which is at least similar to the trade mark; (vi) it must be in relation to goods or services; (vii) it must give rise to a ‘link’ between the sign and the trade mark in the mind of the average consumer; (viii) it must give rise to one of three types of injury, that is to say, (a) detriment to the distinctive character of the trade mark, (b) detriment to the repute of the trade mark or (c) unfair advantage being taken of the distinctive character or repute of the trade mark; and (ix) it must be without due cause.”

87. The points in dispute in the present case concerned (1) the reputation of the Trade Mark, (2) a link between UEPM’s sign and the Trade Mark, (3) unfair advantage being taken of the distinctive character of the Trade Mark, (4) detriment to the distinctive character of the Trade Mark, (5) due cause.
88. No separate argument was advanced by the Claimants in relation to the repute of the trade mark.

*Reputation – the law*

89. The law on reputation within the meaning of s.10(3) was considered by Fancourt J in *Sazerac Brands, LLC v Liverpool Gin Distillery Limited* [2020] EWHC 2424 (Ch) (upheld on appeal [2021] EWCA Civ 1207; the case under s.10(3) was not considered by the Court of Appeal):

“[38] The question is likely to arise and be important in a case where the market is very broad but the trade mark has only had local exposure. This is exemplified by *Waseem Ghias t/a GRILLER v Ikram t/a THE GRILLER ORIGINAL* [2012] EWPC 3, in which the market for fast food restaurants was huge and the turnover for the claimant’s franchise

in London and Essex was ‘miniscule’ in comparison (just over £1 million); and by *Burgerista Operations GmbH v Burgista Bros Ltd* [2018] EWHC 35 (IPEC), in which the claimant had only 6 restaurants in Austria and one in Germany at the relevant date, albeit with turnover amounting to €9,250,000 and over 865,000 individual transactions. The brand was however only known locally, not throughout Austria, and the proportion of the burger fast food business in the EU was considered to be ‘very small indeed’. Although the claimant had a reputation of some kind, it did not have a reputation within the meaning of art. 9(2)(c).

[39] Where on the other hand only a small sector of the public is concerned by the goods in question and the goods are marketed and consumed nationally, rather than locally, there may more readily be seen to be a reputation in the trade mark if there has been a sufficiently long history of sales or substantial promotion of the brand. Whether a trade mark has a reputation in that sense must be assessed by close reference to the facts, having regard to the market share of the brand, the intensity, geographical extent and duration of its use and the size of the investment made by the owner in marketing it: *PAGO International GmbH v Tirolmilch Registrierte Genossenschaft mbH* (C-301/07) [2010] ETMR 5 at [25].”

90. The reputation of a trade mark is to be assessed as of the date on which the alleged infringer first started to trade under the accused sign, see the discussion in *Burgerista Operations GmbH v Burgista Bros Ltd* [2018] EWHC 35 (IPEC), at [54]-[59]. In this case that is March 2018.

*Reputation – this case*

91. The Claimants’ trading under the Trade Mark began in Manchester, then expanded to Preston, Leeds and Liverpool. Mr Howard gave unchallenged evidence that in the years 2014 to 2017 the turnover of the Claimants trading under the Trade Mark rose from £1,040,947 to £2,234,909. He cited several awards received by the Claimants in recognition of what he described was their position as a market leader in block management. About £450,000 has been spent on marketing and advertising since 2014. In cross-examination Mr Howard said that by 2017 the Claimants managed 950 homes in Liverpool.
92. Mr Tumilty accepted that the Claimants were regarded as an experienced property management company.
93. This is a case concerned with a small sector of the public, namely those conforming to the two categories of average consumer discussed above. The evidence did not establish a reputation of any significance outside the North West of England and West Yorkshire but I am satisfied that this was sufficient evidence of reputation within the UK.

*Link*

94. It was common ground that a link is established if the accused sign brings to mind the trade mark in suit. Given the evidence of confusion discussed above, a link in the mind of the average consumer has been established.

*Unfair Advantage – the law*

95. In *L'Oréal SA v Bellure NV* (Case C-487/07) EU:C:2009:378, the Court of Justice of the European Union said:

“[41] As regards the concept of ‘taking unfair advantage of the distinctive character or the repute of the trade mark’, also referred to as ‘parasitism’ or ‘free-riding’, that concept relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign. It covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation.

...

[49] In that regard, where a third party attempts, through the use of a sign similar to a mark with a reputation, to ride on the coat-tails of that mark in order to benefit from its power of attraction, its reputation and its prestige, and to exploit, without paying any financial compensation and without being required to make efforts of his own in that regard, the marketing effort expended by the proprietor of that mark in order to create and maintain the image of that mark, the advantage resulting from such use must be considered to be an advantage that has been unfairly taken of the distinctive character or the repute of that mark.”

*Unfair Advantage – this case*

96. The Claimants’ argument was that when UEPM began to trade in March 2018 it was aware of the Claimants’ reputation and chose a name which included “Urban” in order to profit from the reputation. The emails from Mr Whyte and possibly that from Dr Marar indicate that there would have been no advantage to UEPM in a perceived association with the Claimants. Likewise the 25-30 phone calls received by El Paraiso. There was no evidence beyond assertion that there would have been any such advantage. The allegation of unfair advantage was not made out.

*Detriment to the Distinctive Character of the Mark – the law*

97. In *Comic Enterprises Ltd v Twentieth Century Fox Film Corp* [2016] EWCA Civ 41, Kitchin LJ said:

“[113] The Court of Justice explained what is meant by detriment to the distinctive character of a mark in *Intel* [2009] R.P.C. 15 at [29]:

‘As regards, in particular, detriment to the distinctive character of the earlier mark, also referred to as “dilution”, “whittling away” or “blurring”, such detriment is caused when that mark’s ability to identify the goods or services for which it is registered and used as coming from the proprietor of that mark is weakened, since use of the later mark leads to dispersion of the identity and hold upon the public mind of the earlier mark. That is notably the case when the earlier mark, which used to arouse immediate association with the goods and services for which it is registered, is no longer capable of doing so.’

[114] The Court then went on (at [72]–[76]) to explain how such injury might be established. In summary, it is not necessary for the earlier mark to be unique, although the more “unique” it appears, the greater the likelihood that a later identical or similar mark will be detrimental to its distinctive character; secondly, the use of an identical or similar mark may suffice, in some circumstances, to cause actual and present detriment to the distinctive character of the earlier mark or to give rise to a serious likelihood that such detriment will occur in the future; and thirdly, detriment to the distinctive character of the earlier mark is caused when that mark’s ability to identify the goods or services for which it is registered and used as coming from the proprietor of that mark is weakened. There followed at [77] this important explanation of what is needed by way of proof:

‘[77] It follows that proof that the use of the later mark is or would be detrimental to the distinctive character of the earlier mark requires evidence of a change in the economic behaviour of the average consumer of the goods or services for which the earlier mark was registered consequent on the use of the later mark, or a serious likelihood that such a change will occur in the future.’

[115] Then, at [78], the Court emphasised that it is immaterial for the purposes of assessing whether the use of the later mark is or would be detrimental to the distinctive character of the earlier mark, whether or not the proprietor of the later mark draws real commercial benefit from the distinctive character of the earlier mark.

[116] The need for evidence of a change in the economic behaviour of the average consumer, or a real likelihood that such a change will occur in the future, was considered by the Court of Justice once again in *Environmental Manufacturing LLP v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* (OHIM) (C-383/12) EU:C:2013:741, given on 14 November 2013 at [34]–[43] in considering the similar provisions in Regulation 207/2009. The Court said this:

‘[34] According to the Court’s case-law, proof that the use of the later mark is, or would be, detrimental to the distinctive character of the earlier mark requires evidence of a change in the economic behaviour of the average consumer of the goods or

services for which the earlier mark was registered, consequent on the use of the later mark, or a serious likelihood that such a change will occur in the future (*Intel Corp*, paragraphs 77 and 81, and also paragraph 6 of the operative part of the judgment).

[35] Admittedly, paragraph 77 of the *Intel Corp* judgment, which begins with the words “[i]t follows that”, immediately follows the assessment of the weakening of the ability to identify and the dispersion of the identity of the earlier mark; it could thus be considered to be merely an explanation of the previous paragraph. However, the same wording, reproduced in paragraph 81 and in the operative part of that judgment, is autonomous. The fact that it appears in the operative part of the judgment makes its importance clear.

[36] The wording of the above case-law is explicit. It follows that, without adducing evidence that the condition is met, the detriment or the risk of detriment to the distinctive character of the earlier mark provided for in Article 8(5) of Regulation No 207/2009 cannot be established.’

[117] A little later, it continued:

‘[42] Admittedly, Regulation No 207/2009 and the Court’s case-law do not require evidence to be adduced of actual detriment, but also admit the serious risk of such detriment, allowing the use of logical deductions.

[43] None the less, such deductions must not be the result of mere suppositions but, as the General Court itself noted at paragraph 52 of the judgment under appeal, in citing an earlier judgment of the General Court, must be founded on “an analysis of the probabilities and by taking account of the normal practice in the relevant commercial sector as well as all the other circumstances of the case”.’

[118] Here the Court of Justice has explained that a serious risk of detriment may be established by deduction, but any such deduction cannot be supposition and must instead be founded properly on all the circumstances of the case and the nature of the trade in issue.”

*Detriment to the Distinctive Character of the Mark – this case*

98. There was no evidence provided by the Claimants establishing a change in the economic behaviour of the average consumer consequent upon the use of UEPM’s Urban Evolution sign, whether direct evidence or by the use of logical deductions. The Claimants pointed to five reviews of UEPM posted online which gave UEPM one star (the minimum). I take the view that this is insufficient and went no further than what the CJEU described as “mere suppositions”.

99. Lacking too was evidence from the Claimants that once UEPM started to trade, such trading under the Urban Evolution sign (as opposed to other matters) caused customers to stop dealing with the Claimants or otherwise to behave economically in a manner detrimental to the Claimants.

*Without Due Cause*

100. Since the Claimants have not shown that the use of UEPM's sign either took unfair advantage of, or was detrimental to, the distinctive character of the Trade Mark, I need not consider whether either would have been without due cause. However, I would add that if the Defendants' case on consent is made out, in my view that would qualify as due cause.

*Conclusion in respect of s.10(3)*

101. The Defendants have not infringed the Trade Mark pursuant to s.10(3)

**Passing Off**

102. The Claimants' case in passing off was based on the usual three requirements: establishing goodwill, a misrepresentation by UEPM through the use of its Urban Evolution sign and consequent damage to the Claimants. There was no attempt or need to pin down whether any goodwill was owned by one or other of the Claimants so I will continue to refer to them collectively.
103. I am satisfied by the evidence I have referred to in relation to the Claimants' reputation, in the context of s.10(3) of the 1994 Act, that at the relevant date the Claimants owned goodwill in their business which was associated with the trading name Urbanbubble. The relevant date is the same, see *Starbucks (HK) Ltd v British Sky Broadcasting Group plc* [2015] UKSC 31, at [16].
104. I take the view that the evidence discussed above in relation to the likelihood of confusion under s.10(2) of the 1994 Act does not support the Claimants' case that use of the Urban Evolution sign constituted a misrepresentation on the part of UEPM. Applying the test relevant to passing off, the evidence indicates that at most, members of the relevant public thought that there was a likely possibility of a connection between the Claimants and UEPM, but this never coalesced into a fully-formed belief or assumption. It was common ground that the relevant public were investors and developers of the type who fell into one or other category of average consumer discussed above. The view of many members of the relevant public did not even go that far.
105. The circumstance of UEPM taking over the same role as property manager in the same building on the instruction of the same developer was an important factor in the view taken by Mr Whyte and Mr Peirson of a likely possibility of a connection in the course of trade.
106. There was a pleaded case of deliberate passing off on the part of UEPM but this was not put to the Defendants' witnesses and was not pursued in closing.



107. Since there was no misrepresentation, there can have been no damage. The Claimants' case of passing off does not succeed.

### **Further defences**

108. Notwithstanding the foregoing conclusions on trade mark infringement and passing off, I will discuss the defences of consent and estoppel argued by the parties.

### **Consent**

#### *The Law*

109. The leading judgment of the CJEU on implied consent to the use of a trade mark is *Zino Davidoff SA v A&G Imports Ltd* (Joined Cases C-414/99, C-415/99 and C-416/99) EU:C:2001:617. The Court was dealing with a referred question about the exhaustion of rights in relation to goods placed on the market in the EEA and thus primarily art.7 of Directive 89/104/EEC. The equivalent of art.7 is s.12 of the 1994 Act, as amended by The Intellectual Property (Exhaustion of Rights) (EU Exit) Regulations 2019. Neither art.7 nor s.12 is concerned with service marks.
110. The Defendants in the present case rely instead on the absence of consent as an essential ingredient of infringement, see s.9 of the 1994 Act:

#### ***“Rights conferred by registered trade mark***

9. *(1) The proprietor of a registered trade mark has exclusive rights in the trade mark which are infringed by use of the trade mark in the United Kingdom without his consent.”*

111. The equivalent provision in Directive 89/104/EEC was found in art.5. The CJEU was clear in *Davidoff* that the concept of consent was same in arts.5 and 7:

“[40] Article 5 of the Directive confers on the trade mark proprietor exclusive rights entitling him, inter alia, to prevent all third parties ‘not having his consent’ from importing goods bearing the mark. Article 7(1) contains an exception to that rule in that it provides that the trade mark proprietor’s rights are exhausted where goods have been put on the market in the EEA by the proprietor or ‘with his consent’.

[41] It therefore appears that consent, which is tantamount to the proprietor's renunciation of his exclusive right under Article 5 of the Directive to prevent all third parties from importing goods bearing his trade mark, constitutes the decisive factor in the extinction of that right.”

112. The Court then explained the concept:

“ [45] In view of its serious effect in extinguishing the exclusive rights of the proprietors of the trade marks in issue in the main proceedings (rights which enable them to control the initial marketing in the EEA),

consent must be so expressed that an intention to renounce those rights is unequivocally demonstrated.

[46] Such intention will normally be gathered from an express statement of consent. Nevertheless, it is conceivable that consent may, in some cases, be inferred from facts and circumstances prior to, simultaneous with or subsequent to the placing of the goods on the market outside the EEA which, in the view of the national court, unequivocally demonstrate that the proprietor has renounced his rights.

...

[53] It follows ... that consent must be expressed positively and that the factors taken into consideration in finding implied consent must unequivocally demonstrate that the trade mark proprietor has renounced any intention to enforce his exclusive rights.

[54] It follows that it is for the trader alleging consent to prove it and not for the trade mark proprietor to demonstrate its absence.

[55] Consequently, implied consent to the marketing within the EEA of goods put on the market outside that area cannot be inferred from the mere silence of the trade mark proprietor.”

113. Thus, if consent is to be implied the court must be satisfied that the relevant facts and circumstances unequivocally demonstrate that the trade mark proprietor has renounced any intention to enforce his exclusive rights conferred by the mark.
114. Counsel for the Defendants made the point that it is the demonstration which must be unequivocal, not the consent. It is not necessary that the trade mark proprietor gives unequivocal – in the sense of unqualified – consent. For instance, an unequivocal demonstration by the trade mark proprietor that he consents to the use of his mark provided it is never used in green would establish consent within the meaning of art.5, albeit qualified consent.
115. The burden of proof is the usual one: the alleged infringer must show on the balance of probabilities that the relevant facts and circumstances unequivocally demonstrate consent, see *Dalsouple Société Saumuroise du Caoutchouc v Dalsouple Direct Ltd* [2014] 3963 (Ch), at [39].
116. In *Mastercigars Direct Ltd v Hunters & Frankau Ltd* [2007] EWCA Civ 176, Jacob LJ considered the facts and put his conclusion this way (original italics):

“[50] ... But in the end, ... one reaches the position that HAS, by its conduct, is shown to have consented unequivocally to the trickle of small but commercial consignments going on the market in Europe by way of local purchase in Cuba for export. The acts taken together are consistent *only* with such consent.”

117. The language in *Davidoff* of unequivocal demonstration on the facts indicates, as one would expect, that this is an objective assessment of consent, not an assessment of subjective consent.
118. Therefore where consent is said to have been communicated principally by words, the issue is whether on the balance of probability the words would have unequivocally demonstrated to a reasonable person in the place of the addressee a renunciation by the trade mark proprietor of his exclusive rights in the trade mark. The conduct of the proprietor and other circumstances may, where relevant, influence what would have been demonstrated by the words.
119. Counsel for the Claimants drew my attention to this proposition accepted by the Court of Appeal in *Mastercigars* at [16(iii)]:
- “for there to be consent within the meaning of Art.7(1) such consent must relate to each individual item of the product in respect of which exhaustion of rights is pleaded;”
120. I assume that this proposition was taken from the judgment of the CJEU in *Sebago Inc v GB Unic SA* (Case C-173/98) EU:C:1999:347.
121. Although both *Sebago* and *Mastercigars* were addressing the exhaustion of rights under art.7(1) or equivalent in respect of goods, I see no reason why the same principle should not apply to consent within the meaning of s.9 of the 1994 Act in relation to services. It may not be so easy to identify the extent of consent to the use of a trade mark in relation to services but in my view the alleged infringer must prove that any unequivocal demonstration of consent extended to the use in issue.
122. I should point out that termination of the Claimants’ consent, if it were established, formed no part of the Claimants’ pleaded or argued case.
123. Finally, Counsel for the Claimants referred to *Marussia Communications Ireland Ltd v Manor Grand Prix Racing Ltd* [2016] EWHC 809 (Ch). The claimant (“Marussia”) was the owner of the trade mark MARUSSIA. It alleged infringement by the defendant, a “minnow” Formula One team, which had formerly used the Marussia name for its chassis before the team changed hands. A defence advanced was that Marussia’s consent to use of its name was to be implied. This was because Marussia knew that the defendant intended to use the same chassis, under the rules the defendant’s team name had to include the chassis name and it was unlikely that the defendant could obtain the agreement of the organiser of Formula One, Bernie Ecclestone, to a change in the name of the chassis. A representative of the defendant, Mr Fitzgerald, had spoken to Mr Ecclestone. Counsel drew my attention to this sentence from the judgment of Males J at paragraph 70:
- “For all Marussia knew, Mr Fitzpatrick had already satisfied himself that the defendant would be permitted to change its chassis name for the 2015 season so as to drop any use of the word ‘Marussia’ or the claimant’s trade mark. Far from demonstrating unequivocally a renunciation of rights by the claimant, the circumstances were consistent with

confidence on the part of the defendant that it had no need of the claimant's trade mark.”

124. Counsel highlighted the second sentence and submitted that it underscored a rule of law that if the alleged infringer is of the view that he does not need consent from the trade mark proprietor, there can have been no consent.
125. I reject that submission. First, I do not believe that Males J was intending to advance any rule of law. Secondly, the facts in *Marussia* are not consistent with the proposition advanced. The important point was not the defendant's understanding of whether it needed to use the trade mark, but the proprietor's relevant understanding. The passage quoted from the judgment above shows that the latter was indicative of the former but that is by the way. The real point was that Marussia did not know whether or not Mr Ecclestone had given permission to the defendant to change the chassis name and therefore could not have known whether the defendant was obliged under the rules to use “Marussia” as part of its team name. This is apparent from a later passage of the judgment:

“[73] ... As already noted, for all Marussia knew Mr Fitzpatrick had already secured Mr Ecclestone's agreement to a change of chassis name. The defendant does not suggest that Mr Fitzpatrick or his team ever said anything to suggest that they had not done so or (if they had not) that they anticipated any difficulty in doing so. ... Even if obtaining Mr Ecclestone's consent was ‘unlikely’, unlikely things do often happen. People who are known to be resistant to a course of action or cautious about making a decision are sometimes persuaded to do so.

[74] For this fundamental reason, therefore, the defence of consent must fail. There is no basis on which to conclude that the claimant was unequivocally renouncing rights when it had no reason to think that those rights would be infringed.”

126. Thirdly, the Claimants' proposition of law makes little sense. An alleged infringer of a trade mark may have believed that he did not require the consent of the proprietor and yet the proprietor may have unequivocally demonstrated his consent to the use of the mark. In such circumstances the alleged infringer would benefit from the consent even though he did not realise at the time that he needed it.

*This case*

127. On 27 March 2018 Ms Caffery sent an email to Mr Tumilty which included this:

“I saw your LinkedIn post stating that you had opened a new company Urban Evolution, when we looked at the website, we were shocked at how similar the logo and font of the logo looked to our own.

Mick has requested that the logo be changed so that it is in no way similar to ours by 12:00 Tuesday 3<sup>rd</sup> April, otherwise he will get the solicitors involved.”

128. On the same day Ross Spencer, a director of UEPM, phoned Mr Howard. Mr Howard then emailed Ms Caffery and others employed by the Claimants (original asterisk):

“Just to follow up, Ross has called to explain or understand.

I have said to him what I have just emailed. Misunderstanding and no foul play there side (which I believe as I think Sam is an integral guy) but they have f\*cked up in just not talking to us and checking their new logo was OK as close to ours.

Laura – Ross is coming to see you. Ceasation of work stops until web down, logo changes (keep urbanevolution if they want but not that font) and we’re happy with it being different. ...

I expect this is no more than a faux pas and once above done, we can put the episode behind us and move in.”

129. On the same day Mr Tumilty also spoke to Mr Howard by phone. I will return to the accounts given by each of them of what was said.
130. It is not in dispute that by 29 March 2018 the New Logo had been created for UEPM and that its website had been updated, replacing the Old Logo.
131. There were further discussions between Mr Tumilty and either Ms Caffery or Mr Howard, all apparently by phone. On 12 April 2018 Mr Howard sent this email to Mr Tumilty:

“Regarding the logo issue.

Just before Laura went on annual leave, I informed her that matters had been resolved and that business was to return to normal between UB and LCR. I am aware that she communicated this to you however, apart from a very brief call between you and I just after Laura left, the matter has not been touched up on and so, as I have said previously, I would like you to meet with Laura, for coffee or whatever, and to clear the air, in order that operations can continue to run smoothly in Liverpool.

I agree that your logo has now been changed as per my request and it is time to move on.

Goodluck with your new venture Sam, it has my blessing however, I would say that I think it will be a good few years before you’re in the big league and I certainly wouldn’t go pitching to Elliot, he knows better than to place those kind of contracts with small fry who are a day old, you will only embarrass yourself, best left to the big boys.”

132. On 2 May 2018 Mr Tumilty sent an email to Ms Caffery:

“We have been asked by Elliot to manage the commercial units underneath the Artesian, th[r]ough Urban Evolution. I just wanted to

check, out of courtesy, that you guys would not have any objections to this?”

133. Ms Caffery replied on the same day:

“I have checked with Menno [De Vree], we do not deal with commercial lets and so that’s fine.”

134. I stated earlier in this judgment that in deciding whether consent was given by the Claimants I would be guided principally by the contemporaneous written evidence. Ms Caffery’s email of 27 March 2018 shows that she had a real concern about UEPM’s website. She must have seen from the website that UEPM was using the “Urban Evolution” trading name yet her concern was limited to the logo.

135. In cross-examination Mr Howard was evasive about seeing UEPM’s website at this time, but in the end admitted that he had seen it. His email of 27 March 2018 shows that he too was concerned only with UEPM’s logo and he expressly stated that subject to a change in the font of the logo, he was content for UEPM to use the “Urban Evolution” name. That email was not communicated to UEPM but it is relevant to the likely content of phone conversations between Mr Howard and Mr Tumilty.

136. The email from Mr Howard of 12 April 2018 would have given any reasonable person in the place of Mr Tumilty the belief that Mr Howard had seen the changes to UEPM’s website and in particular the logo, that he was content with those changes and had no further objections to UEPM’s trading style, in particular its use of the trading name “Urban Evolution”.

137. It was suggested in closing that Mr Tumilty’s email of 2 May 2018 shows that UEPM realised it required permission from the Claimants. I do not agree. Mr Tumilty was clear in his evidence that he wanted to maintain good relations with the Claimants and his courtesy email is more consistent with that than with a need for permission. The email expressly states that “Urban Evolution” would be managing units under the Artesian building.

138. In my view, if the emails were the only evidence, they indicate that the Claimants had unequivocally demonstrated their consent to the use of the name “Urban Evolution” and that the consent was not limited in time.

139. There remains the evidence from Mr Howard and Mr Tumilty regarding their phone conversation on 27 March 2018. According to Mr Howard, Mr Tumilty said that UEPM had been set up to handle existing clients of LCR only and that it would not take over the block management of properties owned by Elliot. Mr Howard maintained this account of events in cross-examination, adding, for the first time, that he also insisted that the UEPM website should be changed beyond amending the logo. It was made clear by Mr Wakefield that no change was made to the website aside from the logo. Mr Howard’s new point is therefore difficult to reconcile with his email of 12 April 2018.

140. Mr Tumilty’s recollection of the conversation was that Mr Howard wanted to know more about UEPM and that the only objection to its trading he raised was in relation to the logo. UEPM’s trading name was never mentioned. However, Mr Tumilty wanted to reassure Mr Howard and so he said that as a small business it was unlikely to be in a position to compete with the Claimants. He maintained this evidence in cross-examination.
141. For the reasons discussed above, I believe that Mr Howard’s evidence was less reliable than that of Mr Tumilty. My view is reinforced by Mr Tumilty’s account of the phone conversation he had with Mr Howard on 27 March 2018 being much more consistent with Mr Howard’s emails quoted above than was Mr Howard’s written and oral evidence.
142. I think that the communications between the Claimants and UEPM in March and April 2018 are consistent only with the Claimants having unequivocally demonstrated that they renounced any intention to enforce their exclusive trade mark rights in relation to UEPM’s use of the trading name “Urban Evolution” and that this constituted consent within the meaning of s.9 of the 1994 Act. UEPM did not believe that it needed such consent and on the findings I have reached above it did not. Consent was nonetheless given. It was qualified only in one respect: UEPM was required to change the Old Logo to a logo approved by the Claimants. This was done.
143. With regard to passing off, the Claimants’ consent to UEPM’s use of “Urban Evolution” as a trading name amounted to a licence, if a licence had been necessary.

### **Estoppel**

144. The Defendants relied on promissory estoppel and acquiescence. Nothing was said about acquiescence in argument, presumably because it was to stand or fall with the Defendants’ case on estoppel.
145. I was referred to *Harvey v Dunbar Assets plc* [2017] EWCA Civ 60. Henderson LJ, with whom Gross LJ and Sir Stephen Tomlinson agreed, cited with approval a formulation of the requirements of promissory estoppel set out in *Snell’s Equity*, 33<sup>rd</sup> ed. (2016), para. 12-018:

“Where, by his words or conduct one party to a transaction, (A) freely makes to the other (B) a clear and unequivocal promise or assurance that he or she will not enforce his or her strict legal rights, and that promise or assurance is intended to affect the legal relations between them (whether contractual or otherwise) or was reasonably understood by B to have that effect, and, before it is withdrawn, B acts upon it, altering his or her position so that it would be inequitable to permit the first party to withdraw the promise, the party making the promise or assurance will not be permitted to act inconsistently with it. B must also show that the promise was intended to be binding in the sense that (judged on an objective basis) it was intended to affect the legal relationship between the parties and A either knew or could have reasonably foreseen that B would act on it. Yet B’s conduct need not derive its origin solely from

A’s encouragement or representation. The principal issue is whether A’s representation had a sufficiently material influence on B’s conduct to make it inequitable for A to depart from it.”

146. There are difficulties with the Defendants’ case on estoppel. First, it was not available in law as a defence to the Claimants’ allegation of trade mark infringement. Males J explained why that is in *Marussia Communications Ireland Ltd v Manor Grand Prix Racing Ltd* [2016] EWHC 809 (Ch):

“[90] As to the first question, it is clear that the Regulation operates as a complete code so far as the rights of a Community trade mark proprietor are concerned. The reason why the European Court insisted on an autonomous Community meaning of ‘consent’ in the *Zino Davidoff* case was, as explained at [41] of the judgment:

‘If the concept of consent were a matter for the national laws of the member states, the consequence for trade mark proprietors could be that protection would vary according to the legal system concerned. The objective of “the same protection under the legal systems of all the member states’ set out in the ninth recital in the Preamble to Directive 89/104, where it is described as “fundamental”, would not be attained.’

[91] The same unacceptable consequence would apply if, in a case where there was no consent within the meaning of the Regulation, a proprietor was nevertheless precluded from exercising its rights under art.9 as a result of some other defence available under national law. Further, as noted above, the European Court went on to say at [58] that:

‘[58] A rule of national law which proceeded on the mere silence of the trade mark proprietor would recognise not implied consent but rather deemed consent. That would not meet the need for consent positively expressed, required by Community law.’

[92] Although it would not be right to describe the principle of estoppel by acquiescence as comprising ‘a rule of national law which proceeded on the mere silence of the trade mark proprietor’ as more is required than mere silence, it is nevertheless a rule of national law which operates as a kind of deemed consent regardless of actual consent. A defendant only needs to invoke an estoppel defence when it is unable to prove actual consent within the meaning of the Regulation. While an estoppel defence may be characterised as an aspect of a wider principle of good faith or abuse of rights, to allow the possibility of such a defence would undoubtedly mean that protection would be subject to issues outside the terms of the Regulation and would vary according to the legal system concerned.”

147. A second problem is that there must have been legal relations between the Claimants and UEPM for an estoppel to operate and it was not made clear by the Claimants what the nature of that relationship was. In *Harvey v Dunbar Assets* Henderson LJ said:



“[62] ... it seems clear to me that the weight of existing authority supports the view that a promissory estoppel can only arise in the context of an existing legal relationship, as Lord Walker of Gestingthorpe said in *Thorner v Major* [2009] 1 WLR 776, para 5.”

148. Thirdly, UEPM did not rely on the representation by the Claimants, namely that UEPM could use the trading name “Urban Evolution”. Mr El Paraiso was clear that UEPM did not believe that it required any assurance about the use of the name and therefore UEPM cannot have acted upon that assurance to its detriment.
149. I reject the defence of estoppel for both trade mark infringement and passing off.

### **The joint liability of Ms El Paraiso**

150. It was not in dispute that if UEPM were to be liable as alleged, Mr El Paraiso, Mr Spencer and Mr Tumilty were jointly liable. The joint liability of Ms El Paraiso was denied.
151. The pleaded case against Ms El Paraiso appears in paragraphs 13 and 14 of the Amended Reply and it goes no further than the allegation that she was a person with significant control of UEPM solely because she was a director of UEPM.
152. In *Lifestyle Equities CV v Ahmed* [2021] EWCA Civ 675 Birss LJ, with whom Moylan and Nugee LJ agreed, considered several authorities including the judgment of the Supreme Court in *Fish & Fish v Sea Shepherd* [2015] UKSC 10, *Mentmore Manufacturing Co Ltd v National Merchandising Manufacturing Co Inc* (1978) 89 DLR (3d) 195 and in particular that of the Court of Appeal in *MCA Records Inc v Charly Records Ltd (No. 5)* [2001] EWCA Civ 1441:

[31] Turning to *MCA v Charly* Chadwick LJ noted (in [47]) that in *Mentmore* the question of whether and in what circumstances a director should be liable with the company was described as a difficult question of policy and that in the end a balance has to be struck between two considerations. The first consideration is the distinction between a company as a distinct legal person and its shareholders, directors and officers. The second is that everyone should be answerable for their tortious acts. The judge then made the point that because there was a balance to be struck in each case it was dangerous for an appellate court to attempt a formulation of the principles since it may come to be regarded as prescriptive ([48]). Nevertheless Chadwick LJ did feel able to formulate four principles which he then set out.

...

[36] ... If the individual’s conduct does not make them liable as an accessory, then the fact they are a director in and of itself cannot make them liable when they would not be otherwise. That was also made clear by Chadwick LJ in [37] of the same judgment in which he held that it was a correct statement of the law that a director or other officer of a

company may in certain circumstances be personally liable for the company's torts, although they will not be liable merely because they are an officer: they must be personally involved in the commission of the tort to an extent sufficient to render them liable as a joint tortfeasor. Whether they are sufficiently involved is a question of fact, requiring an examination of the particular role played by them in the commission of the tort."

153. No attempt was made in the present case to establish that Ms El Paraiso was personally involved in the alleged acts of trade mark infringement and passing off by UEPM to an extent sufficient to render her liable as a joint tortfeasor. Her being a director of UEPM was by itself not enough.
154. Had UEPM been liable as alleged, Ms El Paraiso would not have been jointly liable.

### **Conclusion**

155. The claim for both trade mark infringement and passing off is dismissed.