Neutral Citation Number: [2018] EWHC 1097 (Pat)

Case No: HC-2016-003644

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS
INTELLECTUAL PROPERTY LIST (CHANCERY DIVISION)

Rolls Building
Fetter Lane, London, EC4A 1NL

Date: 11 May 2018

Before :

MR JUSTICE ARNOLD

- -

Between :

(1) FIL LIMITED **(2) FIL INVESTMENT SERVICES LIMITED**	**Claimants**
- and -	
(1) FIDELIS UNDERWRITING LIMITED **(2) FIDELIS INSURANCE BERMUDA LIMITED** **(3) FIDELIS INSURANCE HOLDINGS LIMITED** **(4) FIDELIS MARKETING LIMITED**	**Defendants**

- -
- -

Simon Malynicz QC and **Tim Austen** (instructed by **Maucher Jenkins**) for the **Claimants**
Charlotte May QC and **Daniele Selmi** (instructed by **Bristows LLP**) for the **Defendants**

Hearing dates: 17-19, 24 April 2018

- -

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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MR JUSTICE ARNOLD

MR JUSTICE ARNOLD :

Contents

Topic	*Paragraphs*
Introduction	1-3
The Trade Marks	4-6
The signs complained of	7-23
The witnesses	8-23
Fidelity's witnesses	8-11
Fidelis' witnesses	12-23
Factual background	24-63
Fidelity	24-43
Fidelis	44-59
The US dispute	60-61
The UK dispute	62
Third parties	63
Key legislative provisions	64-70
Relevant dates for assessment	71-73
The law	71
Assessment	72-73
The average consumer	74-75
The law	74
Assessment	75
Validity of the Trade Marks: descriptiveness	76-84
The law	77
Assessment	78-84
Interpretation of the specifications of services of the Trade Marks	85-92
The law	86
Assessment	87-92
Validity of the Trade Marks: clarity and precision of the Specification of services	93-95
The law	93-94
Assessment	95
Revocation of EU925 and UK490: non-use	96-115
The law	97
Assessment	98-112
Pensions structured as unit-linked insurance polices	101-104
Reinsurance of unit-linked insurance polices	105
Annuities	106-111
Annuity brokerage	112
A fair specification	113
Validity of UK598, EU598, UK888 and EU377: bad faith	116-132
The law	117-118
Assessment	119-132
Infringement under Article 9(2)(b) of the Regulation/Article 10(2)(b) of the Directive	133-156
The law	134

Assessment	135-156
Bases of assessment	135-137
Distinctive character of EU925 and UK598	138
Comparison between Trade Marks and the signs	139-141
Comparison of services	142-144
The average consumer	145-149
Absence of evidence of actual confusion	150-152
Overall assessment: EU925	153
Overall assessment: UK598	154-155
Conclusion	156
Infringement under Article 9(2)(c) of the regulation/Article 10(2)(c) of the Directive	157-164
The law	158
Assessment	159
Reputation of EU925 and UK598	159
Link	160
Detriment to the distinctive character of EU925 and UK598	161
Unfair advantage	161-164
Disposition of the counterclaim	165
Passing off	166
Summary of principal conclusions	167

Introduction

1. In this case the Claimants (collectively "Fidelity") contend that the Defendants (collectively "Fidelis") have infringed three European Union and three United Kingdom trade marks ("the Trade Marks") owned by the First Claimant ("FIL") by use of the sign "Fidelis" and variants thereof, and have committed passing off. Fidelis deny infringement and passing off, and counterclaim for a declaration that the Trade Marks are wholly or partially invalid and for an order that the Trade Marks be revoked for non-use.

2. The claim has been brought under the Shorter Trials Scheme. At the initial case management conference Fidelis applied to transfer the case out of the Shorter Trials Scheme. I refused that application. It has subsequently turned out that Fidelis were correct that the case was not entirely suitable for the Shorter Trials Scheme, but for reasons that were not then apparent: the number and complexity of the issues has increased, primarily due to amendments by Fidelis to their Defence and Counterclaim; there have been disputes over disclosure; Fidelis ended up calling no less than 10 witnesses; and the hearing had to be extended from four days to five (including one day's judicial pre-reading), although in the end not all of the extra day was required.

3. The case bears certain similarities to *Sky plc v SkyKick UK Ltd* [2018] EWHC 155 (Ch) (and see also [2018] EWHC 973 (Ch)). Since I reviewed many of the relevant areas of law in that judgment, I shall not repeat the exercise in this judgment, but simply refer to the relevant passages in *Sky v SkyKick*. I have reviewed further relevant areas of law in other previous judgments, and I shall follow the same course. I apologise to the reader that this means that this judgment is not a self-contained statement of all my reasons; but that would require a considerably longer judgment.

The Trade Marks

4. FIL is the registered proprietor of the following Trade Marks:

    i) EU Trade Mark No. 3844925 filed on 21 May 2004 consisting of the word FIDELITY for goods and services in Classes 16 and 36 ("EU925");

    ii) UK Trade Mark No. 3129598 filed on 1 October 2015 consisting of the word FIDELITY for services in Classes 35 and 36 ("UK598");

    iii) UK Trade Mark No. 2398490 filed on 3 August 2005 consisting of the words FIDELITY INTERNATIONAL for services in Class 36 ("UK490");

    iv) EU Trade Mark No. 14770598 filed on 5 November 2015 consisting of the words FIDELITY INTERNATIONAL for services in Classes 35 and 36 ("EU598");

    v) UK Trade Mark No. 3046888 filed on 14 March 2014 consisting of the words FIDELITY WORLDWIDE INVESTMENT for services in Class 36 ("UK888"); and

    vi) EU Trade Mark No. 10054377 filed on 16 June 2011 consisting of the figurative sign shown below for services in Classes 35, 36 and 42 ("EU377"):

Fidelity
WORLDWIDE INVESTMENT

5. The Trade Marks are each registered for "financial services", "insurance services" and "investment services". Although Fidelity rely upon various other services in respect of which the Trade Marks are registered, counsel for Fidelity concentrated on these three services, and in particular the first two, as representing Fidelity's best case.

6. Counsel for Fidelity also concentrated on EU925 and UK598 as representing Fidelity's best case. I shall also concentrate upon these Trade Marks when dealing with infringement.

The signs complained of

7. The principal sign complained of is the word FIDELIS, in whatever typography. Complaint is also made of the following stylised forms:

FIDELIS

FIDELIS

The witnesses

Fidelity's witnesses

8. James Harris is Head of Marketing, UK Financial Services at FIL Investment Management Ltd ("FIL Investment"). He has been employed by FIL Investment for about 14 years.

9. Richard Parkin was Head of Pensions Policy for Fidelity's UK workplace pensions business from September 2002 to 31 December 2017. He was employed by FIL Investment and was a director of FIL Life Insurance Ltd ("FIL Life") from March 2009 and Chairman of FIL Life Insurance (Ireland) Ltd ("FIL Life Ireland") from December 2014. From May 2016 to 31 December 2017 he was Chair of the Association of British Insurers ("ABI") Retirement Working Group and a member of the ABI Long Term Savings Committee.

10. Counsel for Fidelis submitted that both Mr Harris and Mr Parkin had advocated Fidelity's case rather than answering questions directly. I do not agree with this, and I accept both witnesses' evidence.

11. Andrew Cheseldine was Fidelity's expert witness on the subject of "investments in the form of insurance contracts". Mr Cheseldine is an independent professional pension trustee. From 2010 to June 2017 he was a partner at Lane Clark & Peacock LLP, a financial consultancy, responsible for advising employers and pension trustees on all aspects of employee benefits. Prior to that he was a consultant at Watson Wyatt LLP and Hewitt Associates where his responsibilities included drafting and presenting communications to pension scheme members. Counsel for Fidelis accepted that he had given clear evidence and had done his best to assist the court.

Fidelis' witnesses

12. Richard Brindle was the co-founder of Fidelis and has been Chief Executive Officer of Fidelis since June 2015. He has worked in the insurance industry since 1984, when he joined Posgate and Denby Managing Agency as an underwriter. In 2005 he founded Lancashire Holdings Ltd ("Lancashire"), a provider of global specialty insurance and reinsurance. He was Lancashire's Chief Executive Officer until 2014. Counsel for Fidelity submitted that Mr Brindle had approached his evidence in a cavalier manner. I do not accept this, although I was slightly surprised that he initially gave a wrong date for when he had conceived the name Fidelis.

13. Daniel Burrows has been the Chief Executive Officer of the First Defendant ("Fidelis Underwriting") since July 2015. He has worked in the insurance industry since 1984, when he joined Alexander Howden as a trainee broker.

14. Belinda Chiaramonte is the Chief Human Resources Officer at Fidelis.

15. Richard Coulson is the UK Chief Underwriting Officer for Fidelis. He has 15 years' experience in the insurance industry and joined Fidelis in 2015.

16. James Geffen retired in 2017 having worked in specialty insurance and reinsurance broking for 36 years. From 1981 to 2015 he worked for Miller Insurance. He dealt with

Mr Brindle for many years, and placed business with him both at Lancashire and at Fidelis.

17. Sharon Ingham is the Group Financial Controller and UK Chief Financial Officer of Fidelis.

18. Martyn Shorrock retired in August 2017 having worked in the insurance industry for 33 years. His final role from 2009 to 2017 was a partner in JLT Specialty, an insurance broking firm. He attended university with Richard Brindle, and acted as a broker to both Lancashire and Fidelis.

19. Philip Smithyes is an independent financial advisor who has been Managing Director of Crowe Clark Whitehill's national Financial Planning team for the last 10 years. He mainly advises affluent private clients.

20. Louise Claro was Fidelis' expert. She has been an independent financial advisor since 1998. She has had a range of clients, but has a specialism in advising clients who have suffered catastrophic injuries and have large sums to invest as a result of personal injury claims. She has significant experience as an expert witness on the suitability of advice in regulated products and on investment and viability of periodical payments in high value personal injury and medical negligence claims. Counsel for Fidelity submitted that Ms Claro did not have the depth of experience with the institutional market for unit-linked pensions that Mr Cheseldine did. I agree with this.

21. Paul Walsh is a partner at Bristows, who act for Fidelis. He gave evidence of a search carried out by Bristows into entities in the financial sphere whose names begin with "FID-".

22. Mr Shorrock and Mr Walsh were not cross-examined. Save for Mr Brindle, counsel for Fidelity made no criticism of the evidence of the other witnesses.

23. Mr Brindle founded Fidelis with Neil McConachie, who was formerly Chief Financial Officer at Lancashire. Mr McConachie was Group Chief Financial Officer at Fidelis from June 2015 to July 2017. Counsel for Fidelity submitted that an adverse inference should be drawn from Fidelis' failure to call Mr McConachie as a witness. I do not accept this. Fidelity could have called him as a witness. In any event, there is no reason to believe that his evidence would have added anything to that of Mr Brindle.

Factual background

Fidelity

24. FIL is the parent company of numerous subsidiaries which trade in the field of financial services (using that expression in its most general sense at this stage) in countries around the world, including the United Kingdom. It was formerly named Fidelity International Ltd, but on 1 February 2008 it changed its name to FIL Ltd. It was established in 1969 as the international arm of a US company originally known as Fidelity Management & Research Company, which had been founded by Edward C. Johnson in Boston in 1946. The US business is now carried on by FMR LLC ("FMR") trading as Fidelity Investments. FIL became independent of the US company in 1980,

and is today owned mainly by management and members of the Johnson family. The relationship between FMR and FIL remains a cooperative one.

25. The Second Claimant ("FIS") is a subsidiary of FIL. It commenced trading in 1986. It manages and distributes UK unit trusts and open-ended investments.

26. Fidelity, either themselves or through FIL's predecessors, subsidiaries or related companies, have been providing financial services under the FIDELITY brand in the UK continuously since 1979. Fidelity are one of the largest and best-known investment and asset management providers in the UK. They have nearly 1.2 million customers in the UK and are responsible for assets worth over £149.3 billion. Fidelity are the UK's largest Individual Saving Account ("ISA") provider and have usually been in the top 10 for mutual fund providers in recent years.

27. Fidelity provide a range of services to private and corporate clients in the UK, including cash and equity ISAs, investment funds, investment portfolio consolidation, consultancy and advice relating to investments, wealth management, retirement savings, investment trust and share dealing. All of these services are provided under the FIDELITY brand. Many of Fidelity's products incorporate FIDELITY in their names.

28. Fidelity do not operate High Street premises. Customers buy their services primarily online (mainly via Fidelity's website at www.fidelity.co.uk), by email or by telephone. A diminishing amount of business is transacted by post. Telephone contact is particularly important: in 2017 Fidelity received 662,530 telephone calls from customers and potential customers.

29. Fidelity spend large sums on advertising and promotion. From 2012 to 2017 Fidelity's annual advertising expenditure in the UK ranged from $14.2 million to $21.5 million. The advertising media used by Fidelity include newspapers and magazines, billboards, mailings, digital and sponsorship. The digital advertising placed by Fidelity includes banner advertisements on third party websites and keyword advertising on search engines such as Google. In the last five years Fidelity have spent considerable sums purchasing over 8000 keywords, which has resulted in significant traffic to their website and substantial revenue. In the period June 2015 – June 2016 Fidelity received an average of around 800,000 unique visitors to their websites a month. Fidelity also promote their services on YouTube.

30. In addition to Fidelity's advertising, Fidelity are frequently mentioned in editorial coverage in the media, particularly the financial media. Fidelity have won numerous awards for their services in recent years, for example Best Investment ISA at the Moneywise 2017 Awards.

31. Fidelity employ marketing consultants who regularly monitor awareness of the FIDELITY brand. A survey in May 2015 found that 13% of consumers had a spontaneous awareness of FIDELITY and 58% prompted awareness. By June 2017 these figures had increased to 14% and 63%. In May 2015 Fidelity's best-known products were their actively managed funds, while in June 2017 their best-known products were their equity ISAs.

32. Fidelity's customers range from companies, institutions and other organisations to financial advisors and private individuals who have money to invest either on their own

or with the guidance of financial advisors. Whilst Fidelity's different clients have different levels of investment knowledge and experience, their investments have important financial consequences and so they take care in making investment choices (including the identity of the investment provider).

33. FIL Life is a subsidiary of FIL. It is authorised by the Prudential Regulation Authority to provide insurance services and is regulated by the Financial Conduct Authority. It commenced trading in March 1998. It has been a member of the ABI since around 2004. Fidelity have been involved in the workplace pensions market in the UK since about 1994 and in the provision of multinational workplace pensions since about 1995. FIL Life focusses on the Defined Contribution ("DC") pension market in the UK. FIL Life provides group pension schemes to employers typically with more than 250 employees. As at October 2017 FIL Life provided such schemes to over 400 employers, which benefited over 500,000 employees, and had about £28.5 billion of assets under management. FIL Life is one of the top four or five DC pension providers recommended by benefits consultants, and has won a number of awards such as DC Pension Provider of the Year at the UK Pensions Awards 2015.

34. FIL Life Ireland is another subsidiary of FIL. It is authorised to write Class III insurance business in Ireland. FIL Life Ireland provides multinational workplace pensions to companies with employees working abroad, often in multiple jurisdictions and with different tax regimes. It has five customers in the UK for such schemes.

35. FIL Life's pensions take the form of unit-linked insurance policies, also known as "life funds", "insurance funds" and "life-wrapped funds". The contributions paid by employers and employees constitute premiums which are invested into one or more unit-linked insurance funds. In the case of FIL Life's policies, the funds may be invested either by fund managers within FIL Life or by third party fund managers. Where these third parties are themselves insurance companies, then the investment may be effected using a reinsurance policy between FIL Life and the third party. In the alternative, FIL Life may invest directly into collective investment schemes managed by the third party. Save that there is no reference to reinsurance, these features are explained in FIL Life's publication *A Guide to How We Manage Our Funds*.

36. Workplace or group pensions can take two forms. The first is a trust-based scheme, which is administered by trustees in the interests of the beneficiaries, who are the participating employees. A trust-based pension scheme will typically be constituted by a trust deed and rules. In this case the trustees are the policyholders. The second is a contract-based scheme which involves a direct relationship between the pension provider and the participating employees. In this case the employees are the policyholders. FIL Life provides unit-linked insurance policies both to secure the benefits of trust-based pension schemes and to provide the benefits under contract-based schemes in the UK. FIL Life Ireland only provides policies for trust-based schemes.

37. Unit-linked insurance policies are investments, but they are also life insurance policies in that FIL Life promises to pay the policy holder a sum upon the retirement of the policy holder (or underlying plan member) or their death if earlier. In most cases a unit-linked insurance policy is paid at the face value of the units included in that policy or that part that relates to the plan member in the case of a trust-based policy. Although unit-linked insurance policies do not involve underwriting risk in the way that

conventional insurance policies do, they are insurance contracts and their provision is regulated as such (see in particular paragraph III of Part 2 of Schedule 1 to the FISMA (Regulated Activities) Order 2001). Moreover, they do involve both a transfer of risk from (in the case of trust-based schemes) the trustees to the insurer and (for the insurer) counterparty risk associated with the underlying investments.

38. Mr Parkin exhibited a template for a FIL Life Group Money Purchase Plan Policy. This states that the Policy is a contract between FIL Life and the Policyholder formed by the Policy Conditions and the Policy Schedule which sets out the conditions on which FIL Life agrees with the Policyholder to pay the benefits and provide the services stated in the Policy. Counsel for Fidelis pointed out that this document does not in terms state that it is an insurance contract, but FIL Life's Statement of Unit Linked Principles and Practices does expressly describe the Policy as a "unit linked contract of insurance between FIL Life and the Policyholder". Mr Parkin explained that this document was intended for, and provided to, trustees and managers of employee pension trusts.

39. FIL Life is not alone in providing pensions as unit-linked insurance policies. FIL Life's competitors in the pensions market include traditional life assurance companies such as Legal and General, Aviva (formerly Norwich Union), Prudential, Standard Life and Scottish Widows. The use of unit-linked insurance policies has certain advantages. First, life funds allow the roll up of income gross of tax within the fund, which avoids cumbersome administration, and record keeping fees are exempt from VAT. In order to secure these advantages, the benefits provided under the insurance contract must correspond to the benefits specified in the pension scheme. Secondly, life funds attract 100% cover under the Financial Services Compensation Scheme ("FSCS"), whereas other investments are only covered up to £50,000 and bank deposits up to £85,000. In addition, life companies can offer annuities and conventional life insurance to scheme members as ancillary products. For example, one (contract-based) pension plan provided by FIL Life to a particular employer that is in evidence provides employees with life insurance cover of eight times basic salary.

40. Although large employers may approach FIL Life directly to discuss the establishment of a group pension scheme, it is more usual for the introduction to be made by a benefits consultant. Benefits consultants engaged by an employer will typically send a Request for Proposal to a number of pension scheme providers. The benefits consultant and employer will then select a provider on the basis of the information provided in response to the Request for Proposal. Benefits consultants are experts in this field and will be well aware of the nature of unit-linked insurance policies. Employers advised by benefits consultants will be given information on how the proposed scheme is to be structured. Where the scheme is trust-based, it will ultimately be for the trustees to enter into the relevant contract with FIL Life. Again, trustees will be aware that the pension provided by FIL is structured as an insurance contract.

41. As noted above, FIL Life enters into reinsurance agreements with other insurance companies in order to access their funds. Equally, other insurance companies enter into reinsurance agreements with FIL Life to access its funds.

42. FIL Life used to provide annuities, but has not written annuities since 2009. An annuity is a direct insurance contract which provides the policy holder with a retirement income for the remainder of his or her life. FIL Life formerly reinsured its annuities with Hannover Re, but terminated that arrangement in 2011. As at 30 June 2017, FIL Life's

legacy annuity portfolio consisted of 1,049 policies with an average annual payment of about £490. FIL Life continues to pay these annuities, although they remain reinsured with Hannover Re. Moreover, FIL Life has engaged Hannover Re to act as its paying agent. As Mr Parkin explained, Hannover Re's role as paying agent is akin to that of a payroll service provider.

43. Although FIL Life no longer offers annuities, it is obliged to advise policy holders about their options for obtaining an annuity if they wish. Where requested to do so, FIL Life acts as an intermediary to identify and obtain an annuity provided by a third party. A related company, FIL Life Retirement Services Ltd, will review the market to find the best product for the customer. Once the customer has decided upon a product, FIL Life will transfer the money to the selected provider. In this way FIL Life acts as an annuity broker.

Fidelis

44. Fidelis Underwriting and the Second Defendant ("Fidelis Bermuda") underwrite specialty insurance, reinsurance and retrocession in the UK and Bermuda respectively. Fidelis Underwriting was incorporated in England in August 2015 and started underwriting insurance risk in January 2016, once it had received regulatory approval in December 2015. Fidelis Bermuda is incorporated in Bermuda and does not undertake any regulated activities in the UK (nor is it authorised to do so). It started underwriting in July 2015. The Fourth Defendant ("Fidelis Marketing") was incorporated in England on 1 April 2015 and has been providing introductory and marketing services for Fidelis Bermuda since July 2015 and administration services for Fidelis Underwriting since January 2016. The Third Defendant ("Fidelis Holdings") was incorporated in Bermuda on 22 August 2014 and is the parent company of the other three Defendants. The Defendants have accepted that they are jointly liable for any infringement or passing off.

45. As noted above, Fidelis were founded by Mr Brindle and Mr McConachie. Both of them had well-established personal reputations in the field of specialty insurance, and Mr Brindle continues to do so. (This is not to imply that Mr McConachie no longer has such a reputation; but he has left the business.) The name Fidelis was coined by Mr Brindle, who read *Literae Humaniores* (Greats) at Oxford, while walking his dog. As he explained, the name appealed to him because a Latin name "does impart a sense of gravitas" and Fidelis "encapsulates values such as trust, loyalty and faithfulness". Fidelity did not enter his mind.

46. Mr Brindle and Mr McConachie engaged Goldman Sachs to assist them with fundraising. Goldman Sachs approached a considerable number of institutional investors seeking equity investment into the new business. In the end a total of $1.5 billion in capital was raised. Two points should be noted about this process.

47. First, Fidelis were presented as having an innovative business model which involved allocating their capital between underwriting and investing so as to maximise returns and adopting a more aggressive approach to investment with higher risk than traditional insurance companies. To begin with, this was indeed the model which Fidelis followed; but as Mr Brindle explained, they have subsequently adopted a more cautious and conservative policy with respect to investment.

48. Secondly, one of the investors approached by Goldman Sachs was FMR. FMR declined to invest. Its reasons were briefly summarised by Goldman Sachs in a Marketing Update dated 29 April 2015 as follows: "While they liked the management team, the combination of start-up risk and longer time to liquidity are the main reasons for passing". Fidelis rely on the fact that FMR did not object to their name, but as explained below FMR did subsequently oppose a US trade mark application by Fidelis. In any event, FMR is separate from Fidelity.

49. As the name suggests, specialty insurance relates to insurance of a specialist nature, and it is provided only to commercial undertakings. It is not available on the retail market and Fidelis are not authorised to provide services to retail consumers. Specialty insurance is to be distinguished from personal lines insurance, such as car, domestic property and contents insurance, which is purchased by the individual on the retail market, and from commercial insurance offered to businesses, such as property insurance, employer's liability and public liability.

50. The main categories of specialty insurance which Fidelis underwrite are aviation, marine, energy and terrorism. They also underwrite certain others, including political risk, forestry, transactional risk and legal title claims, some written through delegated authorities. The main categories of reinsurance risk underwritten by Fidelis are property reinsurance, whole account reinsurance and property retrocession.

51. About 55% of Fidelis' business is in the form of insurance, and 45% is in the form of reinsurance or retrocession. Reinsurance is when an insurer passes on all or part of the risk to another insurer, and retrocession is the practice of reinsuring risk that has already been reinsured.

52. The annual premiums for this kind of insurance typically range in value from tens of thousands of dollars to about US$60 million. This is to cover a typical line size of about US$30-$140 million (line size is the total risk to the insurer in the event of a claim). In 2016 (the latest audited figures), Fidelis' total gross premiums written were US$404 million. Of that sum, US$188 million was written by Fidelis Underwriting and the remainder by Fidelis Bermuda. Overall, since the inception of the business, Fidelis has written insurance and reinsurance contracts with total gross written premiums of US$909 million. This relates to approximately 2,500 contracts and over 6,000 additional contracts entered into through delegated authorities.

53. With one exception, all of Fidelis' insurance business has been mediated through a specialty insurance broker. All of their reinsurance business is mediated through brokers. The broker plays a vital role in all aspects of the transaction: they help the insured party work out the nature and level of insurance they need and how best to structure it; they advise on the appropriate insurer or panel of insurers to use; they assist in determining the appropriate premium level; and they facilitate the negotiation of the terms of the contract. They manage the relationship between the insured party and the insurer at every stage of the process.

54. Most brokers specialise in a particular sub-set of specialty insurance and/or re-insurance. This is so that the broker has sufficient knowledge and experience in the relevant field to advise on appropriate insurers, contractual terms, premiums, etc., and to be able to communicate with sophisticated commercial clients at their level.

55. The insured party will normally also have their own in-house team of advisors and/or will consult external experts to undertake their own analysis of the market and the insurance that is required. Depending on the type of insurance, these may include actuaries, engineers, geologists, climatologists and data analysts. The insured party will have their own views about which insurers they are prepared to use.

56. Factors which influence the choice of insurer (by both the broker and the client) include solvency and appetite for risk (some risk is "short tail", which means that it might materialise during the life of the contract e.g. a hurricane, whereas some risk is "long tail" which means that it might only materialise years later e.g. asbestosis); reputation (based on expertise and track record); and payment history. It is a considered choice, exercised carefully by experienced professionals and based on thorough research. It is clear that the insurance industry is relatively small and tight-knit, and that business is based on established relationships, reputation and trust.

57. The overall process of negotiating a specialty insurance contract normally takes somewhere between two and ten weeks. Occasionally it can be completed more quickly, but this is normally only in the case of a renewal. It can also require the support of in-house or external lawyers, depending on the contract. The process also includes compliance checks by the broker and/or client on the insurer before a transaction can be completed. On the other hand, where insurance is being provided by a number of insurers, the lead insurer will generally do most of the work and followers will be less heavily engaged.

58. Fidelis hold significant amounts of capital, which is required to meet their solvency obligations and to ensure that they have sufficient and readily accessible funds to meet an insurance claim at any time. They invest this capital as part of their day to day business in order to generate profit from it. Fidelis' investments are managed by external investment managers. The investment of Fidelis' capital base is purely to support their insurance business. Fidelis are not authorised to hold client monies for investment purposes.

59. Fidelis do not advertise, relying mainly upon word-of-mouth. Nevertheless, they do maintain a website and have a PR firm which publicises the business to the financial media. They also attend trade fairs such as the annual Rendez-Vous de Septembre in Monte-Carlo.

The US dispute

60. On 3 December 2014 Fidelis Holdings applied to register FIDELIS as a US trade mark for "reinsurance underwriting services; financial affairs, namely, financial information, management and analysis services, information and advisory services relating to the aforesaid" in Class 36. The application was published for opposition on 12 May 2015. On 9 November 2015 FMR opposed this application relying upon its prior US trade mark registrations including No. 3,092,353 for the word FIDELITY in Classes 9, 16, 35, 36 and 41. Although Fidelis Holdings initially defended the opposition, on 3 June 2016 it abandoned its application "with prejudice", meaning that it cannot re-apply to register the same trade mark.

61. Fidelity relies upon this episode as showing that Fidelis were aware of the conflict with Fidelity's trade marks when they commenced use of FIDELIS in the UK. This

contention does not stand up as a matter of timing. As explained below, Fidelis started using the sign in the UK in July 2015, which was well before FMR filed its opposition in the US.

The UK dispute

62. On 13 August 2015 Fidelity's trade mark attorneys sent a letter before action on behalf of FIL to Fidelis' US attorneys complaining of alleged trade mark infringement and passing off in the UK, the EU and Bermuda and demanding various undertakings. Fidelis' US attorneys replied on 2 September 2015 denying any liability. Fidelity did not commence these proceedings until 21 December 2016. Fidelity's evidence does not explain the delay.

Third parties

63. Research by a trainee solicitor carried out under Mr Walsh's supervision found 13 entities with trading names beginning with FID which are on the Financial Services Register and offer financial services in the UK. These include Fidante Partners Europe Ltd (a provider of investment services), Fidelius Ltd (a company which provides wealth management and financial planning for private clients and pension and employment benefit arrangements for employers) and Fideres Partners LLP (a financial investigations and analysis consultancy), each of which had an annual turnover in excess of £2 million in the period 2016-2017. (Curiously, there is also a company called Fidelity Premium Finance Ltd which is unrelated to Fidelity and two companies called Fidelis Financial Planning Ltd and Fidelis Market Consultants Ltd which are unrelated to Fidelis and to each other, although all three appear to be small businesses.)

Key legislative provisions

64. At the date when the application for EU925 was filed, the legislation which governed what were then called Community trade marks, and are now called EU trade marks, was Council Regulation 40/94/EC of 20 December 1993 on the Community trade mark. This was subsequently replaced by Council Regulation 207/2009/EC of 26 February 2009, which was the applicable legislation when EU377 and EU598 were filed. It has in turn been amended by European Parliament and Council Regulation 2015/2424/EU of 16 December 2015 and then replaced by European Parliament and Council Regulation 2017/1001/EU of 14 June 2017 ("the Regulation"). Fidelity's infringement allegations relate to periods covered by Regulation 207/2009, Regulation 207/2009 as amended by Regulation 2015/2424 and the Regulation. Save in one respect, there is no material difference for present purposes between the relevant provisions of Regulation 40/94 and their successors, although the numbering of the articles has changed.

65. The key provisions of Regulation 40/94 for present purposes were as follows:

"*Article 4*

Signs of which a Community trade mark may consist

A Community trade mark may consist of any signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.

Article 7

Absolute grounds for refusal

1. The following shall not be registered:

    (a) signs which do not conform to the requirements of Article 4;

    …

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

    ...

Article 9

Rights conferred by a Community trade mark

1. A Community trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

    …

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

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

…

Article 15

Use of Community trade marks

1. If, within a period of five years following registration, the proprietor has not put the Community trade mark to genuine use in the Community in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the Community trade mark shall be subject to the sanctions provided for in this Regulation, unless there are proper reasons for non-use.

…

Article 26

Conditions with which applications must comply

1. An application for a Community trade mark shall contain:

...

(c) a list of goods and services in respect of which the registration is requested;

...

3. An application for a Community trade mark must comply with the conditions laid down in the Implementing Regulation …

Article 28

Classification

Goods and services in respect of which Community trade marks are applied for shall be classified in conformity with the system specified in the Implementing Regulation.

Article 50

Grounds for revocation

1. The rights of the proprietor of the Community trade mark shall be declared to be revoked on application to the Office or on the basis of a counterclaim in infringement proceedings:

(a) if, within a continuous period of five years, the trade mark has not been put to genuine use in the Community in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use; …

2. Where the grounds for revocation of rights exist in respect of only some of the goods or services for which the Community trade mark is registered, the rights of the proprietor shall be declared to be revoked in respect of those goods or services only.

Article 51

Absolute grounds for invalidity

1. A Community trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings,

…

(b) where the applicant was acting in bad faith when he filed the application for the trade mark.

…

3. Where the ground for invalidity exists in respect of only some of the goods or services for which the Community trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only."

66. Article 4 was unchanged in Regulation 207/2009. It was amended by Article 1(7) of Regulation 2015/2424 with effect from 23 March 2016. The amended provision is now contained in Article 4 of the Regulation, which provides:

"*Article 4*

Signs of which an EU trade mark may consist

An EU trade mark may consist of any signs, in particular words, including personal names, or designs, letters, numerals, colours, the shape of goods or of the packaging of goods, or sounds, provided that such signs are capable of:

(a) distinguishing the goods or services of one undertaking from those of other undertakings; and

(b) being represented on the Register of European Union trade marks, ('the Register'), in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection afforded to its proprietor."

67. Regulation 2015/2424 amended Regulation 207/2009 so as to replace Article 28 with a new Article 28, which is now Article 33 of the Regulation, in the following terms:

"*Article 33*

Designation and classification of goods and services

1. Goods and services in respect of which trade mark registration is applied for shall be classified in conformity with the system of classification established by the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957 ('the Nice Classification').

2. The goods and services for which the protection of the trade mark is sought shall be identified by the applicant with sufficient clarity and precision to enable the competent authorities and economic operators, on that sole basis, to determine the extent of the protection sought.

3. For the purposes of paragraph 2, the general indications included in the class headings of the Nice Classification or other general terms may be used, provided that they comply with the requisite standards of clarity and precision set out in this Article.

4. The Office shall reject an application in respect of indications or terms which are unclear or imprecise, where the applicant does not suggest an acceptable wording within a period set by the Office to that effect.

5. The use of general terms, including the general indications of the class headings of the Nice Classification, shall be interpreted as including all the goods or services clearly covered by the literal meaning of the indication or term. The use of such terms or indications shall not be interpreted as comprising a claim to goods or services which cannot be so understood.

…

8. Proprietors of EU trade marks applied for before 22 June 2012 which are registered in respect of the entire heading of a Nice class may declare that their intention on the date of filing had been to seek protection in respect of goods or services beyond those covered by the literal meaning of the heading of that class, provided that the goods or services so designated are included in the alphabetical list for that class in the edition of the Nice Classification in force at the date of filing.

   The declaration shall be filed at the Office by 24 September 2016, and shall indicate, in a clear, precise and specific manner, the goods and services, other than those clearly covered by the literal meaning of the indications of the class heading, originally covered by the proprietor's intention. The Office shall take appropriate measures to amend the Register accordingly. The possibility to make a declaration in accordance with the first subparagraph of this paragraph shall be without prejudice to the

> application of Article 18, Article 47(2), Article 58(1)(a), and Article 64(2).
>
> EU trade marks for which no declaration is filed within the period referred to in the second subparagraph shall be deemed to extend, as from the expiry of that period, only to goods or services clearly covered by the literal meaning of the indications included in the heading of the relevant class.

…"

68. Parallel provisions to those set out in paragraph 65 above were contained in Articles 2, 3(1)(a),(c),(2)(d), 5(1)(b),(2), 10(1), 12(1) and 13 of Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, which was replaced by European Parliament and Council Directive 2008/95/EC of 22 October 2008, which has in turn been replaced by European Parliament and Council Directive 2015/2436/EU of 16 December 2015 ("the Directive"). Article 3 of Directive 2015/2436 corresponds to Article 4 of Regulation 2017/1001.

69. The infringement provisions originally contained in Article 9(1)(b),(c) of Regulation 40/94 and Article 5(1)(b),(2) of Directive 89/104 are now contained in Article 9(2)(b),(c) of the Regulation and Article 10(2)(b),(c) of the Directive. Sub-paragraph (c) of these provisions has been amended so as to reflect the case law of the CJEU interpreting the original provisions. Article 9(2)(c) of the Regulation now reads:

> "the sign is identical with, or similar to, the EU trade mark irrespective of whether it is used in relation to goods or services which are identical with, similar to, or not similar to, those for which the trade mark is registered, where the latter has a reputation in the Union and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the EU trade mark."

70. The provisions of Directive 89/104 listed in paragraph 68 above were implemented in the UK by sections 1(1), 3(1)(a),(c),(6), 10(2),(3), 46(1)(a) and 47(1) of the Trade Marks Act 1994. Those provisions have continued to implement the successor legislation.

<u>Relevant dates for assessment</u>

The law

71. I set out the law with respect to the dates for assessing objections of bad faith and allegations of infringement in *Sky v SkyKick* at [120]-[121]. The date for assessing a claim of passing off is the date the conduct complained of commenced: see *Starbucks (UK) Ltd v British Sky Broadcasting Group plc* [2015] UKSC 31, [2015] 1 WLR 2628 at [16]. The relevant date for assessing whether a trade mark is invalid on the ground that it is descriptive is the date on which the application was filed (unless reliance is placed by the proprietor on subsequently acquired distinctive character): see Case C-192/03 *Alcon Inc v Office for Harmonisation in the Internal Market* [2004] ECR I-8993.

Assessment

72. There is no dispute that the dates for assessing Fidelis' objections to the validity of the Trade Marks are the respective filing dates, which range from 21 May 2004 to 5 November 2015. Nor is there any dispute as to the periods in respect of which use of the Trade Marks must be shown by Fidelity in order to defeat Fidelis' non-use attack.

73. There is a dispute as to the relevant date for assessing the claims for infringement and passing off. Fidelis contend that it is June 2015, while Fidelity contend that it is December 2015. I do not consider that it matters which date is correct, but in my judgment the right answer is July 2015, since that is the date when Fidelis Bermuda started trading. Although it traded in Bermuda, its clients included UK clients. Technically, the insurance was underwritten in Bermuda and thus the service was provided there; but I consider that the sign FIDELIS was nevertheless used in the course of trade in the UK since UK clients were targeted by Fidelis Bermuda and will have been exposed to the signs complained of.

The average consumer

The law

74. I set out the law in *Sky v SkyKick* at [274]-[275].

Assessment

75. In the present case it is convenient to consider the disputes between the parties as to the identity of the relevant average consumers in context.

Validity of the Trade Marks: descriptiveness

76. Fidelis contend that the Trade Marks are invalid in so far as they are registered for "insurance services" since "fidelity insurance" is a recognised type of insurance. Accordingly, Fidelis contend that the Trade Marks are registered contrary to Article 7(1)(c) of the Regulation and Article 4(1)(c) of the Directive. In the alternative Fidelis rely upon Article 7(1)(d) of the Regulation/Article 4(1)(d) of the Directive (signs which have become customary), but that adds nothing to Fidelis' case. Fidelis do not rely upon either Article 7(1)(b) of the Regulation/Article 4(1)(b) of the Directive (signs which are devoid of distinctive character) or Article 7(1)(g) of the Regulation/Article 4(1)(g) of the Directive (signs which are deceptive).

The law

77. I set out the law with respect to Article 7(1)(c) of the Regulation/Article 4(1)(c) of the Directive in *W3 Ltd v easyGroup Ltd* [2018] EWHC 7 (Ch) at [154]-[155].

Assessment

78. "Fidelity insurance" is defined in the *Oxford English Dictionary* as "insurance taken out by an employer to indemnify him against losses incurred through the dishonesty or non-performance of an employee". Fidelis adduced a substantial body of evidence to confirm, if confirmation were necessary given the dictionary definition, that this is an established and recognised term in the field of insurance. Although much of this

evidence post-dates the application dates of the Trade Marks, it is clear that the term was in use well before the earliest of those dates.

79. Fidelity do not dispute that "fidelity insurance" is an established and recognised term denoting a particular type of insurance, but contend that it does not follow that FIDELITY is descriptive of "insurance services". This contention only has to be stated to be seen to be unsustainable.

80. Fidelity do not contend that any of the Trade Marks are not exclusively descriptive in relation to "fidelity insurance" by reason of the fact that the Trade Marks contain additional words and (in one case) visual matter to FIDELITY (no doubt recognising that such a contention would invite reliance by Fidelis upon Article 7(1)(b) of the Regulation/Article 4(1)(b) of the Directive). Nor do Fidelity contend that, if they are descriptive in relation to "fidelity insurance", the Trade Marks have acquired a distinctive character in relation to that service. Accordingly, I conclude that the Trade Marks are invalid in so far as their specifications of goods and services cover "fidelity insurance".

81. Fidelity contend that this objection can be dealt with by excluding "fidelity insurance" from the specifications of services of the Trade Marks.

82. Fidelis contend that an amendment of the specifications of services to exclude "fidelity insurance" is impermissible having regard to the principles stated by the CJEU in Case C-363/99, *Koninklijke KPN Nederland NV v Benelux-Merkenbureau (POSTKANTOOR)* [2004] ECR I-1619 at [112]-[115]. Accordingly, Fidelis contend that the objection can only be dealt with by excising "insurance services" from the specifications.

83. I reviewed this aspect of the law in *Omega Engineering v Omega SA* [2012] EWHC 3440 (Ch), [2013] FSR 25 at [43]-[57]. For the reasons explained there, I consider that it is permissible to exclude a category of goods or services from a specification of goods or services in order to overcome an objection on absolute or relative grounds, but not to exclude goods or services possessing or lacking a particular characteristic or quality.

84. Applying that principle here, I conclude that the objection under Article 7(1)(c) of the Regulation/Article 4(1)(c) of the Directive can be addressed by (i) declaring that the Trade Marks are invalid in so far as they are registered in respect of "fidelity insurance" and (ii) directing that the specifications be amended so as to replace "insurance services" with "insurance services except fidelity insurance".

<u>Interpretation of the specifications of services of the Trade Marks</u>

85. As part of their infringement case, Fidelity contend that the insurance services provided by Fidelis are identical to "financial services". In other words, Fidelity contend that "financial services" incorporate insurance services (as well as other services). Fidelis dispute this, and contend that "financial services" should be narrowly interpreted as excluding insurance services. For reasons that will appear, it is convenient to deal with this issue here.

The law

86. I reviewed this aspect of the law in *Omega v Omega* at [22]-[34]. To summarise, terms in specifications of goods and services should be given their ordinary and natural meaning, but this is subject to two overlapping qualifications: first, specifications of services are inherently less precise than specifications of goods, and therefore should be interpreted in a manner which confines them to the core of the ordinary and natural meaning rather than more broadly; and secondly, terms should not be interpreted so liberally that they become unclear and imprecise.

Assessment

87. Fidelity contend that the term "financial services" should be given its ordinary and natural meaning, and that, if this is done, it covers insurance services.

88. Fidelis contend that the term "financial services" should be narrowly construed so as to exclude insurance services for three reasons. First, in order to confine it to the core of the ordinary and natural meaning. Secondly, because otherwise one term in the specifications of the Trade Marks (namely "financial services") will subsume another term (namely "insurance services"). Thirdly, because the class headings and explanatory notes to the relevant editions of the Nice Classification distinguish between "insurance" and "financial affairs".

89. In my judgment Fidelity are correct. Wikipedia defines "financial services" as follows:

> "**Financial services** are the economic services provided by the finance industry, which encompasses a broad range of businesses that manage money, including credit unions, banks, credit-card companies, insurance companies, accountancy companies, consumer-finance companies, stock brokerages, investment funds, individual managers and some government-sponsored enterprises. Financial services companies are present in all economically developed geographic locations and tend to cluster in local, national, regional and international financial centers such as London, New York City, and Fujian."

The entry goes on to discuss various types of financial services, including insurance. In my view this definition accords with ordinary use of the expression "financial services". For example, and importantly from the consumer perspective, it accords with the fact that, as discussed above, the FSCS covers insurance services (including but not limited to unit-linked pension policies as discussed in paragraph 39 above).

90. So far as Fidelis' first point is concerned, I consider that insurance services are within the core of the ordinary meaning of "financial services". As for the second point, it is commonplace for one term in a specification of goods or services to be a subset of a second term. Turning to the third point, the short answer to this is that the Nice Agreement is an agreement as to classification, not as to the effect of classification: see Article 2(1). Save to the limited extent recognised in *Altechnic Ltd's Trade Mark Application* [2001] EWCA Civ 1928, [2002] RPC 34, class has no bearing on the interpretation of terms in specifications of goods or services. Still less does the terminology used in the Nice Classification affect the interpretation of terms falling

within one class (particularly where, as here, there is no issue arising out of the use of class headings pursuant to Communication 4/03 of the President of the Office of Harmonisation in the Internal Market.) Moreover, the terms used in the specifications of the Trade Marks are "insurance services" and "financial services", not "insurance" and "financial affairs". Furthermore, the explanatory notes state that "services relating to financial or monetary affairs *comprise* [emphasis added]" six particular categories of services, thus leaving open the possibility that other services may be included. Finally, Jessie Roberts, *International Trademark Classification: A Guide to the Nice Agreement* (OUP, 4th ed, 2012) states at page 224:

> "Insurance services are a significant factor in the investment industry, therefore, these services are properly classified in Class 36. The purchase of insurance is a monetary investment. … Furthermore, the investment industry is dependent on insurance funds for its very existence."

91. I should add that, although counsel for Fidelis relied upon the decisions of the General Court in Case T-58/16 *Apax Partners UK Ltd v European Union Intellectual Property Office* [EU:T:2016:724] at [56] and Case T-209/16 *Apax Partners UK Ltd v European Union Intellectual Property Office* [EU:T:2017:240] at [43] that "financial services" and "insurance services" were similar, as counsel for Fidelity pointed out, it was not contended in those cases that they were identical.

92. Although I consider that Fidelity are right about the interpretation of "financial services", for reasons that will appear more fully below this does not assist Fidelity. In short, if Fidelity cannot succeed in relation to "insurance services", then Fidelity cannot succeed merely because "financial services" are interpreted to include "insurance services".

<u>Validity of the Trade Marks: clarity and precision of the specification of services</u>

93. Fidelis contend that, if "financial services" is construed in the manner contended for by Fidelity, then the Trade Marks are invalid in so far as they are registered for "financial services" since that term is lacking in clarity and precision.

The law

94. I considered the law in *Sky v SkyKick* at [124]-[174] and concluded that it was necessary to refer questions to the Court of Justice of the European Union.

Assessment

95. Fidelis contend that, if the term "financial services" is interpreted as I have interpreted it, it is too general and covers services which are too variable to be compatible with the Trade Marks' function as indications of origin, and hence lacks sufficient clarity and precision. Fidelity dispute this, and contend that "financial services" is clearly distinguishable from terms such as "computer software". I agree that "financial services" is less objectionable than "computer software", but I see little difference between "financial services" and "telecommunications services". Accordingly, I conclude that it is arguable that the Trade Marks are invalid in so far as they are

registered for "financial services". Whether or not they are invalid depends on the answers to the questions I have referred to the CJEU.

Revocation of EU925 and UK490: non-use

96. Fidelis contend that EU925 and UK490 should be revoked for non-use in so far as they are registered for "insurance services". Although, formally speaking, Fidelis have not attacked the registrations of EU925 and UK490 for non-use in so far as they are registered for "financial services", as I see it that is only because Fidelis contend that "financial services" do not include insurance services. Given that I have concluded that "financial services" do include insurance services, I consider that Fidelis must be treated as attacking the registrations of EU925 and UK490 in so far as they are registered for insurance services within "financial services" for non-use.

The law

97. I set out the law in *W3 v easyGroup* at [194]-[202].

Assessment

98. Fidelity contend that they have used FIDELITY as a trade mark within the relevant periods in relation to four types of insurance services and that such use is sufficient to justify maintenance of the registrations for "insurance services". Fidelis dispute that Fidelity have used FIDELITY as a trade mark in relation to any insurance services. In the alternative, Fidelis contend that the specifications should be restricted to the specific services, if any, in relation to which the mark has been used.

99. The four types of insurance service relied upon by Fidelity are as follows:

i) pensions structured as unit-linked insurance policies;

ii) reinsurance of unit-linked insurance policies;

iii) annuities; and

iv) annuity brokerage.

100. Fidelity do not rely upon the provision of life insurance as an ancillary product to unit-linked insurance policies as described in paragraph 39 above. This may be because these products are provided by third party insurers, but the explanation does not matter.

101. *Pensions structured as unit-linked insurance policies*. There is no dispute that Fidelity (or, more strictly, FIL Life with Fidelity's consent) have provided these at all relevant times and continue to do so. The issue is whether the provision of pensions structured as unit-linked insurance policies by FIL Life amounts to the provision of "insurance services". Fidelity contend that it does. Fidelis contend that it does not, but rather amounts to the provision of pension services. (As I understand it, Fidelis would accept that it amounts to the provision of "investment services" and possibly "financial services" not including "insurance services".)

102. Fidelis do not dispute that, technically, pensions structured as unit-linked insurance policies are insurance contracts. Fidelis argue, however, that consumers would not be

aware that technically the service takes the form of an insurance contract, and in any event would regard it as a pension and not insurance.

103. Considering the evidence of Mr Parkin, Mr Cheseldine, Mr Smithyes and Ms Claro as a whole, I find that most employees would not be aware that their FIL Life pension was an insurance contract.

104. Nevertheless, I do not accept Fidelis' argument. In many cases, the relevant average consumer for FIL Life's services is not the employee (or at least, the primary consumer is not the employee and the employee is at best a secondary consumer). In the case of trust-based schemes, the most relevant consumers are the trustees since it is the trustees that enter into the contract with FIL Life. Given that the trustees will act on the advice of benefits consultants, I consider that benefits consultants are also relevant consumers. Given that the employer will be closely involved in the selection of the provider, even if the ultimate decision is made by the trustees, I consider that human resources professionals in medium to large employers are also relevant consumers. Even in the case of contract-based schemes, the most relevant consumers will be the benefit consultants and HR professionals. It is clear from the evidence that trustees, benefit consultants and HR professionals will be well aware that pensions structured as unit-linked insurance policies are insurance contracts. In my judgment such consumers would regard such products as being pensions, investments and insurance. As Mr Cheseldine explained, these terms are not perceived as being mutually exclusive.

105. *Reinsurance of unit-linked insurance policies*. As discussed in paragraph 41 above, Fidelity not only enter into reinsurance contracts with third party insurers to enable Fidelity's policyholders to access those insurers' funds (where Fidelity is acting as the consumer of the reinsurance service), but also to enable third party insurers' policyholders to access Fidelity's funds (where Fidelity is acting as the provider of the reinsurance service).

106. *Annuities*. As discussed above, Fidelity ceased to sell annuities in 2009. That is more than five years before July 2015. Fidelity contend, however, that they continue to provide annuity services to this day. Fidelis dispute this.

107. It is common ground that Hannover Re has reinsured, and acts as FIL Life's Paying Agent for, these annuities as described in paragraph 42 above. Fidelis contend that Hannover Re has taken over the annuities from FIL Life, or at least would be perceived by the average consumer as having done so. In support of this contention, counsel for Fidelis relied upon the fact that the annuity holders correspond with Hannover Re.

108. Mr Parkin exhibited a sample of six letters from Hannover Re to annuity holders. Some of these are captioned "FIL LIFE INSURANCE LIMITED ANNUITY", one is captioned "FIDELITY LIFE INSURANCE LIMITED ANNUITY" and one is captioned "FIDELITY ANNUITY". Counsel for Fidelis submitted that the use of FIDELITY in these letters was descriptive. That is plainly incorrect: FIDELITY is not describing any characteristic of the annuities, it is referring to the source of the annuities.

109. Counsel for Fidelis also submitted that, if and in so far as FIDELITY was referring to the source of the annuities, it was referring to the historic source of the annuities in 2009 and not to any service which had been provided since then. The only services

which had been provided since then were the services provided by Hannover Re of administering and paying the annuities.

110. Counsel for Fidelity submitted that FIDELITY denoted a continuing service provided by FIL Life. He relied upon Mr Parkin's evidence as showing that FIL Life remained legally liable to pay the annuities to the holders under the annuity contracts, even though FIL Life had reinsured that liability with Hannover Re and even though Hannover Re acted as the paying agent.

111. In my judgment FIDELITY does denote a continuing service provided by FIL Life for reasons given by counsel for Fidelity. Furthermore, I consider that the average consumer who held such an annuity would regard FIL Life as responsible for the payment of the annuity, even if they also regarded Hannover Re as responsible. Accordingly, I conclude that Fidelity have used FIDELITY in relation to annuity services within the last five years.

112. *Annuity brokerage*. As discussed in paragraph 43 above, Fidelity provide an annuity brokerage service to beneficiaries of its unit-linked insurance policies.

113. *A fair specification*. For the reasons given above, I conclude that Fidelity have established genuine use of FIDELITY in relation to (i) pensions structured as unit-linked insurance policies, (ii) reinsurance of unit-linked insurance policies, (iii) annuities and (iv) annuity brokerage. Fidelity contend that this use is sufficient to justify the Trade Marks remaining registered for "insurance services". Fidelis dispute this.

114. The evidence shows that the term "insurance services" covers a broad range of services which are capable of being divided into a number of different categories. Fidelity have not used the Trade Marks in relation to many categories of insurance such as car insurance, home insurance, travel insurance and so on. Accordingly, the extent of Fidelity's use does not justify the Trade Marks remaining registered for "insurance services". In my judgment a fair specification is "pension-related insurance services". This will cover the four services which Fidelity have provided and any other insurance services which are related to pensions.

115. Accordingly, EU925 and UK940 will be revoked for non-use in relation to "insurance services" other than "pension-related insurance services". The simplest way to give effect to this conclusion when it comes to "financial service" is to exclude "insurance services" from that part of the specification. The revocation takes effect from five years after the respective registration dates, namely 28 November 2005 and 28 April 2006. Thus EU925 will be revoked with effect from 29 November 2010 and UK940 will be revoked with effect from 29 April 2011.

<u>Validity of UK598, EU598, UK888 and EU377: bad faith</u>

116. Fidelis contend that Fidelity applied to register UK598, EU598, UK888 and EU377 in bad faith because they did not have any intention to use these Trade Marks in relation to "insurance services". Fidelis' primary case is that the Trade Marks are wholly invalid. Fidelis' secondary case is that they are invalidly registered in relation to "insurance services". Again, I consider that Fidelis' secondary case must also be treated as attacking the registrations of these Trade Marks in so far as they are registered for insurance services within "financial services".

The law

117. I considered the law in *Sky v SkyKick* at [175]-[234] and concluded that it was necessary to refer questions to the Court of Justice of the European Union.

118. An additional point which arises in the present case concerns the practice adopted by some persons of re-filing trade mark applications at five-yearly intervals. As to this, in Case T-136/11 *Pelicantravel.com sro v Office for Harmonisation in the Internal Market* [EU:T:2012:689] the General Court held at [27]:

> "Accordingly, it is possible that, where the proprietor of a Community trade mark files a repeat application for the same mark in order to avoid the consequences entailed by total or partial revocation of earlier trade marks for reasons of non-use, that fact is something which may be taken into account in order to assess whether the proprietor acted in bad faith. Furthermore, that reading coincides with the interpretation adopted in the Guidelines relating to proceedings before OHIM."

Assessment

119. I concluded in *Sky v SkyKick* that it was arguable that applying to register a trade mark without any intention of using it in relation to specified goods or services amounted to bad faith. In that case, I found on the facts that Sky had applied to register the trade marks in suit in relation to broad categories of goods and services in relation to which they not merely had no intention to use the trade marks, but no reasonable commercial rationale for seeking registration: see in particular [250]-[251].

120. I have already concluded that Fidelity have established genuine use of EU925 and UK490 in relation to (i) pensions structured as unit-linked insurance policies, (ii) reinsurance of unit-linked insurance policies, (iii) annuities and (iv) annuity brokerage and that a fair specification having regard to Fidelity's use is "pension-related insurance services". It follows that there is no basis for suggesting that Fidelity did not intend to use UK598, EU598, UK888 and EU377 in relation to "pension-related insurance services".

121. Accordingly, the key factual issue is whether Fidelity applied to register UK598, EU598, UK888 and EU377 in bad faith in relation to "insurance services" other than "pension-related insurance services" because they only intended to use them in relation to "pension-related insurance services". It should be borne in mind in relation to this issue that Fidelity are to be presumed to have acted in good faith unless the contrary is proven, and that the burden of proving bad faith lies upon Fidelis.

122. Counsel for Fidelis pointed out that Fidelity had not disclosed any documents setting out their filing policies at the time of applying for UK598, EU598, UK888 and EU377, nor had they called any witness who was able to speak to this question. Counsel for Fidelis submitted that the Court should draw an adverse inference from Fidelity's failure to call an appropriate witness. I do not accept this. Prima facie Fidelity's filing policies would be privileged, and no adverse inference can be drawn from Fidelity's failure to waive privilege. On the other hand, what I do accept is that, not having

adduced such evidence, Fidelity cannot rely upon what that evidence might have revealed in order to rebut inferences which may be drawn from other evidence.

123. Fidelity rely upon the evidence of Mr Parkin on this issue. His evidence was that, in addition to the four types of service considered above, Fidelity had considered the provision of insurance bonds (which are a form of investment structured as an insurance contract), and although they had decided not to do so, the decision was being kept under review. He also gave evidence that Fidelity had considered providing conventional life insurance in the past, and had not ruled out doing so in the future. He did not suggest that Fidelity had ever considered providing any other forms of insurance. Counsel for Fidelis pointed out that Fidelity had not disclosed any documents to substantiate Mr Parkin's evidence, but she did not suggest that it was untrue.

124. Having regard to Mr Parkin's evidence, I consider that Fidelity had a reasonable commercial rationale at each of the relevant dates for seeking registration of UK598, EU598, UK888 and EU377 in relation to a somewhat broader class of services than "pension-related insurance services". The key question is whether Fidelity had a reasonable commercial rationale for seeking registration in relation to "insurance services" or whether Fidelity was only justified in seeking registration in relation to a narrower class of services, such as "pension-related insurance services, insurance bonds, life insurance".

125. Fidelity contend that, in circumstances where it was in fact using these Trade Marks in relation to "pension-related insurance services" and where it had a reasonable commercial rationale for seeking registration in relation to a somewhat broader class of services, then it cannot possibly be said that it acted in bad faith by applying for registration in relation to "insurance services". This contention receives considerable support from the domestic case law reviewed in *Sky v SkyKick* at [209]-[223].

126. Fidelis contend that Fidelity had no reasonable commercial rationale for applying for registration for "insurance services". All of the insurance services which Fidelity might have had any interest in providing are either investment-related or life-related or both. Fidelity have not suggested that they have ever had any intention to provide services like car insurance, home insurance and travel insurance, let alone specialty insurance of the kinds provided by Fidelis.

127. Before expressing my conclusion in relation to these contentions I must first address four additional points relied upon by Fidelis in support of their case that Fidelity applied to register UK598, EU598, UK888 and EU377 in relation to "insurance services" in bad faith.

128. The first is that some of Fidelity's advertising and promotional materials state in terms that Fidelity do not provide insurance services. This does not assist Fidelis, however, because the materials in question were promoting Fidelity's retail investment services and in fact Fidelity do provide some insurance services through other channels. Similarly, the fact that the keywords purchased by Fidelity do not include "insurance" does not advance Fidelis' case either.

129. The second point is that Fidelity knew that the registration of these Trade Marks would detrimentally affect the business of other entities using FID- prefixed signs. In my judgment there is nothing in this point. Mr Harris' evidence shows that, unsurprisingly,

Fidelity take steps to enforce their trade marks against third parties providing financial services under similar signs (albeit not against any of the third parties referred to in paragraph 62 above). But it does not show that Fidelity enforce their trade marks against third parties using similar signs in relation to goods or services remote from Fidelity's field of business. Accordingly, this evidence adds nothing to Fidelis' case that Fidelity acted in bad faith when they applied to register UK598, EU598, UK888 and EU377 for "insurance services" because they had no intention to use these Trade Marks across the breadth of that specification.

130. The third point is that, in relation to UK598 and EU598, Fidelis allege that Fidelity applied to register these Trade Marks with the intention of avoiding the consequences of non-use of EU925 and UK490 respectively. As counsel for Fidelity submitted, however, there is not a shred of evidence to support this allegation. Indeed, the objective facts point in the opposite direction. UK598 was filed on 1 October 2015. This cannot be regarded as a re-filing of EU925 since it covers a much smaller territory (the UK rather than the EU). Furthermore, it covers different services: EU925 is registered for goods in Class 16 and services in Class 36, while UK598 is registered for services in Classes 35 and 36. Even the list of services in Class 36 is different, although there is a substantial overlap. Yet further, EU925 was registered as long ago as 28 November 2005, roughly 10 years before UK598 was filed. Thus EU925 was vulnerable to partial cancellation for non-use from 29 November 2010, yet UK598 was not filed until nearly five years later. EU598 was filed on 5 November 2015. It cannot be regarded as a re-filing of UK490 since it covers a much larger territory (the EU rather than the UK). Furthermore, it covers different services: UK490 is registered for services in Class 36, while EU598 is registered for services in Classes 35 and 36. Even the list of services in Class 36 is different, although there is a substantial overlap. Yet further, UK490 was registered as long ago as 28 April 2006, roughly 9 ½ years before EU598 was filed. Thus UK490 was vulnerable to partial cancellation for non-use from 29 April 2011, yet EU598 was not filed until about 4½ years later.

131. The fourth point is that, in relation to UK598 and EU598, Fidelis also rely upon the fact that these were filed after the date of Fidelity's letter before action (see paragraph 60 above). Counsel for Fidelity accepted that a possible inference was that Fidelity had filed UK598 and EU598 in order to strengthen their hand in contemplated proceedings against Fidelis; but as he submitted, that in itself is insufficient to establish bad faith: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2008] EWHC 3032 (Ch), [2009] RPC 9 at [189].

132. Returning to the issue of lack of intent to use, if the provisional conclusions which I drew in *Sky v SkyKick* at [225]-[228] are correct, then I consider that Fidelity are unlikely to be found to have acted in bad faith. In the current uncertain state of law, however, I conclude that Fidelis' case is an arguable one. It follows that it is also arguable that these Trade Marks are invalid in their entirety for the reasons given in *Sky v SkyKick* at [230]-[234]. The resolution of these issues will have to await the outcome of the reference in *Sky v SkyKick*.

Infringement under Article 9(2)(b) of the Regulation/Article 10(2)(b) of the Directive

133. Fidelity contend that Fidelis have infringed each of the EU Trade Marks pursuant to Article 9(2)(b) of the Regulation and each of the UK Trade Marks pursuant to Article 10(2)(b) of the Directive.

The law

134. I set out the law in *Sky v SkyKick* at [268] and [285]-[290].

Assessment

135. *Bases of assessment*. As noted above, counsel for Fidelity focussed his submissions on Fidelity's claim for infringement of EU925 and UK598.

136. For the reasons given in paragraphs 76-88 above, I have concluded that EU925 is invalidly registered in relation to "fidelity insurance". This is academic, however, because, for the reasons given in paragraphs 96-115 above, I have concluded that EU925 should be revoked for non-use in relation to "insurance services" other than "pension-related insurance services" with effect from 29 November 2010. For the reasons given in paragraphs 93-95 above, I have concluded that it is arguable that EU925 is invalidly registered for "financial services" if that term includes "insurance services" as I consider it does. Again, however, this is academic for the same reason. Accordingly, I shall consider the infringement case on the basis that EU925 is registered for "investment services"; "pension-related insurance services"; and "financial services" other than "insurance services".

137. For the reasons given in paragraphs 76-88 above, I have concluded that UK598 is invalidly registered in relation to "fidelity insurance". For the reasons given in paragraphs 93-95 above, I have concluded that it is arguable that UK598 is invalidly registered for "financial services" if that term includes "insurance services" as I consider it does. For the reasons given in paragraphs 116-132 above, I have concluded that it is arguable that UK598 is either wholly invalid or invalid in relation to "insurance services". Nevertheless, it is convenient for the purposes of considering the infringement case to proceed on the assumption that UK598 is validly registered for "investment services"; "insurance services except fidelity insurance"; and "financial services" other than "insurance services".

138. *Distinctive character of EU925 and UK940*. It is not in dispute that FIDELITY is inherently distinctive in relation to "investment services"; "insurance services except fidelity insurance"; and "financial services". Furthermore, Fidelis accept that it has an enhanced distinctive character acquired through use in relation to retail investment services (i.e. investment services provided to the general public) and pensions structured as unit-linked insurance policies, although there is a somewhat sterile dispute as to whether is a "household name" as Fidelity contend. In my view it suffices to say that it is well known to ABC1 consumers in relation to those services. Fidelity contend that its enhanced distinctive character extends more broadly than this, but in my judgment the evidence does not establish that.

139. *Comparison between the Trade Marks and the signs*. There is no real dispute that there is a high degree of visual similarity between FIDELITY and FIDELIS since the first six letters are identical and the only difference is in the endings. It is well established that, since consumers read from left to right, a difference in the endings of words is of less significance than a difference in their beginnings.

140. Nor is there is any real dispute that, although FIDELITY and FIDELIS are aurally similar, the degree of similarity is less than in the case of the visual comparison. As is

common ground, FIDELIS may be pronounced as either FI-DAY-LIS or FI-DELL-IS. The latter is more similar to Fidelity than the former. Either way, FIDELIS is three syllables whereas FIDELITY is four. Again, however, the difference is less significant than a difference in the beginnings of words due to the tendency of consumers to slur the endings.

141. It is common ground that FIDELIS and FIDELITY derive from the same Latin root, *fidelis* meaning faithful or loyal. Fidelity contend that there is thus a high degree of conceptual similarity between them. Fidelis dispute this, on the basis that most consumers do not understand Latin. I accept that most consumers do not understand Latin. On the other hand, investment and insurance professionals would be more likely to understand enough Latin to appreciate the meaning of fidelis. Furthermore, I consider that many consumers who knew no Latin would nevertheless think that there was some commonality of meaning between FIDELITY and FIDELIS even if they did not understand why. In the case of consumers exposed to Fidelis' website, this thought would be encouraged by the strapline which has appeared on the homepage since at least December 2016, "Loyal to tradition". As many consumers will know, loyalty, faithfulness and fidelity are synonyms.

142. *Comparison of services*. There is no dispute that Fidelis' services are identical to "insurance services" because they are all kinds of insurance service. It follows that Fidelis' services are also identical to "financial services" as I have interpreted that term. They are not identical to "pension-related insurance services", but they are moderately similar.

143. Fidelity contend that Fidelis provide investment services, but Fidelis dispute this. In my judgment Fidelis do not provide investment services. It is true that investors invested in Fidelis by acquiring shares in Fidelis, but that does not amount to the provision of an investment service by Fidelis. It is also true that Fidelis invest their own capital in various ways, but again that does not amount to the provision of an investment service by Fidelis.

144. In the alternative, Fidelity contend that Fidelis' insurance services are similar to "investment services". In my judgment they are similar inasmuch as they are all financial services, but the degree of similarity is moderate at best. It follows that it is not necessary to consider "investment services" any further, since if Fidelity do not succeed in relation to "insurance services" or "pension-related insurance services", they cannot be in a better position with respect to "investment services".

145. *The average consumer*. Quite a lot of the argument at trial revolved around the identity of the relevant average consumer(s) for the purposes of the infringement case.

146. Fidelity rely in particular upon their registrations for "insurance services except fidelity insurance". Subject to the non-use argument in relation to EU925, Fidelity rely upon the principle that infringement must be considered on the hypothesis that Fidelity are making normal and fair use of the Trade Marks in relation to all such services. Furthermore, Fidelity contend that the consumers of such services are both the general public and professionals. In the case of the general public, the average consumer will not be particularly knowledgeable nor exercise a high degree of care and attention, although Fidelity accept that professionals will be more knowledgeable and careful.

147. By contrast, Fidelis focus upon the specialist nature of their services. Furthermore, Fidelis contend that such services are provided to knowledgeable clients exercising a high degree of care and attention, almost invariably through brokers who are even more knowledgeable, careful and attentive.

148. The average consumer for the purposes of Fidelity's infringement claims is a consumer of the relevant services who is both familiar with the Trade Marks and exposed to, and likely to rely upon, the signs complained of. In my judgment it is likely that all relevant consumers will be familiar with FIDELITY. Accordingly, attention can be focussed on those who are exposed to, and likely to rely upon, the sign FIDELIS. In my judgment Fidelis are correct that the evidence establishes that such consumers will be highly knowledgeable, careful and attentive for the reasons explained above.

149. Counsel for Fidelity concentrated in his closing submissions upon consumers who encountered Fidelis for the first time, such as a consumer visiting Fidelis' website or a consumer who was introduced to a Fidelis representative at a trade fair and was given a business card or a consumer reading about Fidelis in the financial press. I agree that it is not merely legitimate, but necessary, to consider such consumers. (Otherwise, a trade mark could not be infringed merely by use of a sign in advertising or business papers; but as counsel for Fidelis rightly accepted, it is clear from the Regulation and the Directive that it can be.) Counsel for Fidelity submitted that a consumer who was encountering Fidelis for the first time in such a situation would not necessarily be familiar with Mr Brindle's personal reputation and track record (or that of his colleagues). This too I accept. Counsel for Fidelity also submitted that it would be wrong to suppose that trade marks were of no importance to a specialist business like that of Fidelis, as Mr Brindle appeared to suggest in his written evidence. Again, I accept this. It nevertheless remains the case that even consumers encountering Fidelis for the first time would only rely upon the FIDELIS sign if they were potential consumers of Fidelis' specialist services. Accordingly, they would still be highly knowledgeable, careful and attentive.

150. *Absence of evidence of actual confusion.* Fidelis rely strongly upon the fact that, as Fidelity accept, there is no evidence of any consumers having confused Fidelis' services with Fidelity's services despite Fidelis having traded on a substantial scale for nearly three years and despite searches for such evidence. Moreover, given the nature of Fidelis' business, it is unlikely that, if there had been any confusion, it would have gone undetected.

151. Against this, Fidelity rely upon the fact that Fidelis have disclosed half a dozen emails in which the authors have typed "Fidelity" when they intended to type "Fidelis". Fidelis called Ms Chiaramonte, Mr Coulson and Ms Ingham to address these typographical errors. Save for one email sent by Ms Ingham, the witnesses were not the authors of the emails in question. (In one case, the author was a representative of the Prudential Regulation Authority.) Accordingly, the witnesses were not able to shed much light on the reasons why the authors typed the wrong word. Nor was Ms Ingham able to give much of an explanation beyond saying that she had made a typographical error. As counsel for Fidelity submitted, the most significant point which emerges from the evidence is that it appears that in several cases not only did the authors type the wrong word, but also the recipients did not notice the mistake at the time. This is a classic illustration of the human eye seeing what the brain expects it to see.

152. In my judgment this evidence confirms, if confirmation were needed, that FIDELITY and FIDELIS are confusingly similar. As counsel for Fidelis submitted, however, it does not necessarily follow that there is a likelihood of confusion. Indeed, given the ease with which FIDELIS may be mistyped and misread as FIDELITY, and the slightly lesser ease with which it may be misspoken or misheard as FIDELITY, it might be said that the absence of any evidence of confusion between the respective businesses or services after nearly three years is all the more striking.

153. *Overall assessment: EU925*. The distinctive character of EU925 and the similarities between FIDELITY and FIDELIS both support the existence of a likelihood of confusion. Fidelis' services are similar, but not identical, to those for which EU925 is validly registered. This also provides some support for the existence of a likelihood of confusion, particularly given that the evidence shows that there is a tendency towards convergence between different areas of financial services, and in particular between insurance and investment. The key factor in my judgment is the high degree of knowledge, care and attention exercised by the average consumer. Despite the distinctive character of EU925, the similarity between FIDELITY and FIDELIS and the similarity between the respective services, I have come to the conclusion that the average consumer is not likely to be confused. This conclusion is supported by the absence of any evidence of actual confusion.

154. *Overall assessment: UK598*. As explained above, I am assuming that UK598 is validly registered for "insurance services except fidelity insurance". This means that Fidelis' services are identical to some of those for which UK598 is assumed to be validly registered. Does this make a difference to the overall assessment? In principle, it lends further support to the existence of a likelihood of confusion. Nevertheless, in my judgment, in the specific circumstances of this case it does not make any real difference. Given a valid registration for "insurance services except fidelity insurance", Fidelity must be assumed to be making normal and fair use of UK598 in relation to all such services, including those provided by Fidelis. But that would not materially affect the analysis. It would not alter the average consumer's awareness of FIDELITY, because FIDELITY is well known anyway. Nor would it make much difference to the average consumer's perception of the kind of services denoted by FIDELITY given the similarity of Fidelity's services to Fidelis' anyway and given the point about convergence noted above. Nor, crucially, would it affect the degree of knowledge, care and attention exercised by the average consumer. Accordingly, I consider that there is no likelihood of confusion.

155. It is perhaps worth explaining why I have reached a different conclusion in relation to UK598 than I did in *Sky v SkyKick* when assuming that the trade marks in suit were valid. In *Sky v SkyKick* there were three types of relevant average consumer, one of whom would exercise a fairly high degree of care and attention, but the other two of whom would exercise less care and attention. If the trade marks in suit were valid, they covered goods and services identical to those supplied by SkyKick. In those circumstances, I considered that there was a likelihood of confusion on the part of the latter two kinds of average consumer (although I did not consider that there was passing off having regard to the extent of Sky's actual goodwill). In the present case, however, this factor is absent.

156. *Conclusion*. Accordingly, I conclude that Fidelis have not infringed EU925 or UK598 pursuant to Article 9(2)(b) of the Regulation/Article 10(2)(b) of the Directive.

Infringement under Article 9(2)(c) of the Regulation/Article 10(2)(c) of the Directive

157. In the alternative to their case under Article 9(2)(b) of the Regulation/Article 10(2)(b) of the Directive, Fidelity contend that Fidelis have infringed each of the Trade Marks pursuant to Article 9(2)(c) of the Regulation/Article 10(2)(c) of the Directive. I will assess this claim on the same bases as the claim under Article 9(2)(b) of the Regulation/Article 10(2)(b) of the Directive.

The law

158. I set out the law in *Sky v SkyKick* at [305]-[316].

Assessment

159. *Reputation of EU925 and UK598*. I find that EU925 and UK598 have a reputation in relation to “retail investment services” and “pensions structured as unit-linked insurance policies”.

160. *Link*. In my judgment the average consumer would make a link between FIDELIS and FIDELITY. The similarity is such as to bring FIDELITY to mind.

161. *Detriment to the distinctive character of EU925 and UK598*. As Mr Walsh’s evidence demonstrates, there are a number of parties that use FID- prefixed signs in the financial services field, including a number that use FIDELI- prefixed signs. Thus FIDELITY is not unique in that field anyway. In any event, I consider that the specialist nature of Fidelis’ services and the knowledge, care and attention of the average consumer means that Fidelis’ use of FIDELIS has not damaged the distinctive character of FIDELITY. Indeed, if anything, the survey evidence mentioned in paragraph 32 above suggests that its distinctive character increased over the first two years after Fidelis commenced trading.

162. *Unfair advantage*. Although Fidelity alleged that Fidelis intended to take unfair advantage of the reputation of EU925 and UK598, I did not understand this allegation to be pursued in closing submissions. Counsel for Fidelity nevertheless submitted that Fidelis had chosen to “live dangerously” following their abandonment of their US trade mark application, and that this supported Fidelity’s case on unfair advantage. I do not accept this. By the time Fidelis abandoned their US application, they had been using FIDELIS in the UK for about a year. Furthermore, trade mark rights are territorial: the existence of a conflict in one territory does not necessarily mean that there is a conflict in another territory. In any event, Fidelis’ decision to abandon their trade mark application does not establish that there was a conflict even in the USA. It may have been a pragmatic decision not to spend money on an application which was not perceived to be important. There is no evidence that FMR have brought trade mark infringement proceedings against Fidelis in the USA.

163. As to whether Fidelis have in fact taken unfair advantage of the reputation of FIDELITY, in my judgment there is no evidence that this is the case. On the contrary, Fidelis’ evidence establishes very clearly that Fidelis’ business has been built on the strength of the personal reputations of Mr Brindle and his colleagues.

164. *Conclusion*. Accordingly, I conclude that Fidelis have not infringed EU925 or UK598 pursuant to Article 9(2)(c) of the Regulation/Article 10(2)(c) of the Directive.

Disposition of the counterclaim

165. In the light of the conclusions I have reached in relation to Fidelity's infringement claims, it is not necessary either to stay the infringement claims pending the determination of the *Sky v SkyKick* reference or pending a further reference of the same questions. I shall hear counsel as to the appropriate course to adopt with respect to Fidelis' counterclaims for declarations of invalidity on the grounds of lack of clarity and precision and bad faith.

Passing off

166. Counsel for Fidelity accepted in his opening submissions that Fidelity could not succeed in their claim for passing off if they failed in their infringement claims. Consistently with this, he did not mention passing off in his written or oral closing submissions. In those circumstances it is unnecessary for me to say anything about this claim save that it is dismissed.

Summary of principal conclusions

167. For the reasons given above, I conclude that:

i) the Trade Marks are invalid in so far as they are registered for "fidelity insurance", but this can be dealt with by amending the specifications so as to replace "insurance services" by "insurance services except fidelity insurance";

ii) it is arguable that the Trade Marks are invalid in so far as they are registered for "financial services";

iii) EU925 and UK490 must be revoked for non-use in relation to "insurance services" other than "pensions-related insurance services";

iv) it is arguable that Fidelity applied to register UK598, EU598, UK888 and EU377 in bad faith;

v) Fidelis have not infringed the Trade Marks in any event; and

vi) Fidelity's claim for passing off is dismissed.