

Bird & Bird

Report of Trade Mark Cases

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Trade mark decisions

Passing off: issues of deception and damage

easyGroup Ltd v Easy Live (Services) Ltd & Ors (LJJ Lewison, Arnold and Falk; [2023] EWCA Civ 1508; 20 December 2023)

The Court of Appeal, Arnold LJ giving the decision, dismissed the defendants' appeal on the issue of misrepresentation: the Judge had been entitled to consider as relevant the third defendant's state of mind when making use of certain of the marks including "easyLiveAuction.com". However, the Court of Appeal, allowed the appeal by easyGroup in relation to the issue of damage: the Judge should have found that the actions of the defendants had caused easyGroup damage through loss of potential licensing income. Katharine Stephens reports.

Background

easyGroup owned a large portfolio of trade marks, including registrations for the mark EASYJET and two for EASYMONEY. The first defendant ("ELS") had traded under the name "Easy Live Auction" and variants of that name since January 2010. It had been set up by the second and third defendants, Mr Achilleous and Mr Burnside. The defendants had used "Easy Live Auction" in the following forms:

| No. | Sign | Date of first use pleaded by Ds |
|-----|---|---------------------------------|
| 1 |  | around January 2010 |
| 2A |  | May 2010 |
| 2B |  | June 2013 |
| 3 |  | April 2016 |
| 4 |  | March 2019 |

Decision at first instance

Sir Anthony Mann ([2022] EWHC 3327 (Ch)) held that none of easyGroup's marks had been infringed under section 10(2), but that the EASYJET and EASYMONEY marks were infringed under section 10(3) by the defendants' use of Signs 2 and 3 but not Signs 1 or 4. These findings were not appealed.

In relation to passing off, the Judge held that, by the time Sign 3 was adopted, easyGroup had substantial goodwill associated with the name "easyProperty" in relation to residential property lettings and sales, management services for landlords and commercial property sales. Again, there was no challenge to that finding on appeal. He also held that Signs 2 and 3 amounted to a relevant misrepresentation but this had not caused easyGroup any damage. The defendants appealed the former finding and easyGroup appealed the latter.

Misrepresentation

The Judge found that Mr Burnside was not dishonest, but that Sign 2 was deliberately created to form a link with, or to make an allusion to, easyJet at least. He found that the similarities were not accidental and, such as they were, they were intentional and for that purpose. Therefore, the Judge concluded that there was a link for the purposes of section 10(3) and that it was right to take Mr Burnside's intention as a strong starting point in the inquiry as to its effect for the purposes of passing off.

Arnold LJ saw no inconsistency between the Judge's finding that Mr Burnside was not dishonest (in the sense that he intended to divert trade from any of easyGroup's licensees) and his intention to represent ELA's services as having some connection with easyJet and other members of the "easy" family. Furthermore, the Judge was entitled to treat Mr Burnside's state of mind as evidence which was supportive of easyGroup's case. A conscious decision on the part of a defendant to live dangerously could be probative, but it depended on the facts of the case (*Specsavers v Asda* [2012] EWCA Civ 24 [114] – [116]). The Court of Appeal therefore dismissed the defendants' appeal.

Damage

The Judge dismissed all three of the heads of damage pleaded by easyGroup: (1) there was no realistic suggestion that there had been any diversion of trade because of the absence of any overlap between the businesses; (2) there was no real likelihood of damage to the repute of easyGroup's brands; and (3) there was no damage to easyGroup's ability to license others because the defendants were using Signs 2 and 3 without a licence. Only this third point was challenged on appeal.

As Arnold LJ noted: "It is extremely rare for a passing off claim to fail on the ground that, although the claimant owns goodwill and the defendant has made an actionable misrepresentation, the claimant has not suffered any damage. This is because of the obvious propensity for relevant misrepresentations to be damaging to the claimant's goodwill."

He held that a claimant may claim damages on the footing that it has lost licensing income as a result of the misrepresentation following the authorities starting with *Irvine v Talksport* [2002] EWHC 367 (Ch), which had subsequently been twice approved by the Court of Appeal. It was also justified as a matter of principle, since passing off protects a trader's property in the business or goodwill likely to be injured by the misrepresentation. This principle could be reconciled with the point that damage is an essential element of the tort of passing off by considering whether a claimant had an existing endorsement or licensing business. If a claimant did not, then they could not rely solely on the loss of the fee that they would have charged, whereas a claimant with such an existing business could in principle rely upon the loss of that fee, even if the acts complained of were not of precisely the same kind as the claimant had previously endorsed or licensed; and the same could be true of a claimant which had a prospective endorsement or licensing business (e.g. a celebrity who had not yet started such a business but was at the point where they could do so).

easyGroup was on the right side of the line as they had at all times a well-established business in licensing a wide variety of businesses. They could rely upon their loss of the fee which they could have charged ELA for use of Signs 2 and 3. They could also rely upon the fact that ELA was unlicensed when claiming that their chances of attracting paying licensees, particularly in the auction field, were significantly reduced. Evidence of this was not required as the inference was obvious. The appeal was allowed.

The Court of Appeal reviews issues of infringement and honest concurrent use

easyGroup Ltd v Nuclei Ltd & Ors (LJJ Arnold and Nugee and Sir Christopher Floyd; [2023] EWCA 1247; 27 October 2023)

The Court of Appeal, Arnold LJ giving the decision, dismissed the appeal from the decision of Bacon J (reported in The CIPA Journal in December 2022). The defendants had not infringed easyGroup's trade marks for EASYOFFICE by their use of EASYOFFICES and the marks were revoked for non-use. Katharine Stephens reports.

Background

In October 2002, easyGroup applied for two easyOffice marks, UK528A and EU509, but did not launch easyOffice as a business until 2006. It later applied for another mark, EU376. Initially the business was successful, but by 2012, there was declining customer interest and by February 2013, there were only two locations listed on the easyOffice website. Nevertheless, it carried on the business until January 2019. The details of the marks are as follows:

| | | |
|-----------------------------|--|--|
| UK 2,313,528A ("UK528A") | EASYOFFICE easyOffice   | Hire of temporary office space; rental of meeting rooms (43) |
| EU 2,907,509 ("EU509") | EASYOFFICE | Rental of offices (36); hire of temporary office space (43) |
| EU 11,624,376 ("EU376") |  | Office management services; provision of services offices (35); rental of office space (36); hire of temporary office space (43) |

Nuclei, the first defendant, started a business brokering rental serviced offices over the internet in 2000 under the name "Easy Offices". In November of that year, it started using an orange logo (see below), but following the receipt of a letter from easyGroup, changed it to a blue logo in April 2001 (see below) and undertook not to use a livery with white characters on an orange background. Although there were additional threats made to Nuclei in 2001 and 2002, no further action was taken.



Over the years, Nuclei went on to use a succession of logos in blue or black and white, eliding the words "easy" and "offices" together. It currently uses the logo in the following form: **EasyOffices**.

There were a number of proceedings between the parties over the years, both before the UK IPO and the EUIPO. The claim in this action was commenced in May 2019.

Infringement under Section 10(1)

The Judge held there was no infringement under section 10(1)/article 9(2)(a) of UK528A (word marks only) and EU509 by use of EASYOFFICES since the marks were not identical, despite being almost so. Nor were the services identical because Nuclei did not hire or rent temporary office space; it acted as a broker for the rental of serviced offices. As Arnold LJ noted, this meant Nuclei operated a commission-based business model under which it received a commission from suppliers of office space for each successful introduction of a client. It thus acted rather like an estate agent, providing a free service to consumers seeking offices to hire and a commission-based service to suppliers of office space.

On appeal, easyGroup sought to argue that the marks were identical, but Arnold LJ disagreed. The differences would not go unnoticed by the average consumer (someone who wished to rent or hire office space): EASYOFFICES differed visually from EASYOFFICE in that it had an additional letter; it differed aurally in that it had an extra syllable; and it differed conceptually in that it was plural rather than singular. For this reason, there was no infringement under section 10(2).

However, Arnold LJ disagreed with the Judge's finding on whether the services were identical. A brokerage service was not the same as hiring office space, but Nuclei used their sign "in relation to" a hire service by the way that they advertised their services on their website in that the average consumer, seeking office space to

hire, would perceive the sign EASYOFFICES as a badge of origin in relation to the office space advertised for hire. They would perceive EASYOFFICES as having some responsibility for the quality of the office services provided by the supplier, even if they appreciated that the supplier was primarily responsible (following *London Taxi Corporation v Frazer Nash Research* [2017] EWCA Civ 52 (Ch)).

Infringement under Section 10(2) and honest concurrent use

The Judge held there was no infringement under section 10(2)/article 9(2)(b) of all three marks. The word marks and the black and white logos were similar (but not the orange and white mark in the UK528A series and EU376). The services were also similar. But, in the absence of concrete evidence of confusion in circumstances of five years of side-by-side use, she held that confusion was not in fact likely. Furthermore, to the extent that there was any confusion, it should be tolerated as honest concurrent use.

The Court of Appeal held that the Judge made no error of law in her approach to the issues of confusion and honest concurrent use, despite not having the benefit of the later judgment in *Match v Muzmatch* [2023] EWCA Civ 454 in which Arnold LJ had discussed both issues. easyGroup's criticism that the Judge had failed to recognise that there had been little opportunity for confusion given the relatively modest scale of both parties' businesses was therefore dismissed. Although her finding might seem a little surprising at first blush, it could be explained by the fact that the word mark EASYOFFICE had relatively low inherent distinctiveness and the average consumer's level of attention would be moderately high.

easyGroup was wrong to submit on appeal that the Judge had applied honest concurrent use as a separate and free-standing defence. As a consequence, and given the outcome of the appeal on the issue of confusion, the appeal on this point was dismissed. However, Arnold LJ went on to deal with easyGroup's two other submissions. He described as "hopeless" an argument that Nuclei's use was not honest as they were the senior user. However, although he had considerable sympathy for the submission that a mere five years' parallel trade on a moderate scale was insufficient to enable an inference to be drawn that the relevant public had learnt to differentiate between EASYOFFICE and EASYOFFICES as denoting different businesses, it was not necessary for him to reach a conclusion on the point.

Revocation for non-use

The Court of Appeal held that the Judge had applied the correct test and not a de minimis test. Her decision had not been driven by the small scale of the transactions involved, but the paucity of the evidence. She was entitled to find that the evidence did not justify a conclusion that there had been real commercial exploitation and thus genuine use of easyOffice in the relevant period.



Katharine Stephens

Partner

+442074156104
katharine.stephens@twobirds.com



Aaron Hetherington

Trademark Attorney

+442074156183
aaron.hetherington@twobirds.com

Reporter

Katharine Stephens

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