

O-133-13

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION NO 2582337

BY

QMETRIC GROUP LTD

TO REGISTER THE TRADE MARK:

Primo Insurance

IN CLASS 36

AND

THE OPPOSITION THERETO

UNDER NO 102455

BY

PRIMO PLC

1) On 24 May 2011 QMetric Group Ltd (QMetric) applied to register the trade mark Primo Insurance (the trade mark) for services in class 36* of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.

2) Proceedings are governed by the Trade Marks Act 1994 (the Act). The Act implements, inter alia, Directive 2008/95/EC of the European Parliament and the Council of 22 October 2008 (the Directive) (as it is now). Consequently, interpretation of the Act is made on the basis of judgments of the Court of Justice of the European Union (CJEU) and the General Court (GC), both with their seats in Luxembourg, as well as those of the courts in the United Kingdom. All of the judgments of the GC (previously the Court of First Instance) and the CJEU can be found at the url:

<http://curia.europa.eu/jurisp/cgi-bin/form.pl?lang=en>

In this case the Act and the Directive set the basic parameters of the dispute, however, as it relates to the law of passing-off, the actual law under consideration is purely domestic.

Decisions of the appointed persons, who are one of the two fora for appeal from decisions of the registrar, can be found on the website of the Intellectual Property Office at the url:

<http://www.ipo.gov.uk/types/tm/t-os/t-find/t-challenge-decision-results.htm>

Decisions of the appointed persons can be identified by the prefix BL (decisions of the registrar also have this prefix). (The other forum for appeal is the High Court or Court of Session in Scotland.)

* As per the Classification Guide of the Intellectual Property Office (IPO):

In order to allow efficient searching of trade marks the UK uses “The International Classification of Goods and Services”, also known as the “Nice Classification”. The International Classification is administered by the World Intellectual Property Organisation (WIPO) and is used by over 140 countries throughout the world and by organisations such as The Office for Harmonization in the Internal Market (OHIM). Of these countries 78 are party to the Nice Agreement and 68, although not party to it, use the Nice Classification for their classification purposes. The system comprises 45 classes and groups together broadly similar goods or services into categories which assists the registry carrying out efficient searches of the register. Classes 1 – 34 contain goods and classes 35 – 45 contain services. It also allows businesses to check whether there are registered marks that conflict with marks they are using, or propose to use, in respect of particular goods or services. Whilst classification may be seen as an administrative tool its importance to applicants in relation to determining the boundaries of infringement rights cannot be stressed too highly. If the classification of the goods or services on an application is made incorrectly, the validity of any rights stemming from a subsequent registration might be called into question at a later date. This could result in a mark being the subject of proceedings to remove it from the register.

Where available the urls for judgments of the courts of England and Wales have been given.

3) Primo plc (PPLC) filed a notice of opposition to the registration of the trade mark. PPLC relies upon section 5(4)(a) of the Trade Marks Act 1994 (the Act), which states:

—4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented—

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade”.

The principles of the law of passing-off were summarised by Lord Oliver in *Reckitt & Colman Products Ltd v. Borden Inc* [1990] RPC 341 at page 406:

—The law of passing off can be summarised in one short, general proposition: no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. ... Thirdly he must demonstrate that he suffers, or in a *quia timet* action that he is likely to suffer, damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff.”

4) Primo refers to two signs. The first sign is:



PPLC states that it has used the sign in relation to the provision of insurance services. PPLC states that its registered name is Primo plc and that the words contained in its logo from September 2000 until August 2008 were —Primo plc Insurance Brokers”. It states that these words were commonly abbreviated both internally and externally by third parties, with whom it did business, to Primo Insurance. PPLC states that these third parties include its clients and the insurance companies with whom it transacts business. The second sign upon which it relies is:



PPLC states that it has used the sign in relation to the provision of insurance services since August 2008. It reiterates what it states in relation to the first sign.

5) PPLC states that it has received many telephone calls and e-mails from potential clients of the QMetric branded Primo Insurance since August 2011. It states these potential clients had obtained quotations from the QMetric website, policyexpert.co.uk, and found that the insurer was Primo Insurance. PPLC claims that because it is a well-known provider of insurance services, that these potential clients assumed that it was the QMetric brand Primo Insurance. PPLC states that this confusion could have been anticipated by QMetric with a simple Google® search using the words Primo and Insurance; which would have found the website primopl.com. PPLC states that it is —a full service insurance

brokerage and all client facing staff have direct dial telephone numbers and email addresses". PPLC claims that the QMetric Primo Insurance is one of two brand names adopted by QMetric. PPLC claims that the goodwill in relation to Primo + Insurance derives solely from the efforts of PPLC. It states that while it does not believe that QMetric has deliberately misrepresented its Primo Insurance, its use of the words Primo Insurance will undoubtedly damage and dilute the goodwill of PPLC.

6) Subsequent to the filing of the notice of opposition, QMetric amended the specification of the application to read:

advisory services relating to home and content insurance; advisory services relating home and contents to insurance claims; computerised information services relating to home and contents insurance; consultancy services relating to home and contents insurance; information services relating to home and contents insurance, provided on-line from a computer database or the Internet; information services relating to home and contents insurance; provision of home and contents insurance premium quotations on-line from a computer database or the Internet; none of the above relating to insurance brokerage services.

7) The amendment did not lead to the withdrawal of the opposition.

8) QMetric filed a counterstatement. It denies that its use of the trade mark would be liable to be prevented under the law of passing-off. It denies that PPLC has goodwill in relation to the services for which it is seeking registration. QMetric denies that PPLC has any goodwill in relation to insurance services except for insurance brokerage services.

9) QMetric denies that there would be any misrepresentation by its use of the trade mark. It claims that the signs upon which PPLC relies can be distinguished by the presence of plc, distinctive colouring and the device of an umbrella. QMetric claims that its fair use of the trade mark would not include these elements. QMetric claims that PPLC's use of the signs emphasises Primo plc as a whole phrase rather than Primo Insurance or Primo on its own. It states that it has not seen any evidence that PPLC markets itself as Primo Insurance and puts it to proof that third parties refer to it in that manner, as claimed by PPLC. QMetric claims that there could not be any misrepresentation given the different nature of the services offered by the two parties. QMetric states that PPLC is an insurance broker and does not provide insurance, nor does it provide home and contents insurance products. QMetric claims that a customer would not believe that its services provided under the trade mark would be associated with PPLC because the respective services are sufficiently different and PPLC ~~des~~ not have sufficient reputation in respect of those services". QMetric puts PPLC to proof of the examples of confusion to which it has referred. QMetric claims that the telephone calls and e-mails, to which PPLC refers, demonstrate that the latter has little reputation in its ~~marks~~ and name". QMetric denies that PPLC would

suffer loss as a result of its fair use of the trade mark. It claims that customers or potential customers looking for brokerage services will not and cannot use its services and that the services of the application and those of PPLC cannot be substituted. QMetric states that the opposition should be rejected.

10) Both parties filed evidence. A hearing was held on 15 March 2013. PPLC was represented by Robin Foster-Taylor, of PPLC. QMetric was represented by Andrew Norris of counsel, instructed by Russell Cooke LLP.

Evidence for PPLC

11) This consists of the witness statement of Robin Foster-Taylor of 13 February 2012. Parts of the statement consist of submissions rather than evidence of fact; these submissions have been borne in mind but it is not appropriate to refer to them in a summary of evidence.

12) Mr Foster-Taylor is the managing director of PPLC. PPLC was incorporated on 22 April 1971; at the time of incorporation the company was known as F Rauch (Insurance Brokers) Limited. The company changed its name to Primo plc on 28 September 2000.

13) PPLC is wholly and exclusively an insurance intermediary. It sells insurance policies underwritten by many insurance companies, including home and contents. Mr Foster-Taylor states that it is not an insurance company. He states that QMetric is also an insurance intermediary that sells insurance products underwritten by companies such as AXA and Ageas.

14) Mr Foster-Taylor states that since September 2000 PPLC has concentrated its marketing efforts and spent a considerable sum in promoting its insurance activities under the name of Primo Plc. He states that the name Primo appears on all of the marketing literature, business correspondence and stationery of PPLC and in all communications with customers and business contacts.

15) Mr Foster-Taylor states that PPLC is commonly referred to as Primo Insurance by PPLC's potential and existing clients. Mr Foster-Taylor describes Exhibit 1 as consisting of examples of this:

- An envelope postmarked 13 October 2011 addressed to Primo Insurance.
- An envelope postmarked 2 December 2011 addressed to D Kirby at Primo Insurance.
- An envelope postmarked 14 December 2011 addressed to Mark Ison at Primo Insurance.
- A redacted cheque dated 31 August 2011 made out to Primo Insurance.
- A redacted cheque dated 21 February 2011 made out to Primo Insurance.
- A redacted cheque without indication of date made out to Primo Insurance.

16) Mr Foster-Taylor is not aware of any other company that is registered in the United Kingdom that includes the word Primo in its name that has transacted business since PPLC adopted its name.

17) Mr Foster-Taylor states that the clients of PPLC include both consumers and businesses.

18) Mr Foster-Taylor states that PPLC has a “significant goodwill in the name of “Primo” and “Primo Plc” within the context of insurance services”. He states that the “Primo” relies on recognition of its company name Primo Plc and Primo to generate new insurance business and to secure repeat insurance custom”. He states that Internet searches for Primo Insurance invariably lead to Primo Plc.

19) Exhibit 8 contains screen prints taken in January 2012 from the Primopl.com website visitor monitor and live chat application Comm100. The screen prints show the use of “primo insurance company” and “primo insurance” as the keywords which led to the website. Exhibit 10 consists of another screen print from Comm100 from January 2012; the visitor has used the keywords “primo insurance” to get to the website of PPLC in order to ask for the e-mail address of a member of staff.

20) Mr Foster-Taylor states that there is no difference “in law” between insurance services and insurance brokerage services and that the lay person would not understand that there is a difference. He states that policy holders commonly believe that the company from whom the insurance was bought was the insurer. Mr Foster-Taylor states that the insurance vendor might be a comparison website such as Gocompare, an intermediary such as PPLC or QMetric trading as policyexpert.co.uk or an insurance company such as AXA, Ageas or Aviva. He states that both parties are registered with the Financial Services Authority (FSA) as companies that are authorised in the activity of “arranging (bringing about) deals in investments”. Mr Foster-Taylor states that the 1977 Insurance Brokers (Registration) Act (IBRA) prohibited the use of the word broker by any firm that was not registered to, and authorised by, the statutory body, the Insurance Brokers Registration Council (IBRC). He states that because authorisation by the IBRC was not mandatory, unregistered insurance intermediaries used different descriptive words so as not to fall foul of the IBRA “and further to distinguish their activities as different to that of insurance companies who take on the ultimate risk”. Mr Foster-Taylor states that insurance intermediaries commonly used the terms: broker(s), agents, consultants, services and risk services.

21) Mr Foster-Taylor states that insurance intermediaries came under the regulatory regime of the FSA in January 2005. He states that since then:

“no matter what term is used, *unless* a firm is authorised for the FSA Activity Name: Effecting contracts of insurance’, (making them an

insurance company – *the ultimate risk carrier*), all firms are intermediaries and there is no difference between insurance services and insurance brokerage services’.”

He states that both parties are intermediaries, how they describe their activities is immaterial.

22) Exhibit 2 consists of a page from the report and accounts of QMetric for the year ending 31 March 2011. The report advises that the company had not traded, its principal activity being to create an insurance website. It also advises that the company was established to ~~offer~~ “*offer online insurance broking services*”. Exhibit 3 consists of an article from *Post Magazine* of 1 September 2011. The article refers to the opposition of PPLC. In his statement, Mr Foster-Taylor refers to a different article from an earlier edition of the magazine. He states:

—An article on the front page of *Post Magazine* dated 25 August 25th 2011 (Exhibit 3) quotes the QMetric chief executive officer, Tony Deacon, talking about the policyexpert.co.uk trading name as QMetric as, “*Like more traditional insurance brokers, I am looking to deal with multiple insurers to access the best cover and premiums from across the market to best serve our customers.*” And, “*... in the same way organisations like Swinton and AA do*”.

23) Exhibit 5 is a screen print of a page from policyexpert.co.uk, which Mr Foster-Taylor describes as a trading name of QMetric, a number of brands are shown; including AXA and Primo Insurance. Exhibit 6 is another screen print from the same website. On the right hand side a number of ~~great~~ “*great insurers*” are listed, including AXA and Primo Insurance. Exhibit 7 is a screen print from 8 February 2012 from primoinsurance.co.uk. Primo Insurance is described as a wholly owned subsidiary of QMetric. Primo Insurance ~~appears~~ “*appears exclusively as a panel insurer on Policy Expert*”. Policy Expert is described as ~~a~~ “*a newly launched online Insurance Broker*”. Primo Insurance is described as ~~a~~ “*a new home insurance brand introduced to the UK in June 2011 and backed by an S&P A’ rated insurer*”.

24) Mr Foster-Taylor states that PPLC arranges home insurance, household insurance and contents insurance through 31 companies, ~~with~~ “*with wholesale underwriting agencies totalling about £450,000 per annum*”. Exhibit 4 contains monthly account statements from the end of 2011 and the beginning of 2012 in relation to the policies that PPLC has arranged with Ageas, MMA and Zurich; inter alia, these show the arrangement of home insurance.

25) Exhibit 9 is a screen print from QMetric’s website that advises that ~~Primo~~ “*Primo Insurance is sold exclusively through the online insurance broker, Policy Expert*”.

26) Mr Foster-Taylor states that in the financial year ended 31 March 2011, PPLC's turnover was approximately £4.5 million[†]. He states that it has one office and employs ten full time trained insurance advisors.

Evidence for QMetric

27) This consists of the witness statement of Antony David Deacon of 15 May 2012. Mr Deacon is a director and chief executive of QMetric. He has worked in the insurance industry for thirty years; for the first fifteen of these with AON, which he describes as a multi-national insurance broker. From 1997 to 2002 Mr Deacon was a director of Perkins Slade Limited, an insurance broker. From 2003 to 2009 he was director and chief executive of XBridge Limited, —a company that provides technology solutions to the financial services sector. He states that whilst at XBridge he built and successfully launched a “full cycle trading portal” offering —predominantly business insurance”. In 2010 Mr Deacon founded QMetric.

28) Mr Deacon states that in the insurance industry there are different businesses performing various functions and operating at different levels. He exhibits at ADD1 a glossary of “insurance related terms used by Lloyd's and market participants”. The glossary relates specifically to Lloyd's.

29) Mr Deacon states that there is a clear distinction between consumer lines or personal lines and commercial lines insurance. He states that the former offer products such as home and contents insurance and travel insurance; the latter offer services to businesses for such things as employers' liability insurance and public liability insurance. Mr Deacon states that there is also a clear distinction between insurance brokers and insurance policy providers. A policy provider will insure a customer so that if a customer has a claim, he/she will make the claim through the policy provider. He states that the customer will pay the policy provider a premium for the policy. Mr Deacon states that a broker will search for a policy from a variety of policy providers based on information given by the customer and then give the customer quotations for various policies that meet the customer's requirements. He states that a broker will take a commission based on the premium paid by a customer to the actual policy provider. A broker will not actually settle claims and pay out money to customers. Mr Deacon states that most customers can appreciate the difference between a broker and an actual policy provider.

30) Mr Deacon states that in some cases behind the policy provider is the ultimate insurer; this is the insurance firm that underwrites the policy of the policy provider. He states that a customer will make his/her claim to the policy provider, it is another undertaking that pays out money to settle a claim. Mr Deacon states that the rôle of an underwriter is to set the parameters within which a policy will

[†]From the copies of the accounts filed this figure appears to relate to the cost of the policies sold rather than the commission received.

be offered to customers, the basis of a quotation to those customers and the circumstances in which the policy provider will pay out when settling a claim.

31) Mr Deacon states that insurance businesses operate in different ways. He states that whilst a number of businesses operate with call centres, some have operated primarily online. He states that accordingly that there is a new market for technology businesses offering software and IT services to online insurance brokers and policy providers.

32) Mr Deacon states that the way in which different services are provided is clearly appreciated within the industry. He exhibits material at ADD1 from *Post Online*, which he describes as the leading trade publication, to show the separate categories of insurer, broker, commercial and personal.

33) Mr Deacon comments on how he views QMetric and its business. He states that it is primarily a technology company and that simply viewing the website does not give a proper indication of the full services provided by QMetric. Mr Deacon then gives a lot of information about QMetric and, inter alia, selling its technology to sophisticated third parties. This part of the statement is not pertinent to the proceedings. The issue before the tribunal, in relation to QMetric, relates to the specification of the application; a specification that has to be interpreted and considered on the basis of the case law. The specification relates to insurance, whether provided by the Internet or not. It is not a specification for providing eg software or information technology services; such services are not in the same class, business services per se are also not in class 36. Mr Deacon specifically distinguishes between the sophisticated customers and the average consumer of home and contents insurance services. However, the specification is specifically for home and contents insurance services. (It is also to be noted that the evidence relates to the business of QMetric and not to that conducted in relation to the trade mark.)

34) Mr Deacon states that customers can buy Primo Insurance policies through QMetric's website. QMetric also has a call centre. Mr Deacon states that since the launch of the website in June 2011 (after the date of the application for registration), 3,300 customers have bought insurance policies under the Primo Insurance brand. Mr Deacon states that QMetric has spent in the region of £2,250,000 on the marketing of its website, its business and its brands, including Primo Insurance.

35) Mr Deacon considers that the specification of the application can be divided between technology services and —consumer facing services” ie the sale of policies to the public.

36) Mr Deacon states that PPLC is a local insurance broker operating in the commercial lines market in Southend-on-Sea. Mr Deacon states that PPLC cannot describe itself as QMetric does. He states that PPLC appears to have a

limited online presence and that few of its services are provided directly through the Internet. Mr Deacon states that it appears as if the customers of PPLC are directed to the telephone to make an enquiry and buy a policy. He exhibits at page 19 of ADD1 a screen print from the —Time Contents, Buildings” part of the website of PPLC. At page 20 of ADD1 he exhibits a further screen print from the website. The page shows categories of personal insurance and business insurance. The personal insurance part of the page refers to: primary home, holiday home(s), art collections, private cars and yachts. Exhibited at page 21 of ADD1 is a page from a directory of insurance brokers, downloaded on 15 May 2012. Primo is described in the following terms:

—Leading independent insurance brokerage with clients the length and breadth of the country. Our aim – To deserve to be your first choice for all your commercial insurance requirements through friendly personal and professional advice. We never forget that the best price must never be allowed to replace the best cover – but always strive to give you both. Areas serviced: Southend.”

37) Mr Deacon states that PPLC is —an insurance broker of commercial insurance policies to local businesses in Southend-on-Sea”. Mr Deacon supports this claim by referring to page 20 of ADD1 in which the aim of PPLC is given as:

—We deserve to be your first choice for all your commercial insurance requirements through friendly personal and professional advice. We never forget that the best price must never be allowed to replace the best cover.”

Underneath this statement are separate boxes for business and personal insurance. Mr Deacon states:

—Having come across many such brokers in my career they tend to generally serve their local community and those customers who do not wish to shop around but want to deal with a trusted local provider”.

Mr Deacon states that PPLC appears to carry out little marketing and advertising of its business. He states that he cannot recall ever having seen an advertisement for PPLC and prior to starting the application process for the trade mark, could not recall having heard of it[‡].

38) Mr Deacon states that he assumes that the £450,000 referred to by Mr Foster-Taylor is the total value of home and contents policy premiums sold by PPLC and that its turnover would be its commission on this. Exhibited at ADD1 pages 29 to 60 are copies of the reports of the directors and audited financial

[‡] Although nothing turns upon this, it is noted that, under cross-examination, Mr Deacon stated that prior to actually filing the application he was aware of the business of PPLC having found their business on an Internet search.

statement of PPLC for the years ending 31 March 2010 and 31 March 2011. In the year ending 31 March 2009 the overall commission income was £856,684; in the year ending 31 March 2010, £721,450 and in the year ending 31 March 2011, £780,720. The principal activity of PPLC is that of an insurance broker. The reports state that ~~He~~ company continues to arrange insurance for commercial and personal clients, face to face, over the phone and via the internet”.

39) Mr Deacon states that: ~~It~~is possible to conclude that only around 10% of the Opponent’s gross written premium business (£450,000 as a percentage of £4.5 million) is derived from home and contents insurance. Applying the same percentage to their actual turnover figures would mean that their turnover in respect of home and contents insurance business amounted to around £72,000 in 2010 and £70,000 in 2011.”

40) Mr Deacon states that from his experience insurance brokers such as PPLC often generate much of their turnover in respect of home and contents insurance through what is referred to in the industry as accommodation business. This is where the majority of a broker’s business is generated by commercial customers buying insurance in a personal capacity. He states that home and contents policies are added to a commercial customer’s overall package of policies to cover the home(s) of the individual directors or employees.

41) Mr Deacon states that Mintel estimates the home and contents insurance market to be worth approximately £7 billion per annum.

Cross-examination

42) Mr Deacon was cross-examined. The answers that Mr Deacon gave under cross-examination have no effect on the matters under consideration.

Material date

43) Trade mark and passing-off cases have to be considered in relation to a particular point(s) in time. A similar provision to section 5(4)(a) of the Act is to be found in Article 8(4) of Council Regulation 40/94 of December 20,1993 (the regulation in relation to the Community trade mark). This was the subject of consideration by the GC in *Last Minute Network Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Joined Cases T-114/07 and T-115/07, in which the GC stated:

—50First, there was goodwill or reputation attached to the services offered by LMN in the mind of the relevant public by association with their get-up. In an action for passing off, that reputation must be established at the date on which the defendant began to offer his goods or services (*Cadbury Schweppes v Pub Squash* (1981) R.P.C. 429).

51 However, according to Article 8(4) of Regulation No 40/94 the relevant date is not that date, but the date on which the application for a Community trade mark was filed, since it requires that an applicant seeking a declaration of invalidity has acquired rights over its non-registered national mark before the date of filing, in this case 11 March 2000.”

It is necessary for PPLC to establish that at the date of the filing of the application for registration of the trade mark, 24 May 2011 that it had a protectable goodwill in relation to the signs upon which it relies.

44) Consideration has also to be given to the position at the date that the behaviour complained of commencedⁱ, if this is earlier than the date of application. This has to be considered when the trade mark the subject of the application has been used prior to the date of application for the same service or some services of the application. In this case at the date of the application for registration, QMetric had not used the trade mark. Consequently, the date of the application, 24 May 2011, is the date of the behaviour complained of and the sole material date for the purposes of these proceedings.

The goodwill of PPLC

45) It is clear from the statement of grounds and the evidence in support of it, that PPLC is relying not just upon the two composite signs it attached to the notice of opposition but also upon goodwill associated with Primo and Primo Insurance. Mr Norris made his submissions upon this basis. Mr Norris accepted that PPLC had goodwill at the material date. He did dispute the nature of the goodwill.

46) Mr Norris referred to the judgment of Pumfrey J in *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19ⁱⁱ (goodwill is often referred to as reputation):

—27 There is one major problem in assessing a passing off claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the Registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under Section 11 of the 1938 Act (See Smith Hayden (OVAX) (1946) 63 RPC 97 as qualified by BALI [1969] RPC 472). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

28. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed at the relevant date. Once raised the applicant must rebut the prima facie case. Obviously he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of possibilities that passing off will occur.”

However, the judgments in *Phones 4u Ltd v Phone4u.co.uk. Internet Ltd* [2007] RPC 5ⁱⁱⁱ and *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat)^{iv} show that the question of goodwill cannot be established by the application of a formula. In the latter judgment Floyd J stated:

—8Those observations are obviously intended as helpful guidelines as to the way in which a person relying on section 5(4)(a) can raise a case to be answered of passing off. I do not understand Pumfrey J to be laying down any absolute requirements as to the nature of evidence which needs to be filed in every case. The essential is that the evidence should show, at least prima facie, that the opponent's reputation extends to the goods comprised in the application in the applicant's specification of goods. It must also do so as of the relevant date, which is, at least in the first instance, the date of application.”

47) Mr Norris submitted that any goodwill in relation to the brokerage of home insurance was of a trivial nature and so not protected under the law of passing-off. The law of passing-off protects small goodwill, although it does not protect trivial goodwill^v. Mr Norris submitted that the only relevant evidence in relation to home insurance brokered by PPLC is the second page of exhibit 4 and that this shows a total income of £700 for selling home and contents insurance. Mr Foster-Taylor at paragraph 37 of his statement states that the business of PPLC in relation to home insurance, household insurance and contents insurance totals about £450,000 per annum. The contents of exhibit 4 are merely evidential examples of the business. Mr Richard Arnold QC, sitting as the appointed person in *Tripp Limited v Pan World Brands Limited* BL O/161/07 stated:

—33*Phipson on Evidence* (16th ed) states at paragraph 12-12:

In general a party is required to challenge in cross-examination the evidence of any witness of the opposing party if he wishes to submit to the court that the evidence should not be accepted on that point. The rule applies in civil cases as it does in criminal. In general the CPR does not alter that position.

This rules [sic] serves the important function of giving the witness the opportunity of explaining any contradiction or alleged problem with his evidence. If a party has decided not to cross-examine on a particular important point, he will be in difficult in submitting that the evidence should be rejected.

However the rule is not an inflexible one...

34. The authority cited in support of this statement of the law is the decision of the House of Lords in *Browne v Dunn* (1894) 6 R 67. The relevant passages from the speeches are set out in the judgment of Hunt J in *Allied Pastoral Holdings v Federal Commissioner of Taxation* (1983) 44 ALR 607, the material parts of which are quoted in the judgment of the Court of Appeal in *Markem Corp v Zipher Ltd* [205] EWCA Civ 267, [2005] RPC 31 at [59]-[60].

35. In my judgment the learned editors of *Phipson* are correct to say that the rule is not an inflexible one. There are at least two well-established exceptions to it. The first is that, as the speech of Lord Herschell LC in *Browne v Dunn* makes clear, it may not be necessary to cross-examine on a point if the witness has been given full notice of it before making his statement. As I pointed out in *BRUTT Trade Marks* [2007] RPC 19 at [23], this may be significant in registry proceedings where evidence is given sequentially. The second is that a court is not obliged to accept a witness's evidence in the absence of cross-examination if it is obviously incredible: see *National Westminster Bank plc v Daniel* [1993] 1 WLR 1453.

36. Where, however, evidence is given in a witness statement filed on behalf of a party to registry proceedings which is not obviously incredible and the opposing party has neither given the witness advance notice that his evidence is to be challenged nor challenged his evidence in cross-examination nor adduced evidence to contradict the witness's evidence despite having had the opportunity to do so, then I consider that the rule in *Brown v Dunn* applies and it is not open to the opposing party to invite the tribunal to disbelieve the witness's evidence."

There is nothing incredible about the evidence of Mr Foster-Taylor. Mr Deacon in his witness statement did not only not challenge it; he accepted it, at paragraph 60 he states:

—From an analysis of these figures, it is possible to conclude that only around 10% of the Opponent's gross written premium business (£450,000 as a percentage of £4.5million) is derived from home and contents insurance. Applying the same percentage to their actual turnover figures would mean that their turnover in respect of home and contents insurance business amounted to around £72,000 in 2010 and £70,000 in 2011."

There was no challenge at any early stage of the proceedings; there was acceptance of the statement of Mr Foster-Taylor. QMetric could have sought disclosure in relation to the statement of Mr Foster-Taylor. It did not. It required Mr Foster-Taylor to attend for cross-examination, however, on 13 March 2013

(less than two days before the hearing) it decided that it no longer wished to cross-examine Mr Foster-Taylor.

48) The goodwill in relation to the brokerage of home insurance, household insurance and contents insurance is established and, although small, is not trivial and so can be relied upon by PPLC.

49) On the basis that the goodwill of PPLC only relates to commercial lines insurance, Mr Norris submitted that the customers of PPLC and QMetric are different, as the specification is limited to home and contents insurance. The evidence of Mr Deacon, for QMetric, contradicts this submission. At paragraph 62 Mr Deacon states:

—~~From~~ my experience, insurance brokers such as the Opponent often generate much of their turnover in respect of home and contents insurance through what is referred to in the industry as —accommodation business”. This is where the majority of a broker’s business is generated by commercial customers rather than individual customers buying insurance in a personal capacity. Home and contents policies are added to a commercial customer’s overall package of policies to cover the home(s) of the individual directors or employees of that customer.”

Even if Mr Norris were correct in his submissions re the goodwill of PPLC, this would not be determinative of the proceedings.

The specification of the application

50) The proceedings have to be considered upon the basis of the specification. The intention of the applicant is not relevant. The actual business of the applicant is not relevant. The specification is:

advisory services relating to home and content insurance; advisory services relating home and contents to insurance claims; computerised information services relating to home and contents insurance; consultancy services relating to home and contents insurance; information services relating to home and contents insurance, provided on-line from a computer database or the Internet; information services relating to home and contents insurance; provision of home and contents insurance premium quotations on-line from a computer database or the Internet; none of the above relating to insurance brokerage services.

In ~~con~~struing a word used in a trade mark specification, one is concerned with how the product is, as a practical matter, regarded for the purposes of trade^{§vi}. Words should be given their natural meaning within the context in which they are used, they cannot be given an unnaturally narrow meaning^{vii}. Consideration should be given as to how the average consumer would view services^{viii}. In *YouView TV Limited v Total Limited* [2012] EWHC 3158 (Ch) at paragraph 12 Floyd J stated:

§ The same applies to services as well as goods.

—Where words or phrases in their ordinary and natural meaning are apt to cover the category of goods in question, there is equally no justification for straining the language unnaturally so as to produce a narrow meaning which does not cover the goods in question.”

The class of the services in which they are placed may be relevant in determining the nature of the services^{ix}. Jacob J in *Avnet Incorporated v Isoact Ltd* [1998] FSR 16 stated:

—In my view, specifications for services should be scrutinised carefully and they should not be given a wide construction covering a vast range of activities. They should be confined to the substance, as it were, the core of the possible meanings attributable to the rather general phrase.”

51) Mr Norris submitted that the services of the application are aimed at a different client group to those of PPLC. There is nothing in the specification that indicates this. The services of the application supply consultation, advice, information and quotations for home and contents insurance. The business of PPLC, as an insurance broker, provides the same services. Mr Norris tried to distinguish between consultation and advice. It would be an odd consultation service that did not give advice; an undertaking is consulted in order for the person consulting to get advice. In his submissions Mr Norris was conflating what QMetric does with the specification. The adding of the exclusion, at the end of the specification, does not alter the nature of the services. All it does is state that the specification does not relate to insurance brokerage services, the same services as supplied by PPLC are covered by the specification.

Misrepresentation

52) The parties are using effectively the same signs for the same services. In *Harrods v Harroddian School* [1996] RPC 697 Millett LJ stated:

—It is not in my opinion sufficient to demonstrate that there must be a connection of some kind between the defendant and the plaintiff, if it is not a connection which would lead the public to suppose that the plaintiff has made himself responsible for the quality of the defendant’s goods or services”

In the same case he went on to state:

—The absence of a common field of activity, therefore, is not fatal; but it is not irrelevant either. In deciding whether there is a likelihood of confusion, it is an important and highly relevant consideration.”

53) In this case there is a common field of activity, effectively an identical field of activity. The customers of PPLC, seeing the trade mark of QMetric being used

for the services of the application, at the date of the filing of the application, would believe that PPLC has made itself responsible for the services of QMetric. There would be misrepresentation.

Damage

54) Damage in passing-off can take a number of forms^x. In this case, taking into account the reputation of the earlier sign and the services, damage is likely to occur as possible:

- By the injury which is inherently likely to be suffered by any business when on frequent occasions it is confused by customers or potential customers with a business owned by another proprietor or is wrongly regarded as being connected with that business.
- Erosion of the distinctiveness of PPLC's trade mark.
- By the restriction of the ability to exploit the goodwill.

55) In his skeleton argument Mr Norris wrote:

—Further, confusion resulting in a few customers and potential customers of the Applicant contacting the Opponent does not damage the Opponent's goodwill, even if it is established that the name PRIMO was the source of the error. That confusion damages the Applicant and could even benefit the Opponent."

That argument ignores the fact that the issue must be considered at the date of the filing of the application. Mr Norris denied that it was based on the argument that —swamping” could be justified. It is difficult to see that it is anything other than an argument for swamping. A later entrant to a business area will not successfully attack an existing business in the same area because it is bigger, nor can its size act as a defence to an action by a smaller business. Otherwise small businesses would always be prey to large businesses that swamp them (subject to such matters as acquiescence and the effect of the Limitations Act 1980)^{xi}. The judgment of Laddie J in *Irvine vTalksport Limited* [2002] 1 WLR 2355 at page 2366 also rejects such a defence:

"But goodwill will be protected even if there is no immediate damage in the above sense. For example, it has long been recognised that a Defendant cannot avoid a finding of passing off by showing that his goods or services are of as good or better quality than the Claimant's. In such a case, although the Defendant may not damage the goodwill as such, what he does is damage the value of the goodwill to the Claimant because, instead of benefiting from exclusive rights to his property, the latter now finds that someone else is squatting on it. It is for the owner of goodwill to maintain, raise or lower the quality of his reputation or decide who, if anyone, can

use it alongside him. The ability to do that is compromised if another can use the reputation or goodwill without his permission and as he likes. Thus Fortnum and Mason is no more entitled to use the name FW Woolworth than FW Woolworth is entitled to use the name Fortnum and Mason ...”

Conclusion

56) Registration of the application would be contrary to section 5(4)(a) of the Act and the application is to be refused in its entirety.

Costs

57) PPLC having been successful is entitled to a contribution towards its costs. In BL O/160/08 Mr Richard Arnold QC, sitting as the appointed person, stated:

—32Secondly, counsel for the opponent submitted that, if CPR r. 48.6 was applicable, the hearing officer had misapplied it. In support of this submission he pointed out that CPR r. 48.6(4) provides:

The amount of costs to be allowed to the litigant in person for any item of work claimed shall be-

(a) where the litigant can prove financial loss, the amount that he can prove he has lost for time reasonably spent on doing the work; or

(b) where the litigant cannot prove financial loss, an amount for the time reasonably spent on doing the work at the rate set out in the practice direction.

The Part 48 Practice Direction provides at paragraph 52.4 that the amount which may be allowed to a litigant in person under rule 46.8(4) is £9.25 per hour. Counsel submitted that the hearing officer appeared to have awarded the applicant two-thirds of the scale figure which he would have awarded a represented party, and that this could not be justified since the opponent had not proved any financial loss and was very unlikely to have spent over 160 hours on the matter.....

36. In my judgment the approach which should be adopted when the Registrar is asked to make an award of costs in favour of a litigant in person is as follows. The hearing officer should direct the litigant in person pursuant to r. 57 of the 2000 Rules to file a brief schedule or statement setting out (i) any disbursements which the litigant claimed he has incurred, (ii) any other financial losses claimed by the litigant and (iii) a statement of the time spent by the litigant in dealing with the proceedings. The hearing officer should then make an assessment of the costs to be awarded applying by analogy the principles applicable under r. 48.6, but with a fairly broad brush. The objective should be to ensure that litigants in

person are neither disadvantaged nor overcompensated by comparison with professionally represented litigants.”

(Under the current practice direction the amount allowed to an unrepresented party is £18 per hour.)

58) At the hearing Mr Foster-Taylor estimated that he had spent approximately 63 hours working on the opposition, including the time at the hearing. (He also advised that at the beginning of the proceedings he had consulted a solicitor.) PPLC cannot be in a better position than a represented applicant. If PPLC had been represented, in addition to the opposition fee, it would have received £500 in relation to preparing a statement and considering the statement of QMetric. It would have received £750 in relation to preparing its evidence and considering the evidence of QMetric. In relation to preparation and attendance at the hearing a sum of £500 would have been awarded. Excluding the opposition fee this would have been a total of £1,750. 63 hours at £18 per hour amounts to £1,134; below the amount that would have been awarded to a party with legal representation. Consequently, PPLC should be awarded £1,134 + £200 (opposition fee) as a contribution towards its costs.

59) QMetric Group Ltd is ordered to pay Primo plc the sum of £1,334. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 21st day of March 2013

**David Landau
For the Registrar
the Comptroller-General**

ⁱ *Cadbury Schweppes Pty Ltd v Pub Squash Co Pty Ltd* [1981] RPC 429 and *Inter Lotto (UK) Ltd v Camelot Group PLC* [2004] RPC 8 and 9. The *Inter Lotto* judgments can be found at:

<http://www.bailii.org/ew/cases/EWHC/Ch/2003/1256.html>
and
<http://www.bailii.org/ew/cases/EWCA/Civ/2003/1132.html>

ⁱⁱ The judgment can be found at:

<http://www.bailii.org/ew/cases/EWHC/Ch/2001/420.html>

iii The judgment can be found at:

<http://www.bailii.org/ew/cases/EWCA/Civ/2006/244.html>

iv The judgment can be found at:

<http://www.bailii.org/ew/cases/EWHC/Patents/2008/1960.html>

v *Hart v Relentless Records* [2002] EWHC 1984, *Stannard v Reay* [1967] FSR 140, *Teleworks v Telework Group* [2002] RPC 27 and *Stacey v 2020 Communications* [1991] FSR 49. The first judgment can be found at:

<http://www.bailii.org/ew/cases/EWHC/Ch/2002/1984.html>

vi *British Sugar Plc v James Robertson & Sons Limited* [1996] RPC 281.

vii *Beautimatic International Ltd v Mitchell International Pharmaceuticals Ltd and Another* [2000] FSR 267.

viii *Thomson Holidays Ltd v Norwegian Cruise Lines Ltd* [2003] RPC 32 dealt with a non-use issue but are still pertinent to the consideration of the meaning and effect of specifications:

“In my view that task should be carried out so as to limit the specification so that it reflects the circumstances of the particular trade and the way that the public would perceive the use. The court, when deciding whether there is confusion under section 10(2), adopts the attitude of the average reasonably informed consumer of the products. If the test of infringement is to be applied by the court having adopted the attitude of such a person, then I believe it appropriate that the court should do the same when deciding what is the fair way to describe the use that a proprietor has made of his mark. Thus, the court should inform itself of the nature of trade and then decide how the notional consumer would describe such use”

The full judgment can be found at:

<http://www.bailii.org/ew/cases/EWCA/Civ/2002/1828.html>

ix *Altecnic Ltd's Trade Mark Application* [2002] RPC 34. The full judgment can be found at the url:

<http://www.bailii.org/ew/cases/EWCA/Civ/2001/1928.html>

x See *Sir Robert McAlpine Limited v Alfred McAlpine Plc* [2004] EWHC 630 (Ch) Mann J:

“When it comes to considering damage, the law is not so naïve as to confine the damage to directly provable losses of sales, or “direct sale for sale substitution”. The law recognises that damage from wrongful association can be wider than that. Thus in *Ewing –v- Buttercup Margarine Limited* (1917) 34 RPC 232 Warrington L.J. said:

“To induce the belief that my business is a branch of another man’s business may do that other man damage in all kinds of ways. The quality of the goods I sell; the kind of business I do; the credit or otherwise which I might enjoy. All those things may immensely injure the other man, who is assumed wrongly to be associated with me.”

In so saying, he was not limiting the kinds of potential damage to those listed by him. Rather, he was indicating that the subtleties of the effect of passing off extend into effects that are more subtle than merely sales lost to a passing off competitor.

In *Associated Newspapers Limited –v- Express Newspapers* [2003] FSR 909 Page 929. Laddie J cited this passage, referred to other cases and went on to say:

"In all these cases [that is to say, the *Clock Limited* case referred to above and *Harrods –v- Harroldian School* [1996] RPC 679], direct sale for sale substitution is unlikely or impossible. Nevertheless the damage to the Claimant can be substantial and invidious since the Defendant's activities may remove from the Claimant his ability to control and develop as he wishes the reputation in his mark. Thus, for a long time, the common law has protected a trader from the risk of false association as it has against the risk of more conventional goods for goods confusion."

The same Judge expressed himself more picturesquely, but equally helpfully, in *Irvine –v- Talksport Limited* [2002] 1 WLR 2355 at page 2366. Having pointed out the more familiar, and easier, case of a Defendant selling inferior goods in substitution for the Claimant's and the consequential damage, he went on to say:

"But goodwill will be protected even if there is no immediate damage in the above sense. For example, it has long been recognised that a Defendant cannot avoid a finding of passing off by showing that his goods or services are of as good or better quality than the Claimant's. In such a case, although the Defendant may not damage the goodwill as such, what he does is damage the value of the goodwill to the Claimant because, instead of benefiting from exclusive rights to his property, the latter now finds that someone else is squatting on it. It is for the owner of goodwill to maintain, raise or lower the quality of his reputation or decide who, if anyone, can use it alongside him. The ability to do that is compromised if another can use the reputation or goodwill without his permission and as he likes. Thus Fortnum and Mason is no more entitled to use the name FW Woolworth than FW Woolworth is entitled to use the name Fortnum and Mason ...

"The law will vindicate the Claimant's exclusive right to the reputation or goodwill. It will not allow others so to use goodwill as to reduce, blur or diminish its exclusivity." (at p 2368)

In *Taittinger SA –v- Allbev Limited* [1994] 4 All ER 75 Page 88, Peter Gibson L.J. acknowledged that:

"Erosion of the distinctiveness of the name champagne in this country is a form of damage to the goodwill of the business of the champagne houses."

The same view was expressed by Sir Thomas Bingham M.R. at page 93.

21 The damage which results must be as a result of a misrepresentation to a relevant part or section of the public. In the *Jif Lemon* case the relevant people were described as "prospective customers or ultimate consumers of the goods or services in question" by Lord Diplock and as the "purchasing public" by Lord Oliver. Mr Thorley realistically accepted that in this case the relevant public was not confined to people who are at the moment actually customers of Robert and Alfred. In doing so he acknowledged the possibility, which in my view exists in this case, that the misrepresentation, if any, would or might be received by a wider class than that. However, for Robert to succeed there must be people whose dealings in respect of Robert would somehow be affected by the alleged misrepresentation. Such people must be assumed to be "reasonably well informed and reasonably observant and circumspect". Per Chadwick L.J. in *Bach –v- Bach Flour Remedies Trademarks* [2000] RPC 513 and 534."

The full judgment can be found at the url:

^{xi} In relation to “swamping” see the judgment of Laddie J in *Sutherland v V2 Music Ltd* [2002] EMLR 28:

-48 The only other major point in this case relates to damage. Mr Speck says that there can be no damage. Even though the two groups have the same names and confusion is inevitable, none of the remaining fans of Liberty 1 could possibly buy a record produced by Liberty 2. Liberty 1 is an all male band. Liberty 2 is mixed and the nature of the music is different. Liberty 1's music is forceful and perhaps darker; Liberty 2's is altogether softer and lighter. In my view this argument misses the point. Popular music is frequently praised and criticised by word of mouth. Any public success or failure of Liberty 2 may be thought to be a success or failure of Liberty 1. I accept the claimants' argument or prediction that the publicity surrounding Liberty 2 will swamp the reputation of Liberty 1. A record label interested in funk music may well be unwilling to sign a band whose name is associated with another, less hard-edged style of music which appeals to a different and perhaps much younger audience. I have little doubt that continued use of the name Liberty alone by the defendants will effectively destroy such goodwill as the claimants have. In this respect the situation here is not dissimilar to that described by Pennycuik V.-C. in *Ad-Lib* at page 677, lines 34 to 37 of the report. For these reasons, I have come to the conclusion that the claimants succeed in this action.

49 I am very sorry that it has come to this. Liberty 2 learned of the existence of Liberty 1 at a fairly early stage and well before they had issued their first record. They took the view that Liberty 1 had no legal right to stop them using the name Liberty. I do not criticise them for coming to that decision. The claimants' is not the strongest case of passing off. I do not criticise Liberty 2's motives. As far as I am concerned, they acted properly and without intention to inflict any damage on Liberty 1. Nevertheless, carrying on with use of the name once they had learned of the existence of Liberty 1 involved taking a risk. This problem could have been avoided if a different name or a sufficiently modified version of the word —“~~liberty~~” had been adopted then.”