

Case No: 1P-2016-000121

Neutral Citation Number: [2017] EWHC 493 (IPEC)
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

Intellectual Property Enterprise Court
7 Rolls Building
Fetter Lane
London
EC4A 1NL

Date: Thursday, 12th January 2017

BEFORE:

HIS HONOUR JUDGE HACON

BETWEEN:

SPIRE HEALTHCARE HOLDINGS

Claimant/Respondent

- and -

E-SPIRE GROUP LTD & ORS

Defendant/Appellant

MR M. EDENBOROUGH QC (instructed by Collyer Bristow) appeared on behalf of the Claimant

MR Q. CREGAN (instructed by Primas Law) appeared on behalf of the Defendant

JUDGMENT
(As Approved)

Digital Transcript of WordWave International Ltd trading as DTI
8th Floor, 165 Fleet Street, London, EC4A 2DY
Tel No: 020 7404 1400 Fax No: 020 7404 1424
Web: www.DTIGLOBAL.com Email: TTP@dtiglobal.eu
(Official Shorthand Writers to the Court)

No of Words: 3327
No of Folios: 67

1. HIS HONOUR JUDGE HACON: This is an application for summary judgment. The claimant is a holding company of one or more other companies which together run around 38 private hospitals in this country under the name Spire Healthcare. The business dates from 2007 when 25 BUPA Hospitals were acquired and rebranded; since then further hospitals and clinics have been added to the group.
2. The claimant owns a number of trade marks, including: UK trade mark number 2450869. This is a series mark filed on 20 June 2007 and it is a series of three word marks, all three being the word “Spire”. In the first mark the word is in block capitals, in the second with an upper case initial “S” and then lower case “pire” and in the third is “spire” all lower case. It is registered, amongst other things, in class 44 for the following: medical services, hospital services, dentistry services, nursing care services, convalescent home services, nursing home services, rest home services, outpatient services, health and medical information services, medical research services, medical health or fitness assessment services, massage and therapy services, injury assessment and treatment services. I think it is sufficient if I stop the list there.
3. The second trade mark relied on today by the claimant is UK trade mark number 2474024A. This is for the words “Spire Healthcare” and it was registered on 4 December 2007 under class 44 in respect of the same services as UK mark 2458969. Thirdly, there is UK mark 2475276, consisting of the words “Spire Hospitals”; its specification includes in class 44 the same services in relation to which the previous two trade marks are registered.
4. There is a fourth trade mark I should mention briefly. It is UK trademark 31151453. This is again a series mark for two words: first of all, the word “Spire” upper case and, secondly, the word “spire” lower case. The application for this mark was filed on 24 February 2016 and it is granted in relation to services in class 35, including employment agency and recruitment services. This was referred to in argument as the “recruitment trade mark” and I will come back to it in a moment.
5. The claimant claims goodwill in its business of healthcare services associated with the name “Spire”.
6. The businesses of the first and second defendants date from September 2013. Both are recruitment consultancy businesses; in other words, they recruit staff which are then provided on a temporary basis to corporate clients. Both the first and second defendants operate in Shropshire, Stafford and North Wales under the trading name “E-Spire”.
7. As I understand the position, until October 2015 the first defendant recruited and provided staff. At least a company called E-Spire Limited, which may or may not be the same company as the first defendant, recruited and provided staff, mostly shelf fillers, to the retail sector. Since October 2015 that part of the business has been operated by another company, E-Spire Retail Limited, which is not one of the defendants.
8. The second defendant provides temporary staff, to care homes and also I think to companies which provide care services to patients in their own homes. To date at least, according to the evidence of the third defendant, Mr Bolton, this has not included staff

with medical training. I understand the staff so far provided have been carers with a more modest training. Mr Bolton is the sole director of both the first and second defendants. Mr Bolton is also the sole shareholder of the first defendant, which is in turn the sole shareholder of the second defendant.

9. The claimant alleges that use of the E-Spire name by the first and second defendants has infringed its trade marks and has led to passing off those businesses as being connected with the business of the claimant. In relation to the trade marks, the claimant pleads infringement under section 10(1), section 10(2) and section 10(3) of the Trade Marks Act 1994. Helpfully today Mr Edenborough, who appeared for the claimant, focused on the alleged infringement pursuant to section 10(2) and to some degree pursuant to section 10(1). More specifically, he did not urge me to consider the allegations under section 10(3) or passing off. There was plainly no intent to resile from those allegations, they may be pursued at a trial, but they add nothing so far as the application today for summary judgment is concerned.
10. The particulars of claim were filed on 1 September 2016 and served on 5 September 2016. On 26 September 2016 a defence was filed. This is short, drafted in manuscript I think by Mr Bolton himself without his having taken any legal advice. Since then Mr Bolton has taken advice and today the defendants apply for permission to file an amended defence and a counterclaim out of time, drafted by professional advisers. For the purpose of the application for summary judgment, I will assume that all matters set out in the proposed amended defence and counterclaim should be taken into account.
11. To deal with the counterclaim briefly, it is for the revocation of the recruitment mark mentioned earlier. Since Mr Edenborough did not press infringement of the recruitment mark for the purposes of today's application, I can leave the counterclaim to one side.
12. The substantive defences advanced are first of all that the services provided by the defendants are neither identical to those in relation to which the three principle trade marks relied on are registered. Secondly that there is no likelihood of confusion in relation to the respective services within the meaning of section 10(2) of the 1994 Trade Marks Act.
13. In addition, two further defences were mentioned. The first is pursuant to section 11(2)(a) of the 1994 Act, namely that the first two defendants are using their own name and such use is in accordance with honest practices in industrial or commercial matters. As to that, Mr Cregan did not push the defence very hard, it seems to me for good reason. If I were satisfied that the defendants infringed the trade marks pursuant to section 10(1) or section 10(2), I can see no grounds either pleaded or set out in the evidence to suggest that such use would be in accordance with honest practices in industrial or commercial matters.
14. The second extra defence is under section 11(3) of the 1994 Act. The defendants rely on their local goodwill. This may or may not provide a good defence in relation to the recruitment mark, but cannot do so in relation to the three marks relied on by the claimant today because they were filed at a date before the defendants started trading.

15. I turn to the law. The principles to be applied in relation to an application for summary judgment were set out by Lewison J as he then was in Easyair Ltd (t/a Openair) v Opal Telecom Ltd [2009] EWHC 339 (Ch). Those principles have since been twice approved by the Court of Appeal, once in AC Ward & Son v Caitlin (Five) Ltd [2009] EWCA Civ 1098 and again more recently in Mellor v Partridge [2013] EWCA Civ 477, at paragraph 3:

“John and Frank applied for summary judgment on all the claims made against them. That application came before Beatson J (as he was then) who summarily dismissed some of the claims, but refused to dismiss others on the summary basis. Both sides now appeal. Our task is not to decide whether the claimants are right. Our task is to decide which parts of the case (if any) are fit to go to trial. If I may repeat something I have said before (Easyair Ltd v Opal Telecom Ltd [2009] EWHC 339 (Ch), approved by this court in AC Ward & Son v Catlin (Five) Ltd [2009] EWCA Civ 1098):

‘The correct approach on applications by defendants is, in my judgment, as follows:

- i) The court must consider whether the claimant has a "realistic" as opposed to a "fanciful" prospect of success: Swain v Hillman [2001] 1 All ER 91;
- ii) A "realistic" claim is one that carries some degree of conviction. This means a claim that is more than merely arguable: ED & F Man Liquid Products v Patel [2003] EWCA Civ 472 at [8]
- iii) In reaching its conclusion the court must not conduct a "mini-trial": Swain v Hillman
- iv) This does not mean that the court must take at face value and without analysis everything that a claimant says in his statements before the court. In some cases it may be clear that there is no real substance in factual assertions made, particularly if contradicted by contemporaneous documents: ED & F Man Liquid Products v Patel at [10]
- v) However, in reaching its conclusion the court must take into account not only the evidence actually placed before it on the application for summary judgment, but also the evidence that can reasonably be expected to be available at trial: Royal Brompton Hospital NHS Trust v Hammond (No 5) [2001] EWCA Civ 550;
- vi) Although a case may turn out at trial not to be really complicated, it does not follow that it should be decided without the fuller investigation into the facts at trial than is

possible or permissible on summary judgment. Thus the court should hesitate about making a final decision without a trial, even where there is no obvious conflict of fact at the time of the application, where reasonable grounds exist for believing that a fuller investigation into the facts of the case would add to or alter the evidence available to a trial judge and so affect the outcome of the case: Doncaster Pharmaceuticals Group Ltd v Bolton Pharmaceutical Co 100 Ltd [2007] FSR 63;

vii) On the other hand it is not uncommon for an application under Part 24 to give rise to a short point of law or construction and, if the court is satisfied that it has before it all the evidence necessary for the proper determination of the question and that the parties have had an adequate opportunity to address it in argument, it should grasp the nettle and decide it. The reason is quite simple: if the respondent's case is bad in law, he will in truth have no real prospect of succeeding on his claim or successfully defending the claim against him, as the case may be. Similarly, if the applicant's case is bad in law, the sooner that is determined, the better. If it is possible to show by evidence that although material in the form of documents or oral evidence that would put the documents in another light is not currently before the court, such material is likely to exist and can be expected to be available at trial, it would be wrong to give summary judgment because there would be a real, as opposed to a fanciful, prospect of success. However, it is not enough simply to argue that the case should be allowed to go to trial because something may turn up which would have a bearing on the question of construction: ICI Chemicals & Polymers Ltd v TTE Training Ltd [2007] EWCA Civ 725."

16. So far as the law in relation to the infringement of trade marks is concerned, this has recently been set out by the Court of Appeal in Comic Enterprises Ltd v Twentieth Century Fox Film Corporation [2016] EWCA Civ 41, in Maier & Anor v Asos Plc & Anor [2015] EWCA Civ 220 and in JW Spear & Sons Ltd and others v Zynga Inc [2015] EWCA Civ 290. I attempted to draw together the points made in those three judgments of the Court of Appeal quite recently in Skyscape Cloud Services Ltd v Sky Plc [2016] EWHC 1340 (IPEC) at [48] to [63].

17. The defence as further explained by Mr Cregan today on behalf of the defendants was essentially the following. First, he said the services provided by the defendant's employees are neither the same as those in respect of which the claimants' trade marks are registered, nor are they similar within the meaning of section 10(2) of the 1994 Act. Specifically, what his clients offered were personal care services, and these are to be distinguished from any of the services in relation to which the trade marks are registered. They are not either medical services, nursing care services, convalescent home services, rest home services or any of the other services stated in the marks of specification. He referred me to the Health & Social Care Act 2008 (regulated activities) Regulations 2014 and pointed out that in those Regulations their

healthcare services and personal care services are given distinct definitions. His real point though was that both in relation to the identity of the relevant services or the likelihood of confusion there needs to be evidence, including, as I understand it, expert evidence at trial to resolve this point; it is not a matter which can be resolved by me today.

18. I should say that on the evidence before me today it appears that the first and second defendants' business do not operate, at present anyway, in the usual manner of an employment agency. Rather than the defendants recruiting personal care workers who are then employed on a temporary basis by, say, a hospital in Shropshire, and the defendants being paid a royalty for recruiting them on behalf of the hospital, what happens is that the defendants directly employ the personal carers; they are then seconded to the corporate clients, Shropshire Council or whoever it happens to be. In other words, the personal carers are providing those services while in the employment of the defendants. It seems clear from the defendant's advertising that they offer to supply the services of not just personal carers, but also medically qualified individuals such as nurses.
19. Mr Edenborough said it remained the case that the first and second defendants were offering services identical to those in respect of which the claimants' marks are registered. He relied on the offer to supply the services of medically qualified individuals, on a temporary basis.
20. The first and second defendants appear to be advertising the provision of services which fall within the specification of the claimants' mark. It is not expressly stated however in those advertisements that such individuals would be employed by the defendants at the time of providing those services, so it is at least just arguable that even the advertising of those services does not fall squarely within the scope of the specification of the claimant's marks. Nonetheless, it seems to me on any view the services which Mr Cregan says are offered by the defendants are extremely similar to those in respect of which the claimants' marks are registered.
21. Turning to the marks themselves, as set out in the analysis of the law which I have referred to above, I must consider the visual, oral and conceptual similarities or otherwise of the marks. It seems to me that visually they are extremely close. The addition of an "E" and a hyphen in front of "Spire" does not, in my view, add a very great deal by way of distinction; likewise orally they are very similar. Conceptually they are similar, although the concept of a spire is neither particularly relevant to the claimants' nor the defendants' services.
22. Taking those matters into account, and also what was said by Lewison LJ in Mellor v Partridge, it seems to me that I have to decide whether reasonable grounds exist for believing that a fuller investigation into the facts of the case would add to or alter the evidence which will be available to a trial judge and so affect the outcome of the case.
23. A court assessing likelihood of confusion under section 10(2) may where appropriate come to a view as to the likelihood of confusion there is a likelihood of confusion without evidence from witnesses, be they experts or witnesses of fact. The court may be able to put itself in the place of the average consumer unaided. This is such a case. It seems to me that the best that the defendants can hope for at trial is that there will

be no evidence from witnesses which supports a case for confusion. In other words, the best they can expect is that the evidence does not get any worse than it is now. I think there is no real prospect that there will be evidence available to the trial judge that would reverse the conclusion I have reached on the current evidence, which is that at the least there is a likelihood of confusion under section 10(2). It therefore seems to me that the claimants are entitled to summary judgment, although the precise scope of the relief that I intend to order should be appropriately constrained, bearing in mind the conclusion I have reached.

24. There is also the allegation that Mr Bolton is personally liable for the acts of infringement of trademark committed by the first and second defendants. As I mentioned earlier, Mr Bolton is the sole director of the first and second defendants. He is also the sole shareholder of the first defendant, which in turn is the sole shareholder of the second defendant. Mr Cregan argues, quite rightly, that it is not sufficient for a claimant to establish that a defendant is a director of a company to make that defendant jointly liable with the company for any tort committed by the company. However, where the defendant is the sole director, and in particular where he is also in effect the sole shareholder of the corporate defendant, it seems to me then that the director in question bears an evidential burden of proof to show why he or she is not the sole individual responsible for all acts of the company.
25. There has been no evidence of that kind in the present case. Accordingly, I find that the claimant is entitled to summary judgment in addition against Mr Bolton on the basis that he is jointly liable for the torts of the first and second defendants.