



Neutral Citation Number: [2017] EWHC 3176 (IPEC)

Case No: IP-2016-000176

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
INTELLECTUAL PROPERTY ENTERPRISE COURT

Royal Courts of Justice, Rolls Building
Fetter Lane, London, EC4A 1NL

Date: 07/12/2017

Before :

HIS HONOUR JUDGE HACON

Between :

**THE NATIONAL GUILD OF REMOVERS AND
STORERS LIMITED**

**Claimant/
Appellant**

- and -

**(1) ALEXANDER JUSTIN LUCKES
(2) SALLY LUCKES
(3) A. LUCKES & SONS (REMOVALS AND
STORAGE) LIMITED**

**Defendants/
Respondents**

Jonathan Miller (instructed by **Coyle White Devine**) for the **Claimant**
Thomas St Quintin (instructed by **Backhouse Jones LLP**) for the **Defendants**

Hearing dates: 21 November 2017

Approved Judgment

I direct that pursuant to CPR PD 39A para 6.1 no official shorthand note shall be taken of this Judgment and that copies of this version as handed down may be treated as authentic.

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HIS HONOUR JUDGE HACON

Judge Hacon :

Introduction

1. This is an appeal from the order of District Judge Hart dated 10 March 2016 in which she held that the Claimant/Appellant (“NGRS”) succeeded in part in its claim for passing off. The Defendants have cross-appealed.
2. The appeals were heard shortly after another NGRS appeal, *NGRS v Central Moves Limited* IP-2016-174. To some degree they covered similar ground. Jonathan Miller appeared for NGRS, Thomas St Quintin for the Defendants.

Background facts

3. NGRS is a trade body which promotes the interests of those trading in the removal and storage industry. Such traders may obtain membership of NGRS for a fee and among the benefits of membership is the entitlement to advertise that the trader is a member of NGRS.
4. The Third Defendant (“ALS”) conducts a removals business. The First Defendant (“Mr Luckes”) and the Second Defendant (“Mrs Luckes”) are husband and wife and the directors and shareholders of ALS.
5. ALS was a member of NGRS from 2006 until June 2009. It had a website which referred to its membership of NGRS (“the ALS Website”). It also had entries in online trade directories used by the public to obtain quotes. One was a listing at www.reallymoving.com (“the Reallymoving Website”) which stated that ALS was a member of NGRS.
6. All references to ALS’s membership should have been deleted after the membership ended in June 2009. In November 2009 NGRS noticed that this had not happened. ALS agreed to remedy the position and a settlement was reached in January 2010.
7. In March 2013 NGRS saw that the ALS Website and the listing on the Reallymoving Website still contained references to NGRS. A letter of complaint was sent on 12 April 2013. The references were removed by 17 April 2013 and have since remained deleted.
8. NGRS issued a claim form on 13 June 2013 in the Patents County Court. By an order dated 7 May 2015 the action was transferred to the IPEC Small Claims Track. The trial was heard by District Judge Hart on 4 February 2016.

The judgment

9. In her judgment dated 7 March 2016 the District Judge ruled that NGRS had proved part of its claim for passing off and was entitled to damages and costs. In summary her findings were as follows:

Liability in relation to the Reallymoving Website

- (1) The reference to NGRS in ALS's listing on the Reallymoving Website had been removed after the agreement of January 2010 but later reintroduced.
- (2) The reintroduction of the reference happened by the end of April 2010. A misrepresentation was therefore present on the Reallymoving Website for 3 years.
- (3) There was no evidence to explain how the reference came to be reintroduced. No instructions to do this came from Mr and Mrs Luckes. It was also unlikely that reallymoving.com intentionally reinstated it.
- (4) The Defendants were not aware that the reference to NGRS had been reinstated until receipt of the letter of complaint from NGRS in April 2013.
- (5) Consequently none of the Defendants authorised or procured the reference in issue, nor were they involved in any common design to make the reference to NGRS. They were therefore not liable as joint tortfeasors for passing off in relation to the Reallymoving Website.
- (6) The Defendants' ignorance of the reference to NGRS after January 2010 meant also that they were not directly liable for passing off as primary tortfeasors.

Liability in relation to the ALS Website

- (7) The reinstated reference to NGRS on the ALS Website lasted for a year before the complaint by NGRS in April 2013.
- (8) Changes to the ALS Website were made by the designer of the website, Jazzbones Creative Limited ("Jazzbones"), but only as authorised by the Defendants.
- (9) None of the Defendants authorised Jazzbones to reintroduce the reference to NGRS on the ALS Website.
- (10) The reintroduction came about because an old page on the ALS Website which had been removed pursuant to the settlement of January 2010 was reloaded into the ALS Website in late April or May 2012. This was not done at the request of the Defendants. It was plausible that a server problem had been responsible for the page being reloaded.
- (11) The Defendants were alerted to the reloading of the old page at a time which is unclear, but around mid-2012. They gave instructions to Jazzbones to amend the page, but not specifically to remove any reference to NGRS on it. The page was amended but the reference remained. This was an oversight on the part of the Defendants.
- (12) Mr and Mrs Luckes were both unaware that the reference to NGRS had been reintroduced until NGRS complained about it in April 2013.
- (13) The Defendants were nonetheless responsible for the misrepresentation resulting from the NGRS reference as present on the ALS Website between

April or May 2012 and April 2013. This was because they were aware of the problem of the old page having been reinstated and were responsible for checking the amendments to that page carried out by Jazzbones.

- (14) Consequently the use of the NGRS name on the ALS Website was an act of passing off, albeit not intentional, for which ALS was liable.
- (15) Mr and Mrs Luckes were liable as joint tortfeasors with ALS, being sole directors and members of ALS.

Damages for passing off in relation to the ALS Website

- (16) It was common ground that damages should be assessed according to the user principle.
 - (17) The fee for membership that would have been agreed in the hypothetical negotiations between NGRS and the Defendants was £2000. This was the sum awarded in damages, together with interest.
10. The District Judge's Order of 10 March 2016 after judgment was followed by a hearing on costs on 2 June 2016. She awarded NGRS its costs in accordance with the rules on cost in the IPEC Small Claims track.

Liability of NGRS in relation to the Reallymoving Website

The knowledge of Mr and Mrs Luckes

11. Mr Miller's main argument on liability was that after January 2010, when the old page of the Reallymoving Website was substituted for the new one, Mr and Mrs Luckes knew that the listing misrepresented that ALS was a member of NGRS. It was no part of the appeal that Mr and Mrs Luckes had intended that the replacement of the page should happen. However, NGRS's case was that because the District Judge ignored three important items of evidence, she failed to conclude that Mr and Mrs Luckes, and through them ALS, knew about the misrepresentation.
12. The first of these pieces of evidence was an email dated 18 April 2013 from Rosemary Rogers of reallymoving.com to 'partners', which I take to mean all subscribers to the reallymoving.com website, including ALS. It stated that following complaints from the solicitors acting for NGRS that entries for some ex-members of NGRS still contained references to membership, all such references had been deleted from the Reallymoving Website. The email continued:

"If you are a paid up NGRS member and would like to have information about your membership restored to the paragraph that accompanies your quote, please log in and make the necessary amendment. (Note the maximum characters in the paragraph field is 500 including spaces).

Looking ahead, we ask they you let us know by email if you leave the Guild or any other trade association so we can ensure all references are removed quickly from your account. The responsibility for this lies with you, the removals firm, to inform us. You can contact us by replying to any of our leads, or email rosie@reallymoving.com or info@reallymoving.com.

Finally, we recommend that you do a quick company search on www.reallymoving.com to ensure the information we present is accurate and up to date. Just enter your company name into the search box at the top of our home page, and all pages listing your firm will appear. Please let me know if you wish to make any changes to your company page.”

13. Mr Miller submitted that the first paragraph of the email quoted above showed that Mr and Mrs Luckes could themselves have amended the ALS listing on the Reallymoving Website to remove the reference to NGRS.
14. Secondly, there was an email dated 15 April 2013 from Ms Rogers to Mr Martin of NGRS, discussing NGRS’s complaints about use of its name in entries on the Reallymoving Website. The email included this:

“It seems to me that this is simply an administrative oversight which the companies concerned have sought to rectify as soon as they were notified.”
15. Mr Miller said that this was further evidence that those with a listing on the Reallymoving Website could by themselves remove a reference to NGRS.
16. Thirdly, Mr Miller directed me to the listing itself. Using a web archive facility, NGRS had produced a copy of a page dated 3 July 2012 which contained the NGRS reference. ALS was listed as “A Luckes & Son”. In April 2012, ALS had been incorporated as a limited company. A copy of a page dated 15 August 2012 listed ALS as “A Luckes & Son Ltd”. Mr Miller invited me to infer that this addition of ‘Ltd’ must have been done either by, or at the instigation of, Mr and/or Mrs Luckes.
17. Mr Miller argued that even if each of these three pieces of evidence was not by itself conclusive, taken together they proved that the ALS entry on the Reallymoving website and its reference to NGRS, was known to Mr and Mrs Luckes before NGRS complained about it, contrary to what the District Judge had found.
18. I do not find the first paragraph quoted from the email of 18 April 2013 of much assistance. It seems that subscribers could themselves log in to what appears to have been a paragraph field of 500 characters. This does not sound like the entry itself. It is more likely to have been a space in which the subscriber could specify a change to its entry, the change to be done by reallymoving.com. The second quoted paragraph supports this interpretation of how amendments to entries were done.
19. The email of 15 April 2013 is entirely neutral on the question of who carried out rectifications to entries.
20. That leaves the difference between the 3 July 2012 page showing the ALS listing in the Reallymoving Website and the 15 August 2012 page. Mr St Quintin drew my attention to the web address at the base of each page and pointed out that the entries shown come from different pages of the Reallymoving Website. Therefore, he said, those pages do not establish that any change was made between the two dates.
21. That may be right. But ALS was incorporated on 13 April 2012. Someone must have arranged for ‘Ltd’ to be added to one of the pages of ALS’s listing after that date and before 15 August 2012. The only realistic candidates are Mr and Mrs Luckes.

22. This does not prove their knowledge of the contents of ALS's listing at that time. It is likely that after the incorporation of ALS either Mr or Mrs Luckes contacted reallymoving.com and asked someone there to add 'Ltd' because ALS had become a limited company. But it does not follow that either of them took the further step of looking at the listing and noticing that membership of NGRS was still claimed. I agree with the District Judge that there is no reason to believe that following the earlier dispute with NGRS and its settlement in January 2010, either Mr or Mrs Luckes would provoke trouble by deliberately leaving the reference to NGRS on the Reallymoving Website. In my view, the District Judge was entitled to find on the evidence that they did not know it was there until April 2013.

Common law duty and/or a contractual obligation

23. Mr Miller's skeleton referred to a common law duty and/or a contractual obligation on the Defendants to ensure that NGRS's name was not used in ALS's advertisement on the Reallymoving Website. The skeleton said no more.
24. In oral argument Mr Miller developed neither point. There was no explanation of the nature of the alleged common law duty or the contract relied on, or how the Defendants came to be in breach of either of them. If these arguments were run before the District Judge, there is no sign of them.

Whether ALS was directly liable for its entry in the Reallymoving Website

25. The District Judge found (at [33]) that none of the Defendants was liable as a joint tortfeasor in relation to the misrepresentation on the Reallymoving Website. She went on to say that the Defendants could therefore only be liable as primary tortfeasors and, since she had found that they did not know of the reference to NGRS on ALS's listing between January 2010 and April 2013, they could only be liable if either (i) the law of passing off imposed strict liability or (ii) a failure to monitor the Reallymoving Website resulted in liability.
26. The District Judge rejected the first of these, referring to my judgment in *NGRS v Milner* [2014] EWHC 670; [2014] F.S.R. 38. She rejected the second on the ground that NGRS had referred to no authority which supported a duty to monitor the possibility of a misrepresentation.
27. Mr Miller said that *Milner* was irrelevant since it turned on its facts, notably a finding in that case that the Defendant had taken all reasonable steps to prevent the use of the offending name and logo in a third party's directory and consequently was not liable.
28. Mr Miller argued that I should be guided by trade mark cases, namely *L'Oréal SA v eBay International AG*, (C-324/09) EU:C:2011:474; [2011] E.T.M.R. 52 and *Google France Sarl v Louis Vuitton Malletier SA* (Joined Cases C-236/08, C-237/08 and C-238/08) EU:C:2010:159; [2010] R.P.C. 19. In particular the CJEU has found that use of a sign in offers for sale on an online marketplace is use by the seller, who is a customer of the operator of the marketplace, and not use by the operator itself, see *L'Oréal* at [103]. By analogy, a representation by ALS on the Reallymoving Website was an act of passing off by ALS.

29. I do not accept that the analogy is a good one, or that the judgments of the CJEU are persuasive authority for anything in the present case. Passing off is a common law tort. The question of who is liable when a defendant advertises in a medium controlled by a third party – the defendant, the third party or both – must depend on the English law of torts.
30. Mr Miller said that in relation to any tort, the court must determine, where it is in doubt, which party carried out the tortious act. I agree.
31. An act of passing off is carried out by the person who performs the act or acts which create the misrepresentation. In my view, at least in the present case, that was the party which had direct control over the relevant act. The District Judge found as an unchallenged fact that the misrepresentation on the Reallymoving Website was reinstated by reallymoving.com, albeit unintentionally. That, I think, was a finding that reallymoving.com directly controlled the reinstatement and thus carried out the act of passing off.
32. The Defendants' liability for this misrepresentation therefore depended on agency. Where a defendant has arranged for, say, an advertisement to be published in a newspaper, the newspaper as agent publishes the advertisement for the defendant as principal. Under the law of agency, a principal is liable for torts committed by his agent acting within his authority. That includes passing off, so in the example I have given the defendant would be liable.
33. There were three obvious barriers facing NGRS had it attempted to run an argument of agency in the present appeal. First, it was not pleaded or argued before the District Judge. Secondly, even if it had been, NGRS would have faced the difficulty that none of the Defendants had given reallymoving.com any authority to make the misrepresentation relied on. I have rejected a challenge to the District Judge's finding that the Defendants did not know of the misrepresentation until they received a letter of complaint in April 2013. In certain circumstances a lack of express authority can be remedied by establishing ostensible authority granted by the principal. However, and thirdly, if NGRS had advanced an argument of ostensible authority, it may have failed for the reasons that a similar argument failed in *NGRS v Milner*, at [29]-[34]. Possibly NGRS was conscious of this.
34. Either way, the difficulty cannot be overcome just by asserting that the tort of passing off must be interpreted in the same way as the law of trade mark infringement. The latter, being a creature of European Union law, does not operate within the matrix of a national civil law covering matters such as agency, joint tortfeasance and so on. It is therefore not surprising that the European Court has developed, and is likely to continue to develop, doctrines of trade mark law which are not necessary or applicable in the context of passing off.
35. I think the District Judge was right to conclude that none of the Defendants was directly liable for passing off in relation to the Reallymoving Website.

Damages

36. NGRS's arguments on damages were based on the submission that the District Judge had wrongly adopted the user principle. It was not open to NGRS to make that

submission. The appropriateness of the user principle was apparently common ground, see the judgment at [53].

37. I would in any event have rejected the argument for the reasons given in my judgment in *Central Moves* at [45]-[50].

Costs

38. NGRS's first ground of appeal on costs is that it should have been awarded costs under the rules in the IPEC multi-track for the period up to the date on which this claim was allocated to the small claims track. I do not agree for the reasons given in the *Central Moves* judgment at [53]-[60].
39. The second ground is that the District Judge should have found that the Defendants' conduct constituted unreasonable behaviour. This submission was not developed. In his skeleton argument Mr Miller merely said that all his arguments on costs were set out in the Grounds of Appeal. He added nothing in oral argument.
40. The Grounds of Appeal made complaints about the Defendants' behaviour but contained no reference to the District Judge's reasoning on costs and made no criticism of the absence of any such reasoning (if it was absent). No note of the District Judge's reasons for her decision on costs given on 2 June 2016 was included by the parties into the appeal bundle.
41. I have no basis on which conclude that the District Judge exercised her discretion on costs outside the wide ambit of discretion allowed, particularly in so far as it was influenced by the Defendants' behaviour,

The cross-appeal

Liability of the Defendants in relation to the ALS Website

42. By way of a starting point to his argument, Mr St Quintin said that the only possible route to liability was by the Defendants having acted in a common design. The District Judge's finding that there had been such a common design must have been a reference to a common design with Jazzbones, the company paid to maintain the ALS Website. Mr St Quintin underlined that the District Judge had found that the Defendants did not themselves make the changes to the ALS Website which resulted in the misrepresentation and did not know it was there. He argued that because of their ignorance, none of the Defendants could be held jointly liable, within the law as explained by the Supreme Court in *Fish & Fish Ltd v Sea Shepherd UK* [2015] UKSC 10; [2015] A.C. 1229.
43. I disagree with Mr St Quintin's starting point. Unlike the Reallymoving Website, the ALS Website was part and parcel of ALS's business. The misrepresentation on its website came about because of some event – plausibly, the District Judge found, a server problem. The appearance of the misrepresentation on ALS's website was the product of an act under the direct control of ALS, in that ALS had the direct power to prevent it or to reverse it once it had happened. ALS was accordingly liable for the passing off stemming from that misrepresentation.

44. The District Judge found that ALS had no knowledge of the misrepresentation until April 2013. But neither a defendant's knowledge of his act nor his knowledge that the act has resulted in a misrepresentation is a necessary ingredient of passing off. Of course, only in unusual circumstances will a defendant be unaware at least of his act.
45. ALS's ignorance of the reference to NGRS on its website may potentially have given rise to a plea of innocent passing off which, had it been successful, may have had an effect on damages. The law on innocent misrepresentation, such as it is, is helpfully discussed by Professor Wadlow in *The Law of Passing Off*, 5th Ed., at 9-76 to 9-80. Innocence was neither pleaded nor argued in the present case.
46. In my view the District Judge was justified in holding that ALS was liable for passing off by means of the ALS Website.

Liability of Mr and Mrs Luckes as joint tortfeasors

47. At [50]-[52] the District Judge considered the question of the joint liability of Mr and Mrs Luckes for passing off because of the misrepresentation on the ALS Website. She applied the principles set out by the Court of Appeal in *MCA v Charley Records* [2001] EWCA Civ 1441; [2002] F.S.R. 26, noted that Mr and Mrs Luckes were the sole directors and members of ALS, found that their involvement in managing the ALS website went beyond performing the constitutional functions of directors and held that they were jointly liable with ALS.
48. Mr St Quintin argued that the District Judge had treated the law as stated in *MCA* on the joint liability of directors as being distinct from the law on joint tortfeasance discussed in *Fish & Fish*. That is possible.
49. Relying on *Fish & Fish*, Mr St Quintin argued that Mr and Mrs Luckes could not be liable as joint tortfeasors in respect of an act about which they knew nothing.
50. I agree. Although *MCA* was not mentioned in *Fish & Fish*, it is apparent from the judgments of their Lordships that they were explaining in a general manner the law on the liability of one party for the torts of another outside the fields of vicarious liability and agency. They were not dealing with just a part of it, excluding the liability of officers of a company for the torts of that company. Indeed, as appears from the discussion of the law by Chadwick LJ (with whom Tuckey and Simon Brown LJ agreed) in *MCA*, he was covering similar ground when he went through the case law. Chadwick LJ did not suggest that the liability of a director of a company for the torts of that company depended on principles of law different from the general principles of joint tortfeasance.
51. It follows that the law on joint tortfeasance to be applied in the present case is, first and foremost anyway, that which has been stated in *Fish & Fish*. I see no inconsistency between what was said in *Fish & Fish* and the judgment in *MCA*, although there is an aspect of the law highlighted in *Fish & Fish* which is relevant to this appeal.
52. In *Vertical Leisure v Poleplus Limited* [2015] EWHC 841 (IPEC) I pointed out that although their Lordships in *Fish & Fish* differed as to the outcome of the appeal, which turned on whether the contribution to the tort by the alleged tortfeasor fell

below the *de minimis* threshold, they agreed on the law of joint tortfeasance. The law emerges from all their judgments. I attempted a summary, concluding with this:

“[66] I interpret this to mean that in order to fix an alleged joint tortfeasor with liability, it must be shown both that he actively co-operated to bring about the act of the primary tortfeasor and also that he intended that his co-operation would help to bring about that act (the act found to be tortious). Liability will always be subject to the threshold requirement that the alleged joint tortfeasor’s contribution to the act was more than *de minimis*.”

53. An alleged joint tortfeasor cannot have actively co-operated to bring about the relevant act of the primary tortfeasor if he (the alleged joint tortfeasor) did not know about that act.
54. The District Judge found that Mr and Mrs Luckes did not know about the misrepresentation on the ALS Website. Therefore they were not joint tortfeasors with ALS.

Conclusion

55. The appeal is dismissed. The cross-appeal succeeds to the extent that Mr and Mrs Luckes are not jointly liable with ALS in relation to passing off stemming from the misrepresentation on the ALS Website.